DOMINION OF CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—TWENTY-FIRST PARLIAMENT

15 GEORGE VI, 1951

BEING THE 92ND SESSION FOR THE PERIOD 1867-1951

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EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1952

HOUSE OF COMMONS

Wednesday, June 13, 1951

The house met at eleven o'clock.

POSTAL SERVICE

RATES ON NEWSPAPERS AND PERIODICALS—REFERENCE TO EDITORIAL IN "GLOBE AND MAIL" OF JUNE 13

Hon. Edouard Rinfret (Postmaster General): Mr. Speaker, I rise on a question of privilege. My attention has been called to an editorial appearing in the *Globe and Mail* of this morning.

An hon. Member: What a paper!

Mr. Rinfret: It is headed "Mr. Rinfret's distorted figures", and it goes on to say that the attack on the *Globe and Mail* was wholly based on misrepresentation. I quote:

Mr. Rinfret read the text of a letter sent by the *Globe and Mail* . . .

There is no getting away from it; the *Globe and Mail* actually sent the letter.

Mr. Graydon: The minister is just finding that out now.

Mr. St. Laurent: The hon. member is just finding it out now. We knew it.

Mr. Graydon: I take much pleasure in doing so.

Mr. Rinfret: I have already stated to the hon. member for Peel (Mr. Graydon) that the letter I read into the record the other day was under the heading of the *Globe and Mail.* At his request I disclosed the name of the paper. I had no intention of doing so myself.

The extra mailing costs under these rates were figured by the *Globe and Mail* at $3.90 a year. I am supposed to have said that in fact it was only $1.70. What I said, Mr. Speaker, was that the impact under the new amendment was $1.06 gross, and, after deduction of federal and provincial income taxes, would come to only 53 cents net per subscriber per year. I continue reading the article:

In order to make this charge, Mr. Rinfret had to distort the facts and figures clearly stated in the letter. The letter did not say or suggest that the proposed new rates meant $3.90 in extra postage. What it said was this:

I leave it to the house to decide whether the correct interpretation is the one I put on the matter or is the one the editorial puts on it.

"Under the new postal rates, announced May 21, the postage on a year's subscription has increased $3.90 since 1938—and only now is part of this increased cost being passed on to our readers."

Referring to the new postal rates, the editorial says that there have been quite a number of changes in the rates since 1938. I want to tell the house that there has been no change in the law with regard to the postal tariff since 1933. Since that date it has stayed at one and a half cents and a surcharge of four cents on all advertising content over fifty per cent. It is true that during the war, from 1943 to 1946, the clause with respect to the fifty per cent advertising content was suspended. But if we compare the figures between now and 1938, this period of three years should not be taken into consideration.

I made the calculation in the house that the *Globe and Mail* have 30,380 mail subscribers, and that last year they paid $119,000, which represented $3.91 for each subscriber. I made the same calculation with the new rates of two and a half cents and four cents, which would bring their total bill to $151,366; this, divided by 30,380 mail subscribers, would be $4.98 for each subscriber yearly. As I said in the house, that is an increase of $1.06 before deduction of income tax and 53 cents after deduction of tax. If I am to take the figures of the *Globe and Mail,* they show that between 1938 and 1950 their mailing costs have increased by $1.95, whereas under the new law the increase will be $2.89. Therefore the impact of the new law, according to the figures of the *Globe and Mail,* is only 94 cents gross and 47 cents net.

The real impact on the costs of the *Globe and Mail* will be 20 per cent of two per cent. The mailing costs of the *Globe and Mail* represent about 2 per cent of their total costs. From now on their mailing costs will be figured at 2.4 per cent instead of 2 per cent.

As I indicated to the house, the increase in postage charges to the *Globe and Mail* as a result of the provisions of the new Post Office Act will be $32,366 before deduction of income tax, and $16,183 after deduction of income tax. The charge that is now made by the *Globe and Mail* to their mail subscribers

is 30,380 multiplied by $3, or $91,140, or a profit of $74,957. The increase to mail subscribers is therefore more than 5½ times the increase in the postage rates provided for in the new act.

Mr. Graydon: May I ask the minister just one question? Is he aware that he would not have got into all this trouble had he not read mail addressed to people other than himself?

Mr. Rinfret: According to the interpretation of the act by some hon. members in the house the other day, the Postmaster General is supposed personally to deliver mail in the country. This letter was addressed to the postmaster.

Mr. Graydon: You are not supposed to read other people's mail.

Mr. Rinfret: The letter was addressed—

Some hon. Members: Order.

Mr. Speaker: Order. The Postmaster General has been asked a question, and he should be permitted to answer.

Mr. Rinfret: The letter was addressed to the postmasters or the rural couriers, which belong to the department of which I am the head, and I had the right to read that letter.

Mr. Graydon: No, you did not.

Mr. Pouliot: Well said.

RAILWAYS, CANALS AND TELEGRAPH LINES

Seventh report of standing committee on railways, canals and telegraph lines.—Mr. Whitman.

VETERANS AFFAIRS

Second and third reports of special committee on veterans affairs.—Mr. Mutch.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved:

That the message of His Excellency the Governor General, dated May 1, 1951, together with item No. 650 of the estimates for 1951-52, which was reported on this day by the special committee on veterans affairs, be referred to the committee of supply.

Motion agreed to.

EXTERNAL AFFAIRS

Second report of standing committee on external affairs.—Mr. Bradette.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved:

That votes 84 to 111 inclusive, and vote 566 of the main estimates 1951-52, approved and reported upon by the standing committee on external affairs this day, be referred back to the committee of supply.

Motion agreed to.

TAX AGREEMENTS

CANADA-SWEDEN—INCOME TAX—APPROVAL OF AGREEMENT SIGNED AT OTTAWA, APRIL 6, 1951

Hon. J. J. McCann (Minister of National Revenue) moved for leave to introduce Bill No. 372, respecting an income tax agreement between Canada and Sweden.

Mr. Knowles: Explain.

Mr. McCann: This bill and the two which follow on the order paper, Mr. Speaker, are presented to confirm agreements between the countries named, with a view to avoiding double taxation. They are similar to bills that were introduced at former sessions and enactments that are already in operation as between Canada and the United States and Canada and the United Kingdom. Two of them refer to income tax agreements and one to the succession duty convention.

Motion agreed to and bill read the first time.

CANADA-FRANCE—SUCCESSION DUTY—APPROVAL OF CONVENTION AND PROTOCOL SIGNED AT PARIS, MARCH 16, 1951

Hon. J. J. McCann (Minister of National Revenue) moved for leave to introduce Bill No. 373, respecting a succession duty convention and protocol between Canada and France.

Motion agreed to and bill read the first time.

CANADA-FRANCE—INCOME TAX—APPROVAL OF CONVENTION SIGNED AT PARIS, MARCH 16, 1951

Hon. J. J. McCann (Minister of National Revenue) moved for leave to introduce Bill No. 374, respecting an income tax convention between Canada and France.

Motion agreed to and bill read the first time.

QUESTIONS

NATIONAL DEFENCE—CIVILIAN PERSONNEL

Mr. Macdonnell (Greenwood):

1. How many civilian employees are engaged in the Department of National Defence?
2. What is the total cost of civilian personnel, including salaries, wages and all other expenses?

Mr. Campney: I have discussed with the hon. member for Greenwood this question and the three following questions on the order paper, and with his concurrence I would ask that they be dropped. I understand that the hon. member is redrafting the questions, and that when redrafted they will appear on the order paper in due course.

Mr. Speaker: The first four questions in the name of the hon. member for Greenwood are dropped.

Mr. Macdonnell (Greenwood): May I make it quite clear that they are being replaced by other questions.

NATIONAL DEFENCE—CIVILIAN PERSONNEL

Mr. Macdonnell (Greenwood):

1. In how many locations in Canada do civilian employees of the Department of National Defence number more than (a) 10; (b) 50; (c) 100; (d) 500; (e) 1,000?

2. What are the names of the stations where there are more than 500 civilian employees located; who is in charge of each such station, and what has been his business or executive experience?

Mr. Speaker: Dropped.

Mr. Macdonnell (Greenwood):

1. In how many different locations in Canada are civilian employees of the Department of National Defence stationed?

2. In what different types of employment such as office workers, mechanics, etc., are such civilian employees engaged, and how many are there in each category?

Mr. Speaker: Dropped.

NATIONAL DEFENCE—SENIOR EXECUTIVES

Mr. Macdonnell (Greenwood):

1. (a) What are the names of the senior fifty executives in charge of civilian staff in the Department of National Defence; (b) which of these are civilians and which service personnel; (c) what is the military and what is the civilian experience of each as shown in his file; (d) where is each such executive stationed?

2. Who of (a) the above named executives, and (b) the total civilian employees, in the Department of National Defence, are employed pursuant to the terms of the Civil Service Act?

Mr. Speaker: Dropped.

SEARCH AND RESCUE SERVICES

Mr. Higgins:

1. Does air-sea rescue services function in Newfoundland throughout the whole province? If so, how many vessels of the sea branch are stationed in Newfoundland and where are they stationed?

2. How is the present air-rescue service made up with respect to manpower and equipment?

Mr. Campney:

1. Yes, but there is no sea branch as such. See answer to No. 2 regarding secondary facilities, which includes two vessels stationed at St. John's, Newfoundland.

2. Rescue co-ordination centres of the search and rescue organization are established and manned by the Royal Canadian Air Force, including that for the east coast at Halifax. There is a rescue detachment with two aircraft at Torbay, Newfoundland.

3. All search and rescue facilities and equipment maintained solely for search and rescue duties are supplied by the Royal Canadian Air Force. Other facilities forming part of the integrated search and rescue organization instantly available for search and rescue operations, when required, are supplied by the Royal Canadian Navy, Canadian Army, Royal Canadian Air Force, Royal Canadian Mounted Police, Department of Transport, Department of Fisheries, Department of National Revenue and Department of Mines and Technical Surveys.

CROSS POINT, QUE., INDIAN RESERVE—ROAD PAVING

Mr. Courtemanche:

1. Was any road paving done at the Indian reserve of Cross Point, Bonaventure county, Quebec, during 1950?

2. If so, who was awarded the contract?

3. At what price?

4. Were tenders called for such work?

5. If so, what are the names of those who tendered, and the amount of their respective tenders?

Mr. Harris (Grey-Bruce):

1. No road paving was done by the Department of Citizenship and Immigration on the Indian reserve at Cross Point, Quebec, during 1950. However, a provincial highway traverses this reserve, the maintenance of which is not a federal government responsibility.

2, 3, 4, and 5. Answered by No. 1.

MAGNETOMETRIC SURVEY OF PROVINCE OF NEWFOUNDLAND

Mr. Higgins:

What steps have been taken to implement the request by the province of Newfoundland for a magnetometric survey of the province?

Mr. Prudham: None. On February 15, 1950, a request was made by the government geologist of Newfoundland for an airborne magnetometer survey of a section of Newfoundland south of Notre Dame bay. It was impossible at that time, because of the limited facilities available, to accede to that request. There has been no further request of this nature from the province of Newfoundland.

As there is only one federal government airborne instrument for all Canada, and as surveying by this method is still in the experimental stage, there has been no attempt to make surveys of this kind by

provinces. However, special attention is being given to geological regions where it is thought that the experiment will be most effective.

ESTABLISHMENT OF NATIONAL HARBOURS IN NEWFOUNDLAND

Mr. Higgins:

What steps have been taken to establish a national harbour or harbours in Newfoundland?

Mr. Benidickson: On February 28 last a reply was given to a related question asked by the hon. member. There have been no subsequent developments.

DEFINITION OF BOUNDARY BETWEEN NEWFOUNDLAND AND QUEBEC

Mr. Higgins:

What work is being done this year on the definition of the boundaries between the province of Newfoundland and the province of Quebec?

Mr. Prudham: None.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PURCHASE OF PROPERTY BY GOVERNMENT AGENCIES

Mr. Black (Cumberland):

1. What properties have been purchased, by provinces, since April 1, 1950, to date by (i) Department of National Defence; (ii) Department of Defence Production; (iii) crown companies; (iv) any other department of government, stating the (a) location; (b) purchase price; (c) from whom purchased; (d) date of purchase, in each case?

2. What alterations or new construction work have been undertaken or authorized on any of the above properties since purchase thereof?

3. What expenditures have been made to date on each of the said properties for (a) equipment; (b) administration and operation; (c) total expenditures, to date?

4. Have any of the said properties been leased since purchase? If so, to whom, and on what terms?

Mr. Bradley: Mr. Speaker, I understand the hon. member for Cumberland (Mr. Black) proposes to make an amendment to this question. If he would do that now, perhaps the answer could be obtained more quickly.

Mr. Speaker: Dropped?

Mr. Claxton: No. The hon. member for Cumberland has been good enough to terminate the third part of the question with the word "properties". The words "for (a) equipment; (b) administration and operation; (c) total expenditures, to date" will be omitted. With that understanding, the question would stand as an order for return.

Mr. Black (Cumberland): Yes; the minister and his parliamentary assistant have conferred with me, and I am pleased to comply with that suggestion.

[Mr. Prudham.]

Mr. Speaker: Then the question will stand as an order for return.

Mr. Claxton: Yes.

INDIANS—PRAIRIE PROVINCES—LEASES OF LAND FROM RESERVES

Mr. Bryce:

What persons have been granted leases from Indian lands on the Indian reservations of Manitoba, Saskatchewan and Alberta during the years 1949, 1950 and 1951?

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF FINANCIAL OBLIGATIONS AND ISSUE OF SUBSTITUTED SECURITIES

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to provide for the refunding of matured, maturing and callable financial obligations of the Canadian National Railways and for the issue of securities guaranteed by the Dominion of Canada in respect of such refunding to an aggregate principal amount not exceeding $200,000,000.

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

Mr. Knowles: Mr. Speaker, I rise to a point of order.

Some hon. Members: Oh, oh.

Mr. Knowles: It is a technical point; but if we are going to go through this form we should have it correct. In view of the fact that the governor general is out of the country—

Some hon. Members: Oh, oh.

Mr. Knowles: —and has turned the great seal over to Mr. Justice Kerwin, appointing him as Administrator, should not this approval have been given in the name of His Excellency the Administrator rather than in the name of His Excellency the Governor General?

Mr. Abbott: Mr. Speaker, I think this measure was submitted some time ago. But if it will make my hon. friend any happier, I shall be very glad to have *Hansard* substitute the words "His Excellency the Administrator" for the words "His Excellency the Governor General".

Mr. Knowles: May I ask which of these gentlemen was consulted?

An hon. Member: Sit down.

Motion agreed to.

NATIONAL DEFENCE

TRANSFER OF LONG BRANCH, ONT., RIFLE RANGE TO WOODBRIDGE IN YORK COUNTY

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct a question to the Minister of National Defence, arising out of an announcement made yesterday by the Minister of Planning and Development for Ontario, in which he indicated that the Long Branch rifle ranges had been acquired by Central Mortgage and Housing Corporation, and that plans were under way to provide some 2,000 housing units in that area.

Mr. Speaker: Order. I suggest to the hon. member that he should ask his question directly.

Mr. Graydon: I shall do so. When does the department expect that the rifle ranges will be vacated by the military, and in what part of the county of York near Woodbridge is the new rifle range to be located?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, as the hon. member for Peel said, this arrangement was announced simultaneously yesterday by the minister in Ontario and by myself. The time at which the change-over will be made from the existing range at Long Branch to the proposed range at Woodbridge will depend upon the time at which we can get possession of the 1,800 acres at Woodbridge, and construct on it the necessary butts, ranges, accommodation, and so on. No estimate can be made of that, because, in part, it depends upon the expropriation proceedings, and the speed with which the relatively small number of occupants of houses in the Woodbridge area will move away.

The area, generally speaking, as I recall the map—and I have not received notice of the hon. member's question—is to the north and east of Woodbridge.

PENSIONS

TUBERCULAR VETERANS—TELEGRAM FROM TRANQUILLE, B.C., WITH RESPECT TO LEGISLATION

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, has the Prime Minister received a telegram from the Tranquille branch of the tubercular veterans section of the Canadian Legion requesting certain action in connection with pension legislation? If so, will the Prime Minister indicate whether any action will be taken accordingly at this session?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I have had no notice of such communication. As Prime Minister I receive a large number of communications, but I shall make sure about this one when I have seen the text of the hon. member's question. As to whether or not any action will be taken, that, of course, is a matter of government policy, and government policy is usually announced in the house after it has been determined by the government.

STRAIT OF CANSO BRIDGE

REQUEST FOR FURTHER STATEMENT AS TO CONSTRUCTION

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I should like to ask a question of the Minister of Transport. Has the minister's attention been called to a press dispatch in the Sydney *Post-Record* of June 9, 1951, to the effect—

Mr. Speaker: Order. The hon. member should ask his question without referring to the dispatch. I realize that this presents some difficulty, but if I allow a question to be asked in this way, I do not see how I can prevent hon. members from reading press dispatches in asking questions on the orders of the day.

Mr. Gillis: I cannot very well ask the minister a question unless I tell him what it is all about. I would ask if his attention has been called to a press dispatch, the caption of which is, "Bridge plans are abandoned". Would the minister bring the house up to date in this matter? Have the plans for the Canso bridge project been abandoned, and is it a fact that immediate work is to begin at the strait of Canso for the construction of a causeway?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I said in the House of Commons some time ago that the board of engineers established by the government to study the Canso bridge proposal had been reconvened. I had not at that time, and neither have I yet received, a report from the board, although I understand it will be forthcoming before the end of the session. When the report is before me I shall be glad to give the house the details of the recommendations contained therein—that is, after I have consulted with my colleagues. I can add nothing to the statement that has already been made.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to ask the Minister of Agriculture

whether the government has chosen the experts who are to give the final advice or who are to report on the South Saskatchewan river project.

Right Hon. J. G. Gardiner (Minister of Agriculture): The recommendations of personnel which I have made are under consideration by the government.

BUSINESS OF THE HOUSE

EXTERNAL AFFAIRS—QUESTION AS TO DISCUSSION OF REPORT OF STANDING COMMITTEE

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to ask a question of the Secretary of State for External Affairs. Has he any idea when he will find it convenient to arrange for a debate arising out of the report of the standing committee on external affairs? I know the house is anxious to meet his convenience in the matter.

Hon. L. B. Pearson (Secretary of State for External Affairs): I hope we shall be able to discuss that report when my estimates are called on Friday of this week.

NEWSPRINT

QUESTION AS TO INTERNAL SUPPLY AND INTERNATIONAL ASPECTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I ask the Minister of Trade and Commerce if today, or some time soon, he will make a statement on the newsprint situation, dealing not only with the international aspect of the matter but with the internal supply situation as well?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I expect that the estimates of the Department of Trade and Commerce will be called tomorrow, and I can make a statement at that time.

INQUIRY FOR RETURN

PORTUGAL COVE, NFLD., WHARF

On the orders of the day:

Mr. G. F. Higgins (St. John's East): May I ask the Minister of Public Works if he has received the consent of the premier of Newfoundland to the tabling of the correspondence and other documents referred to in a motion for the production of papers passed on May 14?

Hon. Alphonse Fournier (Minister of Public Works): If it has been received in the department, I have not seen it. I shall attend to the matter immediately.

[Mr. Coldwell.]

TOBACCO

CANADIAN REPRESENTATION AT FIRST WORLD CONFERENCE AT AMSTERDAM

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): I should like to direct a question to the Minister of Trade and Commerce, or to the department concerned. In view of the revenue the government derives from the tobacco industry, and the need for an export market to stabilize the industry, can the minister indicate whether Canada will be represented at the first world tobacco congress to be held at Amsterdam in the latter part of September of this year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I received notice of this question only since coming to the house this morning. The government is well aware of the need of the tobacco industry for an export outlet. I can tell my hon. friend that negotiations are under way which it is believed will add considerably to Canadian exports to the United Kingdom during the current year. As to attendance at Amsterdam, I shall be glad to consult my staff, and also the Secretary of State for External Affairs (Mr. Pearson), and give my hon. friend an answer later.

PRAIRIE FARM REHABILITATION

AMENDMENT OF ACT TO PROVIDE FOR APPOINTMENT AND SUPERANNUATION OF CERTAIN OFFICERS AND EMPLOYEES, ETC.

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Prairie Farm Rehabilitation Act to provide for the appointment and superannuation of certain officers and employees necessary for carrying out the provisions of the act, and to provide further that no projects involving an expenditure in excess of ten thousand dollars shall be undertaken without the consent of the governor in council.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Argue: Mr. Chairman, will the Minister of Agriculture explain what is involved in this amendment?

Mr. Gardiner: The committee will recall that when the Prairie Farm Rehabilitation Act was passed in 1935 it was for a limited period of five years. When the act was amended in 1936 it continued the effect of the legislation indefinitely without a named period. The section having to do with appointments was left as it was in the 1935 act,

namely, that, appointments were not to be made by the civil service commission.

The act has been in operation since 1936 in its present form, and the government has concluded that there is reason for believing that this legislation will be more or less permanent. It will be to the advantage of the persons employed under the act to be under superannuation and considered as civil servants so far as certain classifications referred to here are concerned.

One of our difficulties in connection with the administration of the act is that these officials have been so carefully appointed and trained that other departments of government and others outside the government seek to hire them away from us, particularly the engineers engaged on irrigation and water activities generally. The most recent case was that of Mr. MacKenzie, our chief engineer, who has been lent to another department. When Mr. MacKenzie was lent this matter was discussed with him and others, and we are presenting this amendment in order to put our technically qualified officials on much the same basis as similar officials in other departments. We are asking that engineers, clerks and stenographers come under the civil service and have the benefits of superannuation.

The other section of the bill increases from $5,000 to $10,000 the amount of expenditure which the minister may decide upon without the consent of the governor in council. This is being done throughout the different departments, and section 2 of the bill simply applies the same principle to the Prairie Farm Rehabilitation Act.

Mr. Fulton: Is the minister in a position to indicate to the committee in a general way whether the project to make the Prairie Farm Rehabilitation Act of direct application to British Columbia and other parts of eastern Canada has advanced to the point where a decision has been reached? As the minister knows, certain operations are being undertaken in British Columbia by engineers of the P.F.R.A. They have to be carried on under a sort of special set-up which I understand is a little awkward. It seems to me that with respect to developments that we hope for in the future it would be much easier and more regular if the act had direct application to our province, and perhaps to other provinces as well.

Mr. Gardiner: At the present time the Prairie Farm Rehabilitation Act applies only to what is generally known as the Palliser triangle. It may be said that the area covered extends a little beyond the boundaries of the Palliser triangle, but that is done in order to take in entire river basins. But generally speaking it applies only to the Palliser triangle or what is generally known as the drought area.

There is a provision in the act for making available the services of our engineering staff in connection with all kinds of water developments. This is done quite broadly, even outside the P.F.R.A. area. A committee was set up in 1943, and it recommended to the house that this legislation be made applicable to a much wider area. It was recommended that, to all intents and purposes, something similar be made to apply right across Canada. Since that time the matter has been up for discussion on a number of occasions. Because of some disagreement in the dominion-provincial conference with regard to finance, action was delayed. Bills were drafted which provided for the extension of the principle right across Canada, including diking in the eastern part of Canada, works in the province of British Columbia and elsewhere, and all along the northern fringe of settlement. But that legislation, which was introduced into the house in the session before last, I believe, and then withdrawn later in the session because of the fact that the meeting of the dominion-provincial conference had not been held, was prepared again for this session. However, on account of all the discussion with regard to extra expenditures on defence, it was intended to make this more or less a defence session to deal with defence expenditures, and it was not thought wise to take up new responsibilities this year.

That is the position at the moment. The government saw to it that legislation was drafted to make this extension a possibility, but it was not considered wise to bring it in at the present session.

Mr. Fulton: I am very glad to hear that, because I think we can take it from the minister's reply that the matter is not dropped, but is merely postponed for the time being. It is still definitely a possibility?

Mr. Gardiner: That is right.

Mr. Coldwell: This resolution foreshadows legislation that will be generally welcomed by the house, and particularly by those members who come from western Canada. The minister is quite right when he says that we can now look upon this legislation as permanent; consequently the officials who operate under the Prairie Farm Rehabilitation Act should be brought under the civil service commission, with all the advantages, both to the civil servants themselves and to the

country, which flow from so doing. I refer to superannuation, and so on. I think that is fair, and besides, it will tend to eliminate—at least I hope it will—the appointment of persons whose interests are not always in the P.F.R.A. but in a political situation. When I was in my constituency last autumn it was reported to me by farmers that they had been asked to produce titles to their properties, and that I had been responsible for certain questions in the house which had made that necessary. Of course that was absolutely and entirely wrong, but the impression was left by that official that I had been endeavouring to do something quite the opposite to what we of this group had been trying to do in the preceding session. Therefore I hope this legislation will result in the appointment of the type of official with respect to P.F.R.A. who will be entirely interested in water conservation.

I believe the P.F.R.A. is really one of the good things that has been done by this parliament for the prairie provinces over the years. I say "this parliament" advisedly, because for a good many years, even before the Prairie Farm Rehabilitation Act was brought into parliament and its administration into existence, water conservation in the prairie provinces had been something which we had been anxious to see undertaken. The officials, engineers, and so on, of the P.F.R.A. organization have done a commendable job in this respect, but, as the minister says, we can now expect that the P.F.R.A. will be permanent; consequently the necessary steps should be taken to ensure that permanency.

As the minister indicated in his remarks, irrigation is one of the projects which will have to receive considerable attention. I think he should do everything he can to retain in the employ of the department the engineers who have been responsible for P.F.R.A. up to the present and who have been working on it. If it is a matter of emolument of office, the government should give consideration to seeing to it that the remuneration of these engineers is such that they will be retained in the service of the government, because, as I say, in my opinion they have done a good job.

A few minutes ago on the orders of the day it occurred to me, following the question of the hon. member for Cape Breton South, that I might ask whether the government had decided to appoint the experts which the minister said he thought would still be necessary to advise the government in order to bring about a final decision by the government on the South Saskatchewan river plan. I have been surprised to find that no final decision has been taken, because the people of western Canada have been led to believe over the past few years that everything was settled. Indeed, as early as 1946, on April 27, the Minister of Agriculture spoke at the city hall in Regina, and the *Leader-Post*, which I take it can be regarded as being fairly reliable in its news reports of such meetings, stated:

> Mr. Gardiner emphasized that the federal government did not need to wait for suggestions or pressure from municipal governments, municipalities, societies or any other groups before proceeding with its water conservation plan. The dominion government had already mapped out a program, and it was a program involving $110 million. This would be used largely in providing for the storage of water and partly for the distribution of this where needed. The dominion government thus did not need the endorsation of the South Saskatchewan river development association to begin work on the South Saskatchewan river. It had already decided to go through with it.

Consequently we all thought that a decision had been made. If this article had stood alone, one might perhaps have thought that the newspaper reporter had overemphasized the words of the minister, but on several other occasions he made similar statements. On May 21, 1946, we find there is an article in the *Leader-Post*, being a dispatch by the staff reporter of that paper from Ottawa. It deals with what the minister told the house. I have a distinct recollection of it. I have not looked up the exact words, but they are quoted here. The report reads:

> "We are prepared to dig ditches; to make that water available as soon as there is an organization at the other end of the ditch to use the water."

On July 12, 1947, there is a dispatch in the *Leader-Post* from Lethbridge, reading in part as follows:

> In this connection Mr. Gardiner pointed out the dominion government had no intention of selling or distributing power. "Our intention is to construct dams and storage reservoirs and connecting canals. When these are completed we will deliver the water in accordance with agreement previously reached."

I understand that discussions have taken place recently with the government of Saskatchewan as a result of which a tentative agreement has been made as to apportionment of the costs, and that the minister has received confirmation in writing of the tentative understanding to assume its share of the costs stated from the province of Saskatchewan.

In view of the statements that have been made over the years as to this project, we are most anxious to see construction of the dam begun immediately in order that the irrigation project may be proceeded with. This is not a new subject of discussion in the house. Hon. members who have been here for many years have heard it discussed again and again.

Mr. Gardiner: Mr. Chairman, on a point of order, may I say that the larger irrigation projects are not under the P.F.R.A. vote. They are not conducted directly under this act. I do not like a discussion to start which might have to be stopped a little later on, after certain ideas had been expressed by some hon. members. I am raising the question of order at this time, before the discussion goes so far that others may feel it necessary to speak on the South Saskatchewan project.

Mr. Coldwell: I do not want to transgress the rules; I try to abide by them closely, but my understanding is that these officials of the P.F.R.A. are engaged in surveys for this project. If the minister himself had not mentioned irrigation in connection with these engineers, while I had these quotations in my desk ready for a suitable occasion, probably I would not have discussed the matter now. But I thought this might be an opportune moment to bring it to the attention of the minister and exert more pressure on the government in order that this project may be commenced. If I am not in order I certainly will not proceed, but in view of the fact that these officials are conducting surveys in connection with this project, and that the minister himself had said that other departments were trying to steal the engineers who are dealing with it, I thought that gave me an opportunity to bring a little more pressure on the government with a view to having this work started immediately.

Mr. Gardiner: Still on the point of order, Mr. Chairman, there is a great deal of activity and work in connection with irrigation in addition to these larger projects. A considerable part of P.F.R.A. work is in connection with such projects as East End and Val Marie, which do involve irrigation. To put the matter quite fairly, however, I think the only part of the work associated with the South Saskatchewan which P.F.R.A. has been doing is the investigational work.

The Chairman: The present resolution relates to a specific measure, and I do not think that under it we can discuss the whole question of irrigation.

Mr. Coldwell: Well, Mr. Chairman, I do not want to dispute your ruling, but I thought in view of what this involves I was right in discussing these matters at this time. However, I have pretty well said what I wanted to say—that is, to press the government to begin this project at once and fulfil the promises the minister has made from time to time concerning it.

Mr. Gardiner: That is the very question on which I do not want to get into a discussion. I do not make promises; I state facts.

Mr. Argue: When did you quit?

Mr. Gardiner: In the thirty-eight years I have been in politics I have never made promises to anybody. I have waited until it was a matter of fact and could be stated as something with which we were going to proceed; then I have said we were proceeding with it.

Mr. Coldwell: In the quotations I have read I think the minister said clearly the fact was that this project would be started. On October 20, 1941, he is reported as having said:

> Most of the money would be provided by the federal government, because it could not be expected that Saskatchewan, subject to drought, could carry the load of such a capital expenditure.

Now that the province has agreed to pay a substantial proportion of the cost, the work should be undertaken without further delay.

Mr. Gardiner: This morning I was going over a return ordered by this house having to do with this very matter; I will see that it is brought down within the next week. It has all the papers, and the facts do not bear out the statement that I made any promises to anybody. I read them all this morning.

Mr. Quelch: I was going to ask the minister some questions about the Red Deer diversion project, but I presume he would prefer that I wait until we come to item 46 of the estimates. However, I should like to ask one question about these officials who may be superannuated in future. Just what officials are included? I take it that would mean the engineers and district supervisors; and does it include the field supervisors as well?

Mr. Gardiner: That is all in the bill. It includes engineers, clerks and stenographers —that is, generally speaking the inside staff plus the engineering staffs who are outside. It does not include all persons engaged in engineering work, such as the rodmen and others who are appointed to engineering parties that go out in the summer. They are not included. It is the general interpretation adopted by the various departments of the government.

Mr. Quelch: I take it, then, that it will include the district supervisors. It has been suggested that some of those are what might be termed political appointees. It just happens that the supervisor in the special areas of Alberta was a defeated Liberal candidate, but in spite of that fact he happens to be a particularly good man and thoroughly familiar with the work. Therefore we are glad he is in that position.

Mr. Wright: I understand some survey parties under P.F.R.A. have been working out of The Pas in Manitoba for the past two

years. Is any report available as to what they have accomplished in connection with that survey?

Mr. Gardiner: There are reports, but projects of that kind are in the class I spoke of a few moments ago, that is, they are outside what is generally known as the P.F.R.A. area, and are made as the result of requests from the province, as a rule, or some city or village or municipality. This department or the government would not necessarily be bound by any reports made in connection with them. We read the reports, of course; but only portions of the investigational work on that northern project which has been referred to have been completed and referred to us, and I do not think they could be properly discussed under this legislation.

Mr. Wright: They are being paid out of these moneys, and I think the engineers are under P.F.R.A. I should think their reports ought to be available to members of the house when they are made. Many of us are interested in this survey, and certainly I would appreciate it if the minister could see that as these reports are made they become available to members of the house.

Mr. Gardiner: I might point out that we accepted a suggestion from the opposition yesterday or the day before that a committee should be set up to redraft the rules of the house in order to save time. The rules of the house, and those of other bodies that I have read, are drafted with the idea of avoiding duplication of discussion—that is, having discussion overlap and run from one thing to another. The proper place to discuss the expenditures being made on the project concerned is the item in the estimates, which still has to be considered. This is not the proper place. When the item in my estimates comes up, all the facts will be available.

Mr. Argue: I want to say a few words directly on the latter part of this resolution, which reads:

—and to provide further that no projects involving an expenditure in excess of ten thousand dollars shall be undertaken without the consent of the governor in council.

If I correctly understood the minister's explanation, the limit now is $5,000. The Prairie Farm Rehabilitation Act has been very valuable in that it has provided for the construction of dugouts, small and large pasture projects, stock watering dams, and so on; and I would imagine that projects under $10,000 might account for most of the vote under that act. Would the minister say what proportion of the expenditures under this act is used for those very valuable small projects, which can be allocated and gone ahead with under this provision?

Just on that point, I note that the expenditures for prairie farm rehabilitation this year are down from $3,750,000 to $3 million. Since I believe these small projects are most valuable, I view with some concern a reduction of $750,000 in the amount provided under this act, most of which, I presume, will be devoted to these smaller projects. I would ask the minister to tell the committee what proportion of the money expended under this act goes for projects costing less than $10,000, and how many projects and what projects he expects to go ahead with this year. I would also ask what moneys are now being paid to the farmers for the construction of small dugouts. I believe the ceiling used to be $125. What is the amount of money that the farmer can receive for the construction of a small dugout? I hope that amount can be increased.

Mr. Gardiner: I am afraid, Mr. Chairman, that we are getting off into the same thing again. All of these facts come before us when we are discussing our estimates, and they will all be here. The point which is involved in this particular item is one which I am sure the hon. member for Assiniboia will agree is absolutely essential to the carrying on of the act as it is now drafted. Without going into the question of detail with regard to the proportionate amounts, when you look at the divisions in the estimates themselves it will be noted that while the small projects that are referred to, such as dugouts and so on, run into the thousands, the amount of money which is expended on them is the smaller part of the expenditure. From that fact some people argue that all the money should be spent on that kind of thing because it does more good to more people. But the objective of this provision is to make it possible to get on with the work.

The cost of doing a small job—such as the putting in of a small dam or the putting in of pastures—is almost double what it was in 1935. If you start to hold up projects costing between $5,000 and $10,000 until a council meeting is held, and the matter is passed by treasury board and by council, at least two or three weeks would elapse, or maybe a month; and on occasion two or three months might go by before you could get the matter considered. On matters of that kind the minister must have the right to pass upon the question within some amount, and the amount in the past in all of the departments has been $5,000. The amount is being raised from $5,000 to $10,000 in all similar departments. Because of the reason it is being raised in other departments, it is considered just as essential that it be raised in this one. The benefits flowing from this provision are going to accrue from

the fact that you can get work started, say, on May 1 instead of on July 1, with the result that you can spend your money during the summer.

One of the most difficult things to do in western Canada is to get to work early in our short summers. We have only a six-months period within which to do this kind of work. When there is frost in it you cannot move earth to put in dams. If you do, your dam will mush in the spring and it will go out. In our section of the country you must move in a short period of time the earth to build dams. If, on a small $7,000 or $8,000 dam, you lose half of the time in getting it through all the red tape that you must go through where hundreds of thousands are spent, you will not get any of that work done during that summer; you will have to carry it over until the next one.

That is the reason for this provision, and there is no other reason. It is to get these works, which are essential to the carrying out of the whole program, proceeded with more rapidly than they could be proceeded with otherwise. It is just raising the amount from $5,000, which was considered reasonable in all departments back in 1935, up to $10,000, which is considered reasonable in all departments now.

Mr. Argue: I am not objecting to this change that will be brought about by the resolution and the bill when it is passed. Can the minister tell the committee, from the experience he has had over the last year or two, approximately, how many projects would come into the $5,000 or $10,000 class? How many projects is this provision likely to affect in a year? Will it affect one, one hundred, or two hundred? What will be the practical effect of the passing of this resolution?

Mr. Gardiner: I would be greatly surprised if it comes up to one hundred. I should not like to make guesses, because I can give the exact information when we get into the estimates. I think it will be found that it is not an unreasonable thing. It would not be provided for in all other departments if it were unreasonable; and if it is reasonable there, it is just as reasonable to have it here.

Mr. Knowles: For the purpose of information, may I ask the minster a question on what he has just said? I understood him to say that one of the reasons for raising this amount was the time which it takes to get these matters through council. He also made reference to the treasury board. May I ask the minister whether, when this resolution and the bill pass, it will mean that projects under $10,000 do not even have to be submitted to treasury board? Or do they still have to go there?

Mr. Gardiner: They go to treasury board, yes. The projects will go to treasury board on the minister's recommendation. But they do not have to go through the regular procedure of going through council.

Mr. Knowles: But they have to be approved by the treasury board?

Mr. Gardiner: They are submitted there for the purpose of determining whether there is money available, whether it is within the regulations, and so on.

Mr. Coldwell: But the decision in that event rests with the minister, as long as the appropriation is there?

Mr. Gardiner: Yes.

Mr. Coldwell: I think we are quite right in inquiring into this matter at this stage, because this measure, if passed, will enable the minister to deal with projects under $10,000 in the way in which they are dealt with now under $5,000. That is why we are asking these questions, and I think we should be set right about the matter.

Mr. Gardiner: That is exactly the situation.

Mr. Charlton: This bill has particular reference to the Palliser triangle, and the resolution particularly states that it is to provide for the appointment and superannuation of certain officers and employees. It has been stated that certain work has been done outside of the Palliser triangle. Can the minister tell us how many more employees, for instance, would have to be appointed than have been appointed in the past, in order to take care of work outside the Palliser triangle, and how much of this work outside of that triangle or in various other parts of the country has to do with the extra $5,000, for instance, that the minister may spend without going before the governor in council?

Mr. Gardiner: Practically all the projects, if they became projects outside of the Prairie Farm Rehabilitation Act, would not come under this provision at all. Projects outside of the P. F. R. A. are provided for under those separate votes that are found in my specials; that is, we put up $200,000 on one thing, $300,000 on another, and so on. The investigational work in connection with those projects is usually done by the engineers under P.F.R.A., and it is only their salaries that are charged up in connection with it. This has nothing to do with that. If we go outside to do these works, they come under the other votes, not under this one at all, and they would be considered from that point of view.

All these projects that I can recall at the moment are more than $10,000. They are for much larger amounts. The only one that has been done in the section of the country that my hon. friend comes from is the one having to do with the diking of the marshes along lake Erie, where, along with the provincial government, we put in $100,000. Projects of this kind would not come under this $10,000 at all.

Mr. Charlton: The wages of the employees would not be apportioned out with the various outside jobs; they are all paid under this act?

Mr. Gardiner: Yes.

Mr. Charlton: The wages portion of the work does not change that; they will be paid in the ordinary way.

Mr. Gardiner: Yes.

Mr. Charlton: I want to point out that as the work progresses outside the area there is much more reason why it should be made applicable to the whole of Canada.

Mr. Coldwell: The bill, as it comes down, will provide that certain classes of employees will come under civil service superannuation. I am not going to ask the minister what these classes will be, because I presume the bill will indicate it and the minister will discuss it. I hope that, when the bill is drawn, as many as possible of the employees of the Prairie Farm Rehabilitation Act will come under the civil service and superannuation, in the interests of both the Prairie Farm Rehabilitation Act and the employees themselves. It is important that as many of these officials as possible shall be permanent employees entitled to proper increases in salary and to superannuation. I should like to see the minister include as many of these classes of employees as it is possible to do.

Resolution reported, read the second time and concurred in.

Mr. Gardiner thereupon moved for leave to introduce Bill No. 375, to amend the Prairie Farm Rehabilitation Act.

Motion agreed to and bill read the first time.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO RACING ASSOCIATIONS CONDUCTING PARI-MUTUEL BETTING

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 357, to amend the Criminal Code (race meetings).

Mr. Fulton: Will the minister make an explanation, or say whether the whole bill is covered by the explanatory note, which does appear to give a fairly complete picture?

Mr. Gardiner: The whole bill is covered by the explanatory note. The bill itself was introduced in the Senate and fully discussed there. If I were permitted to do so, I might read just one or two sentences from the words used by the hon. senator who introduced the bill in that house. I know I may be a little out of order, but—

Mr. Macdonnell (Greenwood): You certainly are.

Mr. Fulton: With unanimous consent.

Mr. Speaker: Order. I doubt whether with unanimous consent a debate which took place in the present session in the Senate should be referred to in this house.

Mr. Gardiner: I will say it without reading it.

Mr. Fulton: Paraphrase it.

Mr. Gardiner: The Department of Agriculture received a request from the Standard Bred Horses Society and the Canadian Trotting Association to consider providing for the same kind of supervision of pari-mutuel betting where trotters and pacers were the horses which were competing as now exists in connection with running races. The obvious reason for this request is that it gives more protection to the public that is betting on races. The law generally states that betting is illegal; then it goes on to say that there are certain exceptions, and the exceptions are set out in the particular section that is being amended.

The exceptions provide that where races are being run under pari-mutuels, a certain percentage of the take from the public can be utilized by those who are promoting the races—in this case it is nine per cent. Then it is provided that a certain percentage may be taken by the provinces in the way of taxation, and a certain percentage must go to the public. The purpose of the supervision which this department exercises is to see that the public gets its share. That has been the case in connection with running races, and it has been suggested that it should be the case in connection with trotting. Trotting and pacing races are coming back. It is developing into rather big business. It was suggested that the same kind of supervision ought to be put on the one as on the other.

The whole intent of this amendment is to bring the trotters and pacers under the same supervision when pari-mutuel betting is carried on in connection with the racing. The procedure which is followed in bringing about the supervision is for the association which

is concerned to apply for the supervision by representatives of this department. The fact that they have that supervision makes that kind of betting entirely legal; and protection is given to the public to the end that sufficient money will remain in the pool that is divided up among those who are betting on races to give the public a fair deal.

The whole intention is to put the racers and pacers under the same regulation as the runners. All that was submitted to the Department of Justice is just what is in the statement of the intent of the measure as it appears on page 2 of the bill. They concluded that the best way to do it was to repeal the section and rewrite it, rather than just to say that wherever certain terms appear, other terms are to apply. To have that kind of legislation they just repealed the section and rewrote it. The only new provisions are those which provide what we consider the means necessary to place exactly the same kind of supervision on pacers and trotters as we now have on runners.

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

On section 1—*Exceptions.*

Mr. Knowles: Usually when bills are worded in such a way as to carry forward existing legislation, with the exception of certain precise changes, those changes are underlined in the printed copy of the bill placed before us. There seems to be no underlining in this bill. I take it from what the minister has said that if that were done it would simply be a case of underlining references to trotters and pacers; is that so? I realize that I am not too sure of what I am talking about in connection with this subject of racing.

Mr. Gardiner: As a matter of fact, that ran through my mind when I first saw the bill. I have been accustomed, as all hon. members have, to the underlining of changes. The explanation given me, which is obviously the proper explanation, was that this whole thing is the section written over again. By subsection 1 in the bill we wipe out subsections 2, 2(a), 2(b) and 3 of section 235 of the Criminal Code, chapter 36 of the Revised Statutes of Canada. Those sections are repealed, and other sections, as set out in the bill, are substituted therefor. Then we have written what to all intents and purposes is a new section.

There is no place at which we can underline the language and say that it is just changed. The same things have been written into a new section. I am told the reason for this is that this legislation was built up over the years and it was somewhat difficult to interpret the phraseology which had been written into it from time to time by different persons. The Department of Justice thought it best to rewrite into the bill exactly the same meaning as was in the language of the old act. They tell me that has been done, and our own officials who are familiar with the matter say that it has been done.

The chief change appears in subsection (2) (d), at the bottom of the second page of the bill. That is the chief consideration that was given in the matter. I do not believe the committee would run into any difficulty if it were to pass these early sections and accept what I have said as the fact, namely, that they are the same as they were in the old act. We are not changing it. When we come down to including the pacers and trotters, we try to put them on the same basis as the runners.

Mr. Knowles: The minister suggests that there is no difficulty about passing the early sections. I would draw his attention to the fact that there is only one section in the bill, and that when that section is passed, that is all there is to it.

There are one or two points which I would bring to the attention of the minister, in the hope that he would clear them up. First, I have always thought that the Criminal Code came under the Department of Justice. In the present instance, however, the Minister of Agriculture is bringing in a bill to amend the Criminal Code. I could understand some other ministers getting out of their departments, but why should the Minister of Agriculture do that?

Then, the minister began to refer, before Mr. Speaker stopped him, to what was said in the other place. I do not wish to have the minister break the rule in that respect, but I would ask him what senator introduced the measure in the other place. I believe I am in order in asking that question. Did he do it on behalf of the government? Why did it come in through the Senate, rather than being introduced in the House of Commons?

Mr. Gardiner: Referring first to the last question, it is a matter of knowledge that it is rather difficult to keep the Senate moving along continuously with its work in the early part of the session, if everything is submitted first to this house.

Mr. Knowles: They have their divorces.

Mr. Gardiner: And there are some other people who have had divorces to deal with, too. This measure, along with a number of others, was sent to the Senate for the purpose of making some work available there. It was thought it was a matter which might

properly be dealt with in the Senate. As a matter of fact, on the last three or four occasions on which the Criminal Code has been amended, such amendments have originated in the Senate. The reason has been the one I have just stated, namely, that it was possible to have the matter dealt with in the Senate before it came to this house. Discussions that take place there are known to members here. Hon. members may follow them, if they so desire—and I know many have done that. Then when the matter comes to the House of Commons, having been dealt with in the Senate, procedure is facilitated here. That is the only reason for its having been introduced in the other place.

It was Senator Hayden who introduced the measure in the other place, and who has introduced other measures.

Mr. Knowles: But he did it on behalf of the government, did he?

Mr. Gardiner: He did it on behalf of the government—I presume at the request of the government leader in the Senate, who usually arranges those matters.

Mr. Knowles: But the fact that the minister is dealing with it here makes it clear that it is a government bill.

Mr. Gardiner: Yes. Then the other question was as to why it was in the name of the Minister of Agriculture in this house. Well, I suppose it is not enough to say that it has always been the Minister of Agriculture—but it has. The reason is that those who put up a real argument in favour of racing are those who are interested in the breeding of driving and running horses. It has always been considered the responsibility of the Department of Agriculture to promote the breeding and production of livestock, which includes horses. One may ask: Why would this be necessary, in these days of motorcars? Well, all I have to say in that regard is that about the only kind of horse that must still be bred on a farm, in a country as far north as Canada, is the type of horse that can move on the road in the wintertime.

In my experience, the best horse to put on the road in the winter is the horse which has enough standard-bred breeding to give him speed, and enough of some other breeding—perhaps hackney, Irish jumper, bronco, or something else—to give him a little more weight. In that way you have a horse with enough strength to take a sleigh through the snow in the wintertime, and enough speed to get to town before you are frozen to death. That is the type of horse in which we are most interested.

I believe that is the reason why trotting and pacing races are becoming more popular than they were ten or twenty years ago. The idea is to promote interest in the horse; and because that is the idea, this department is asked to take care of it.

Mr. Knowles: The only comment I would make is that as I look over the bill, rather than its being a bill for the promoting of the breeding of horses, it seems to me that it is a bill for the promoting of betting.

Mr. Fair: That is because there is so much gamble in farming that it has been felt that horse racing is a gamble, and that it should be put under the Department of Agriculture.

Mr. Macdonnell (Greenwood): I am sure the Minister of Agriculture is competent in many ways. However, this bill seems to require a competence of knowledge in the mysteries of the pari-mutuel system. Can the minister discharge the duty laid down in subsection 5, which states:

> The Minister of Agriculture, if he is not satisfied that a proper proportion of gate receipts and percentages taken from the pari-mutuel pools is being given in purses to horses taking part in the race meeting or that the provisions of this section are being carried out in good faith by the association conducting the race meeting, may at any time order the betting to be stopped for such time as he may think fit.

He may not order the racing, but he may order the betting to be stopped.

Mr. Gardiner: That is right; but we are still considering section 1.

Mr. Knowles: No; section 1 is the whole bill.

Mr. Gardiner: Yes, but when we take the subsections seriatim we will get to that point. Nevertheless I am quite prepared to deal with the matter. There is nothing in this bill that stops anyone from running a horse race; if there is no betting, you can run all the races you like. If it is just a matter of having a horse race at a country fair or anywhere else, they can run just as many races as they like. What the Criminal Code has always said is that if you are going to bet, then you must do it in a certain way. What is provided here is that if our man who is there checking on everything that is being done with the funds, and who has access to everything carried on in connection with the pari-mutuel betting, finds that somebody is taking more money out than he ought to be taking out, he can stop the betting. The race can go on; the public can watch the race going on, but there will be no money bet. Under pari-mutuel he simply closes the wickets and says: You cannot sell any more tickets until you do what we are instructing you to do.

Mr. Fulton: There is one question I should like to ask with respect to subsection 6. I accept all the other explanations, but I should like assurance from the minister that he is given no new powers under subsection 6.

Mr. Pouliot: Mr. Chairman, before this section is carried I should like to say something on this bill, and my remarks will not be at all reproachful of the Minister of Agriculture.

Mr. Fair: Are you going to place a bet?

Mr. Pouliot: No, not with my hon. friend, because he would not take it. My remarks will be very simple, and will not be at all a reflection on the minister who is sponsoring the bill.

This is an example of badly drafted legislation. Only those who are experts in pari-mutuel matters can understand this kind of half-baked legislation. A distinction is made between associations incorporated before May 19, 1947, if:

(A) such association has conducted a race meeting with pari-mutuel betting under the supervision of an officer appointed by the Minister of Agriculture at any time after the 1st day of January, 1938, but before the 19th day of May, 1947, or

(B) The Minister of Agriculture has, before the 19th day of May, 1947, made a determination under this section that the provisions of subsection 1 of this section, section 227 and subsections 1 and 2 of section 229 shall not extend to the operation of a pari-mutuel system with respect to running races at a race meeting conducted by such association on a race course of another association.

Mr. Knowles: Everybody who places a bet should be required to understand that first. That would certainly limit betting.

Mr. Pouliot: Horse racing is a kingly sport. Most of those who own horses in Canada, the principal winners at the races, are multi-millionaires. Some of them are just pure hypocrites. They may have some interest in paper mills that work at full capacity on Sundays in Ontario, for the seven days in the week, but when it comes to horse racing they object to having horses run on Sundays.

It is different in the province of Quebec. The paper mills are closed on Sundays, but the farmers and others enjoy horse races on Sundays as a legitimate distraction. There is nothing wrong with it, and it cannot be an offence except in virtue of this law. In the province of Quebec, the young people are baptized on Sundays, and I understand that in Ontario funerals take place on Sunday. Those are the differences.

Mr. Macdonnell (Greenwood): Baptisms take place on Sunday in Ontario.

Mr. Pouliot: Not to my knowledge, but I do not live all of the year in Ontario. This is outside the range of the bill. What I want to say is that if these millionaires were less hypocritical they would not insist on such legislation as this. They are Sunday observers behind the curtains. Let us be frank about it and admit that there is nothing wrong in farmers and country people attending horse races on Sundays. I hope this will be considered.

Mr. Johnston: What about betting on Sunday?

Mr. Pouliot: Does my friend consider it an offence? He will be starting a new theology.

Mr. Johnston: I am asking you.

Mr. Pouliot: I am not opposed to it, and I cannot say whether or not it is a sin, because I am not a theologian. I do not think there is anything wrong in it.

Mr. Johnston: Betting on Sunday?

Mr. Pouliot: Yes. It may offend my hon. friend's principles; he may have his views and he is entitled to them, as is anybody else, but I do not find anything wrong with it. Some people may think differently, and that is their business. I am not saying anything unpleasant about them because they do not share my view. They are free to think what they like about it.

Mr. Johnston: Just another form of gambling, that is all.

Mr. Pouliot: I have submitted the matter to the committee. I am against ultra-puritanism in all its forms.

Mr. Fulton: Has the minister had an opportunity of considering whether subsection 6 grants any new powers?

Mr. Gardiner: It does not give any new powers, except that it will apply to trotters and racers as well.

Mr. Proudfoot: Mr. Chairman, this amendment has been asked for by the standard bred breeders of Canada because in certain instances races have been promoted by men over whom we have no control, nor have we any control over the betting. So we asked the Department of Agriculture to supervise our standard bred races similarly to the supervision that has been given to thoroughbred races. I do not see anything wrong with the bill, except in one instance, and I would refer to paragraph (d) (ii) which reads:

No more than eight races or dashes, or ten heats shall be held during any twenty-four hour period.

I do not think that is quite correct, because we generally race three heats, and three will not divide into ten. That is the only thing I can see wrong with the bill, and I would

ask that it be changed to twelve rather than ten, which is not a multiple of three. As I say, this bill was requested by the standard bred breeders, and also by the Canadian Trotting Association.

Mr. Ferguson: We cannot control the liquor situation properly without the aid of the government, and we cannot control betting on horse racing in Canada without the aid of the government. In my opinion the bill has been introduced to give the same form of control as is provided for the authorities who control liquor, which cannot be controlled otherwise. We have tried it. It is within the power of the government to control horse racing properly. It has nothing to do with paper mills, millionaires, the mill rate in municipal taxes, or any kind of mill at all. In my opinion it is simply proper and sane legislation.

Mr. Lesage: I agree completely with what the hon. member for Pontiac-Timiskaming has said. In my part of the country we have sulky races, and usually there are four races with three heats each. I wonder if the Minister of Agriculture could not find it possible to change the figure from ten, as set forth in the bill, to twelve. That is the only complaint I have, and it would not make much difference.

Mr. Gardiner: A number of members, who are much more familiar with the conduct of horse racing in different parts of the country than I am, have made similar representations since the bill appeared on the order paper. I feel that it would not be possible for me to agree to increasing the figure from ten to twelve without first discussing it fully, not only with the officials but also with my colleagues. The reason is that we have given a general undertaking to the house, and the undertaking was given in another place, that the bill does not provide for any further opportunities in connection with betting than existed before; in other words, that there are the same opportunities for betting on trotters and pacers as there are for betting on runners.

I realize of course that trotting races are run in three heats, and the general impression I had was that if you said what is being suggested should be said, you might confine it to nine heats. I am told, however, that the way in which racing is carried on in certain sections of the country, particularly in the Ottawa valley and outside the Ottawa valley in Ontario, is that the race is actually put up for bids, and the final racing is carried on at some other fair which bid for it. That type of race could not be conducted except with the possibility of ten heats. The reason why it is ten instead of nine is that that kind of racing is established. They race their three year olds at a certain fair, and then the race is finally run off somewhere else. The fairs bid for the right to have the race run there, and the fair that bids the highest has that race. They do the same thing with two year olds. The race is run off, and in order to run it off at the final fair they must provide for ten heats. If both two year olds and three year olds happen to be running off at the same fair, they would require ten heats. The bill makes provision for that, and the suggestion is now made that it should be twelve heats.

I am in the hands of the committee. This is your bill now; it is not mine. It has been our opinion that ten heats provide as much in the way of opportunity to bet as is provided now for the runners in eight races, and that there would be an argument on that count against having it more than ten. At the same time, however, there are a great many racing events from one end of Canada to the other where they have four races of three heats each, and that is twelve heats, not ten. I am quite prepared to allow the subsection to stand and bring it back later. I am prepared to have the committee rise and report progress, or if the committee thinks it should go through as it is, I am quite prepared to accept that.

Some hon. Members: No.

Mr. Fulton: Let it go through and change it next year.

Mr. Knowles: May I ask the minister whether the purpose of the limitation in the bill as it now stands is to prevent additional betting, or is it to protect the horses?

Mr. Gardiner: As has been said by the hon. member for Pontiac-Timiskaming, the object is to protect people who buy tickets at races where pari-mutuel betting is carried on. The practice is for a person to go up to the wicket and buy a ticket. The other type of betting is bookmaking. The individual goes up and makes his bet, and he knows when he makes it what he is going to get out of it if he wins. That is all put down in black and white. He can do that kind of betting, and it does not come under this at all. We do not supervise that kind of betting, because it is an agreement between the individual and the bookmaker at the fair where betting is being legally carried on. However, in order to make it easier to handle it on a much larger scale, they have started pari-mutuel betting. You go up to the wicket and buy a ticket, and then your money goes into a pool, together with the money of all the others who bet.

Mr. Knowles: Not mine.

Mr. Gardiner: I am telling you how you can do it if you want to at any time.

An hon. Member: He only bets on sure things.

Mr. Gardiner: The money goes into a pool. This law says that those who are conducting the racing cannot take out more than nine per cent if the amount going into the pool is $20,000 or less, and seven per cent, six per cent, five per cent, and so on as the betting increases. They cannot take any more than that out. Then it says that the public must get a certain amount. There is a leeway in between where the provinces take something by way of taxation. During the war we took it, and at the end of the war we amended the act again to turn it back to the provinces. The provinces can take it if they wish to do so. In some places they do, and in others they do not. We simply put a man there to check on all the money that goes into the pool, and then we check on the way in which it is disposed of. So long as the public get their share divided among those who win, we are satisfied; if they do not, we stop the betting. What we are suggesting is that we are going to apply that to another type of racing. The regulations were imposed in the first place to limit betting to what I have been describing. As the situation is today, betting can take place on trotters and pacers throughout the country without any supervision or regulation at all.

Mr. McLure: Not in all provinces.

Mr. Gardiner: Except what the provinces may carry on. A check is not made as it is with runners. These people say that they want the same check, and all we say is that in drafting the terms of the act we do not want to give those racing trotters and pacers any advantage over the runners; otherwise the racing runners will simply come back and ask for the same advantage, and we will have the one bidding against the other. What I would like to check up before agreeing to twelve heats is that we are not giving any such advantage, which would run us into difficulties all along the line. I have a feeling, without checking it, that we would be, though I am not absolutely convinced of it.

I have placed all the facts before the committee. If the committee thinks this restriction is required, that is quite satisfactory to us. If they think we should check further and make sure of it, I am prepared to do so and allow the bill to stand until later.

Mr. Riley: I would agree with the hon. member for Pontiac and the hon. member for Montmagny-L'Islet. All through the maritime provinces harness racing has been a major sport for generations. At many of our tracks they run four races of three heats each. Even if they do not do that every day, they may be rained out one day and spread the card for that day over the next few days, and thus run four races daily of three heats each. The danger we see is that we have the controlled pari-mutuel system of betting, and if this restriction is placed on the races held it will tend to encourage bookmaking at many tracks in the maritimes. If the public is not permitted to bet at the wickets under the controlled pari-mutuel system, there is the great danger of bookmakers coming in and establishing that vicious practice which flourishes in other parts of the country. We have no bookmaking today in the maritime provinces, and we do not want it; but there is the grave danger that if the ten-heat restriction is placed on pari-mutuel betting at our tracks, we may very well be faced with this problem. I hope the minister will bear that in mind when considering this section.

Mr. Lesage: In view of what the minister has said, I move that the committee rise, report progress and ask leave to sit again this day.

Mr. Gardiner: Would the hon. member agree that we consider the remainder of the bill as passed and allow subsection (2)(d) to stand for further consideration? Then the committee might report progress and I will bring the bill in later.

Mr. Lesage: I agree.

Mr. Pearkes: Can the minister give an assurance that this bill will be brought back this session and not left over until another session?

Mr. Gardiner: It will be brought in just as soon as the Minister of Public Works can give me the time.

Section stands.

Motion (Mr. Lesage) agreed to.

Progress reported.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM SHERRIDON TO LYNN LAKE, MAN.

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure conferring authority upon the governor in council to authorize the Canadian National Railway Company to construct a line of railway from Sherridon to Lynn Lake, in the province of Manitoba, a distance of approximately 155 miles at an estimated expenditure of $14,725,000 and an average expenditure of $95,000 per mile. The measure will make provision

for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction. To enable the company to proceed with construction forthwith temporary loans may be made the company out of the consolidated revenue fund, upon terms and conditions prescribed by the governor in council and secured by company securities.

Mr. Green: Will the minister make a statement, either at this stage or when we are in committee?

Mr. Chevrier: I was hoping I could make it in committee of the whole.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Chevrier: This resolution seeks to authorize the Canadian National Railways to construct a line of railway from Sherridon to Lynn lake, in the province of Manitoba, a distance of 155 miles, at an estimated expenditure of $14,725,000 and an average expenditure of $95,000 per mile.

The resolution may be divided into three parts: First, that which seeks the authority to construct the line; second, that seeking authority so far as the Canadian National Railways is concerned, to issue securities guaranteed by the government to finance the construction; and third, that seeking authority to make temporary loans to the Canadian National Railways pending the construction of the line.

The matter of the construction of this railway has been under consideration for some time. Recently discussions were initiated between the officers of the Canadian National Railways, Sherritt Gordon Mines Limited and the Minister of Defence Production, and an agreement was reached.

The economics of the proposal so far as the Canadian National Railways is concerned are based on the understanding that the Canadian National Railways would, in the first instance, assume $10 million of the cost of construction of the said line, the balance of the cost to be borne by the federal government through the Department of Defence Production. Sherritt Gordon Mines Limited would contribute $5 million of the cost, payable at the rate of $350,000 annually for a period of twenty years, with the proviso that when traffic over the line proves to be greater than the traffic now estimated, that is, 1,880,000 tons of outbound traffic, the Canadian National Railways would repay Sherritt Gordon Mines Limited $2.65 per ton until a total of $5 million had been paid.

Minerals of a strategic nature have been discovered in the Lynn lake area. They are the property of Sherritt Gordon Mines Limited and they are needed for defence production. They cannot be exploited without the construction of this railway line. The construction of the railway line would have the following effect: First, Sherritt Gordon Mines Limited would be able to proceed with the full development of their Lynn lake nickel copper deposits, which have a proven reserve of 14 million tons; second, the establishment of a 2,000 tons per day mining plant and concentrator at Lynn lake; third, the establishment of a nickel refinery at Edmonton on the Canadian National Railways line for the refining of the nickel concentrate from Lynn lake and the manufacture as a by-product of ammonium sulphate; fourth, the construction of a 7,000 horsepower hydro-electric plant on the Laurie river, with an ultimate potential of 15,000 horsepower; fifth, the additional production per annum, providing the present demand for base metals continues, of the following:

	tons
Nickel	8,407
Copper	3,414
Cobalt	100
Copper sulphide	1,545
Ammonium sulphate	72,000

It is estimated that the annual value of the mineral and ammonium sulphate production would be of the order of $14,000,000.

The successful operation of this railway branch is dependent upon the mining development in the area. The Canadian National Railways estimates that with the traffic available and the survey it has made of the traffic potential when the developments referred to above have been completed, the effect on the net income position of the Canadian National Railways will be $244,000 annually. The contribution from Sherritt Gordon Mines Limited of $350,000 per year for twenty years would raise this figure to $594,000 per year. The excess over the $10,000,000 for which authority is being sought by the Canadian National Railways will be financed by the Department of Defence Production. It is estimated this will amount to $4,725,000.

The Canadian National Railways will be authorized to issue securities guaranteed by the government not exceeding $10,000,000, and temporary loans will be authorized during the period of construction.

This is a project of great magnitude. It is one which is urgently required. It will mean the expenditure of $50 million by Sherritt Gordon Mines Limited, the Canadian National Railways and the government. It will mean the full development at Lynn lake of 14,000,000 tons of nickel copper deposits; the establishment of a mining plant and concentrator employing 500 men; the establishment of a modern townsite at Lynn lake

capable of housing 2,500 persons; the establishment of a refinery at Edmonton employing approximately 100 men, and the additional production of strategic base metals.

I recommend this resolution to the house.

An hon. Member: Another Flin Flon.

The Chairman: Shall the resolution carry?

Mr. Green: It is one o'clock, Mr. Chairman. This seems to be an extremely important development. Perhaps we could consider it after the luncheon recess.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Green: There are just one or two questions I should like to place before the Minister of Transport. If I heard his statement correctly this morning, there are to be three strategic minerals produced by this mine at Lynn lake, namely, nickel, copper and cobalt. I understand also that there is to be a mill at the mine so that the ore produced will be turned into the form of concentrates. Can the minister tell us where the respective concentrates are to be refined, and also give us some idea of the reserves of ore that are available in the district?

I have one other question which has to do with settlements along the route of this 155 mile line. Is there farming country or timber country, or are there any other mines on the line? Finally, is it the intention to refer the bill to one of the committees of the house for consideration, either the special committee on government-owned railways and shipping, or the standing committee on railways, canals and telegraph lines? I presume a bill of this kind would go to the first mentioned committee, but I think it would be advisable to have it referred to one or the other of these committees so that witnesses could be heard and some further study given to the whole proposal.

Mr. Chevrier: Dealing with the last question first, when we reach second reading of the bill it is my intention to move that it be referred to the standing committee on railways, canals and telegraph lines for study. It might be possible, if it was the wish of the committee, to hear evidence from certain of the officials of the railway company who could speak on the economics of the project.

Mr. Green: Could there also be evidence from the mining company?

Mr. Chevrier: That could be given consideration, but I think that the officers of the Canadian National Railways, through their engineers and inspectors, will have all the information available. I shall be glad, however, to see what can be done.

Mr. Knowles: Would it not be better to send it to the committee on railways and shipping owned, operated and controlled by the government?

Mr. Chevrier: Railway bills have always been sent to the committee on railways, canals and telegraph lines, and it would be my hope that the house would see fit to send this bill to that committee. Railway bills, in my experience, have never gone to the other committee, which is one on government-owned shipping and matters affecting the Canadian National Railways.

In the topographical and geographical surveys that have been made of the area in which the railway will be built there is no indication of any agricultural development. It is all lakes and rugged territory, where farming would be almost impossible.

With reference to timber, there is no merchantable timber. There is some wood that could be sawn into logs, but no timber of any commercial value.

Answering the first question, the ore would be milled at the townsite of Lynn lake, where the mining plant and concentrate mill would be built. The nickel concentrates would be sent to the refinery in Edmonton, and the copper concentrates to the refinery which now exists at Flin Flon. The reserves so far proven are in the extent of 14 million tons.

Mr. Green: Is the refinery at Edmonton to be run by natural gas?

Mr. Chevrier: That I could not say. It will be operated by Sherritt Gordon, and I presume that has entered into the cost.

Mr. McIvor: I think it is wise to send this bill to the committee on railways, canals and telegraph lines, because if there is anything wrong about it they will find out, and if there is anything good in it, it will come to light. It is one of the most efficient committees in the House of Commons. I hope it will go there quickly, because otherwise it is only wasting time here.

Mr. Fulton: Like anybody else, I guess I can take a hint, and certainly most questions should be asked in the committee. I did not gather from the minister's statement whether the estimate of income to the railway of $240,000 annually was net income or gross income.

Mr. Chevrier: Net.

Mr. Fulton: Has the minister any figure readily available for their estimate of gross return?

Mr. Chevrier: Yes, I have complete detail of the position so far as the Canadian National Railway is concerned when this line will be built, but I should think that this is not the time to give it.

Mr. Fulton: Give it in committee.

Mr. Knowles: The hon. member for Fort William is anxious to see the bill get to the committee. As a matter of fact we have not got the bill yet; this is just a resolution preceding the bill. However, I want to say that any move that is designed to develop the natural resources of this country, and to increase the production of real wealth, certainly deserves the favourable consideration of this house. I am glad to see that steps are being taken to facilitate the development of the real wealth that is latent in this part of northern Manitoba.

However, I cannot help but take note of the fact that when development such as this is contemplated we, the people, through the government, have to come into the picture in order to facilitate that development. It is perfectly true that private enterprise is going to play its part, for a well-known reason, too; but the minister has also made it clear that there is to be a considerable sum of public money put into the building of this railway in order to make possible the development of this very valuable resource.

I for one feel, Mr. Chairman, that in the years that lie ahead we are going to have to pay still more attention to developing the resources of this country. We are anxious to build as high a standard of living as possible. We cannot do it out of thin air; we have to do it out of real wealth, and we have the potentiality for producing that real wealth in this country to an unlimited extent.

It has been indicated that it is the necessity of defence production which is the immediate spur to this activity, and one accepts that fact. I would point out, however, that even in peacetime it is highly desirable to go ahead with the development of projects of this nature, but I feel they should be done in the interest of the country as a whole.

There are two or three questions I should like to ask, on the basis of what the minister said this morning. As I understood him, the government is putting in some $10 million and Sherritt Gordon $5 million. Those amounts are going into the construction of the railway. I understand the money Sherritt Gordon is putting in is to be paid at the rate of $350,000 over a period of twenty years—and I am a little puzzled with that, because it works out to a total of $7 million. Then I noticed the minister said that if the production exceeded a certain number of tons the money would be paid back to Sherritt Gordon at the rate of $2.65 per ton.

Does this mean that, in reality, the $5 million being put up by Sherritt Gordon toward the building of the railway is really just a loan, subject to Sherritt Gordon's actually producing a certain quantity of ore?

I have one or two further questions, but perhaps the minister would answer that one first.

Mr. Chevrier: Let me put it this way: the cost of this railway is estimated at $14,725,000. Then, $10 million of that will be financed by the Canadian National Railways in the following manner: $5 million of their own money, and $5 million which they will advance to Sherritt Gordon, who will in turn repay the Canadian National Railways at the rate of $350,000 a year for twenty years. This is on the condition that when the traffic over the line reaches an amount in excess of the amount mentioned in my statement this morning, that is an amount in excess of 1,880,000 tons, the Canadian National Railways will pay over and above that excess to Sherritt Gordon $2.65 a ton until the $5 million has been repaid.

Mr. Knowles: In other words, in the end if Sherritt Gordon produces that much ore they will not be putting any actual dollars into the railway project itself?

Mr. Chevrier: No, that is not accurate. Sherritt Gordon are putting in $5 million, which they will repay the Canadian National Railways at the rate of $350,000.

Mr. Knowles: Well, I will not pursue it further, except to point out that they are putting it in, but that they have the chance to get it back later.

An hon. Member: Sure.

Mr. Knowles: I hear various comments, one of them to the effect that this line should be built by the Canadian National Railways. All right; but that emphasizes what I said a moment ago, that it is perfectly clear that in order to facilitate the development of this natural resource it is necessary for the people of Canada, through their government, and through their government-owned railway, to finance the construction of the railway itself. This is another case of private enterprise with public assistance.

May I ask the minister whether in the agreement to which he referred this morning, the agreement that has been reached between Canadian National Railways and Sherritt Gordon—or it may be between the government and Sherritt Gordon—there are any

items or clauses relating to the freight rates to be charged Sherritt Gordon by the Canadian National Railways. For example, is there anything comparable—

Mr. Chevrier: None whatever.

Mr. Knowles: Is there anything comparable with what is done in connection with Steep Rock?

Mr. Chevrier: No, no clause having to do with freight rates at all.

Mr. Knowles: In other words Sherritt Gordon will pay the standard tariff to the Canadian National Railways for that sort of freight.

Mr. Chevrier: I do wish the hon. member would not ask leading questions. He has asked me one question as to whether or not there is anything in this agreement in connection with the imposition of freight rates, and I have said no. That is clear. I think I made that clear. Now he comes along with a question, a leading question, in which he says, "I understand therefore that it will pay the standard freight rate." Well, my hon. friend can draw his own conclusion as to what they will pay. I do not know. First of all, the railway is not built. Secondly, the freight rate has not been fixed. Thirdly, the standard tariff has not been established on the new railway. Therefore it is impossible for me to answer that kind of question. I hope the hon. member will be satisfied.

Mr. Knowles: But it is perfectly clear that there is no clause in the agreement similar to that in the Steep Rock agreement?

Mr. Chevrier: I have answered that twice by saying no.

Mr. Knowles: Good.

Mr. Murray (Cariboo): Obviously if the railway is not extended beyond Sherridon, that portion of the railway from the main line of the Hudson Bay railway at Sherritt junction to Sherridon would have very little business, and would have to be scrapped, since the mine at Sherridon is practically worked out. If this proposed construction program of the C.N.R. does not take place it means a ghost town at Sherridon, and a thousand men turned it of employment.

I would like to ask the minister if there is not a large hydroelectric power project which would be installed in order to operate this new mining development.

Mr. Chevrier: Yes. I indicated this morning that on the Laurie river, forty-five or fifty miles south of Lynn lake, there is a potential power development which will be capable of developing 15,000 horsepower of electrical energy, which is more than sufficient to facilitate the production of the known deposits in the Lynn lake area.

Mr. Murray (Cariboo): I understand a very great development is anticipated there by some of the other large companies, and that this power would be available for other mines developed in the area.

Mr. Chevrier: That I am not able to say, except that I do know other mining companies have made explorations in the area, and have certain rights. Whether they would use this power development or not, I cannot say.

Mr. Macdonnell (Greenwood): Replying to the hon. member for Winnipeg North Centre —and I thought, with something less than his usual charm—the minister said that the railway was not built, that various other things were not done and that therefore these figures could not be available. But there is one very important figure which is fixed, if I understand correctly, and that is the figure which Sherritt Gordon is to get back at a certain stage in the contract, at so much a ton. What puzzles me is how that figure was arrived at, if all the other figures are still unknown.

Mr. Chevrier: On the basis of the tonnage I gave this morning in my statement, concerning the additional production which would be available of nickel, copper, cobalt, copper sulphide, ammonium sulphate and the like, and on the basis of the amount of the value of these base metals, it can be estimated what the total revenue of the line would be. The Canadian National Railways have prepared a statement which I have before me, and which will be available at the opportune time, which shows that, having regard to that, their income position would be bettered by the construction of the line to the extent of $244,000 annually; and with the amount of $350,000 which will be paid annually by Sherritt Gordon to the company, over a period of twenty years, their income position would be bettered to the extent of $594,000.

Mr. Macdonnell (Greenwood): I am not on the committee, and I shall not press the matter further, but I do wish to point out that I am still puzzled, because it would seem to me that these other figures which have been arrived at would depend, in large measure, on the freight rate on the ore during the period of operation. However, I am content to let the matter drop, and have it go to the committee.

Mr. Knowles: In other words, if the minister knows that the position of the Canadian National Railways will be bettered to the extent of $244,000 per year, and if he knows

the weights of ore, upon which that $244,000 is based, someone must know what those freight rates are.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 376, respecting the construction of a line of railway by Canadian National Railway Company from Sherridon to Lynn Lake, in the province of Manitoba.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read a second time?

Mr. Chevrier: I have the bill in my hands and I am sure it will be distributed. I wonder if we could not give consideration to giving the bill second reading now so that it can be referred to the committee. There is great urgency for the construction of this line and it may be that the house would feel like considering the bill and referring it to the committee.

Mr. Green: Much as I would like to help the minister along, we do have a responsibility to have a look at a bill before we pass it. I am afraid we will have to have second reading at the next sitting.

QUEBEC SAVINGS BANKS ACT

INVESTMENTS IN CORPORATE BONDS OR DEBENTURES—LOANS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider Bill No. 338, to amend the Quebec Savings Banks Act.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

INCOME TAX ACT

The house resumed, from Tuesday, June 5, consideration in committee of Bill No. 296, to amend the Income Tax Act—Mr. Abbott—Mr. Beaudoin in the chair.

On section 1—*Income from office or employment.*

Mr. Macdonnell (Greenwood): We were discussing depreciation under this section and the minister had told us that certain changes were being made in the regulations. I wonder whether the minister could indicate what line they will take or whether the situation is being changed?

Mr. Abbott: I am afraid I am not in a position to indicate just what the amendments will consist of. As my hon. friend knows, the administration is handled primarily by the Department of Trade and Commerce so far as the issuance of certificates of eligibility is concerned, and the Department of National Revenue administers the balance of the regulations.

I have been informed that as a result of specific applications which have been made to the Department of Trade and Commerce and representations which have been received by that department and the Department of National Revenue, certain amendments to the initial regulations are being considered and I understand will be available shortly. It was felt that when changes were being made it should not be done piecemeal, that an endeavour should be made to do whatever seems desirable at the one time. I made inquiry this morning and was told that it was expected that the regulations would be available for consideration by council within a few days. I do not know that there is anything more that I can add to that.

I did indicate the other evening that I believed that one of the provisions in the regulations would be that there would be a periodical publication of the names of those who had received certificates of eligibility and the purposes for which the certificates had been granted. Apart from that I do not think that I can attempt to go into detail now, but I assure my hon. friend that as soon as the regulations are prepared they will be made available. I would doubt if the estimates of the Minister of Trade and Commerce will have been completed before that time, and if there were any questions which it was thought desirable to ask, they could be asked then.

Mr. Macdonnell (Greenwood): I appreciate the difficulty of the minister because this matter is in the hands of another department, but I wish he would go a little further and assure us that we will have an opportunity to discuss this important matter. I notice the estimates of the Department of Trade and Commerce are coming up tomorrow and from what the minister has said I gather that it may be several days, or perhaps a week or two before these regulations will be ready This is a matter of great importance and we ought to have a chance to consider it. I appreciate that we are dealing with regulations and I appreciate also this opportunity to discuss them, but I think the minister will agree that this matter is of sufficient importance that we should have a chance to discuss it again.

Mr. Abbott: I cannot give any positive assurance that there will be a further opportunity, but I would hope that that would happen. I do not anticipate that the changes

in the regulations will be particularly drastic in their character. This matter has been before the house for some weeks and I think there would be a basis for discussion if my hon. friend is desirous of discussing it. While I would do my best to see that an opportunity is afforded, I could not give any such definite assurance. As the hon. member has pointed out, these are regulations. We have not before us any statutory provision relating to them and it is by arrangement, I think a most desirable one, that we are now discussing the general principle. I agree with my hon. friend that this is a most important matter.

Mr. Macdonnell (Greenwood): I thank the minister and I note his reservation. I think that makes it all the more incumbent upon us to bring to the minister's attention, while the regulations are still in course of being changed, any matters that we may have in mind. On April 10 the minister referred to this new and I suppose almost unprecedented provision, when he said:

> What we need is a stiff financial deterrent that will affect particularly the businessman who is considering the kind of investment which is attractive, not because of its long-term soundness, but because it can be written off out of the expected high profits of the next few years at a time when he expects the rate of corporate income tax to be abnormally high.

I draw that to the minister's attention because I am going to suggest very earnestly that under the section as it is worded—and I take it the whole thing is pursuant to the principle the minister laid down, and which I have just read—there are certain cases which seem to me not only to go far away from that but to be entirely contrary to it. No doubt the minister has had other representations of this kind, but I hope it will be possible in these regulations to deal with cases of the kind that I am going to mention.

I have one case here which I wish to draw to the minister's attention. It involves a situation where there was a holding company, and several subsidiary companies. The holding company retained ownership by simply retaining the shares of the various companies. For the past year or so a study has been in progress to determine whether substantial savings could be made by merging the projects into one enterprise. The study has been completed. It is obvious that the sensible thing from a business point of view is to merge, but if the merger is proceeded with no depreciation under this wording, as I understand it, will be available for four years. This is a case where no new equipment is involved. There is certainly no question of entering into a new investment with speculative possibilities. Yet under the wording as it stands, although decreased costs of operation could be achieved, the companies will be forced to carry on under the present set-up with higher costs, thus adding to the fires of inflation, you might say, because if they amalgamate now depreciation on the assets of the various constituent companies will be deferred.

The writer of the letter providing me with that information says somewhat caustically: "It simply does not make sense." I submit to the minister that whether or not it makes sense, it does not come anywhere within the four corners of the paragraph of the minister's speech that I read. I take it it is perfectly clear that this provision is not a tax collecting provision. It is a provision, as the minister has said, to avoid undue expansion. I think the minister will probably agree that it was never intended to catch a case of this kind, but it will, and numerous others. I submit to the minister that there must be some administrative way of dealing with this situation. Here is a case that by no conceivable stretch of the imagination comes within the minister's principle.

There are one or two other cases. I am sure they are known to the minister, but I want to get them on the record. There is the case—and I am sure there must be large numbers of such cases—where firm commitments have been made, commitments which cannot be escaped, to acquire property. They were made before the 10th of April but the machinery, or what you will, had not actually been acquired. Then there is the case of the individual businessman who wants to incorporate, and as I understand it he is in the same difficulty. I would have thought that in particular might have been made an exception because there is no question whatever there of coming within the minister's principle. I will leave the matter at that point merely emphasizing again that it seems to me that the cases I have cited have shown that the simple wording of the clause as it stands now is not only going to create great injustices but, what is perhaps even more important, it is going to create situations which I am sure the minister never had in his mind when he made his budget speech.

Mr. Abbott: I think it is probably fair to say that special cases such as my hon. friend has outlined are just the sort of cases that are now under consideration to see whether some remedial action can be taken. I should add that as a rule representations are not made to me directly. They are made to the Department of Trade and Commerce or the Department of National Revenue. If the cases which my hon. friend has cited have not already been brought to the attention of the

department—and I think some of them have —I shall see that they are carefully considered.

Mr. Fleming: I am sure that the committee will appreciate the statement just made by the minister as to his willingness to review cases of this kind, because they are serious cases. I was a little disappointed to hear the minister say earlier this afternoon that the revision of order in council P.C. 1778 of April 10, 1951, which is under way at the present time, may not go as far as perhaps some of us had hoped. I should like to express an opinion based on what I have seen of the way in which this new order in council has operated.

For a sudden new departure in a matter of such importance, I think the order in council was unduly drastic in its terms. The hon. member for Greenwood has referred to its effects on various cases, and I also referred to such cases when speaking on this matter on June 5, cases where commitments had been entered into prior to April 10 but where the property had not yet been acquired, where the purchaser under his commitment is obliged to complete his purchase and discharge his commitment notwithstanding that he has no effective opportunity in a situation of that kind to exercise that choice which the minister praised in this new scheme as being the essence of it. I refer to the taxpayer's choice between acquiring and not acquiring property on which depreciation will be deferred four years. In a situation of that kind there is no element of choice left to the individual.

The feature of choice in the present scheme of deferred depreciation which the minister claimed for it is not to be found in a situation of that kind. The commitment is there, but there is no opportunity on the part of the purchaser to decide whether he will or will not acquire the particular asset which, if he acquires it, will not be depreciable for income tax purposes for four years. I would urge that the drastic features of the new depreciation scheme, its rigours, ought to be mitigated in the revision that is under review at the present time.

Mr. Abbott: My hon. friend knows that one can always mitigate.

Mr. Fleming: I hope that is the principle that will guide the government in connection with the present revision of the order in council. After all, when we think of the features of the scheme offered a few years ago to encourage people to embark on the acquisition and construction of plants, you will remember that the bonus or inducement there offered was double depreciation.

[Mr. Abbott.]

If we were applying the same principle here in reverse, because of the fact that this is intended to have a deflationary effect, I should have thought that the step to be taken would have been to reduce the depreciation allowance by one-half. If with a view to expanding the construction of plant and equipment a few years ago the principle followed was to double the rate of depreciation, then surely the way in which that principle might well operate now would be to reduce the rate of depreciation by one-half, but this proposal eliminates it altogether, and in consequence it has some highly discriminatory features. It may be that in times like these, when great stress is being placed upon the need to halt the expansion of industries which may in any way compete for defence materials that are in short supply, brakes must be applied on both the extension of existing businesses and the creation of new ones. But, with respect, it seems to me that a measure so drastic as this, suddenly applied, is going to work very great hardship on young businesses, young enterprises and those avenues through which the free enterprise system finds its expression. People starting up in business, making their own way and taking all the risks inherent in entering upon a new business, find a scheme like this being applied with highly discriminatory effects.

I conclude these remarks by saying that I do hope the revision being currently carried out in order in council P.C. 1778 will not be merely some superficial amendment, but will really seek to eliminate the very objectionable features of the new scheme resulting from its rigour and the discriminatory consequences.

Mr. Macdonnell (Greenwood): I want to add a word to support what has been said by the hon. member for Eglinton, particularly with regard to the want of notice. I am going to read what Mr. Gaitskell, the British chancellor, had to say when taking similar action. He gave a year's notice of the withdrawal of allowances for new plant and machinery; and these are his words:

> Since the planning and execution of most investment takes a considerable time, the scope for restriction in 1951 is obviously limited, but we should take action now so as to restrain investment in 1952 and later years. I have, therefore, reluctantly decided that the initial allowances of 40 per cent given for income tax and profits tax purposes on plant and machinery, and 10 per cent on industrial buildings and mines and oil wells must be suspended as from April 6, 1952. I am giving a year's notice. Any expenditure incurred on or after that date will continue to qualify for the ordinary annual depreciation allowances, but it will receive no initial allowance.

You will observe that there are two great differences here. In the first place, as the hon. member for Eglinton has suggested, in the United Kingdom they did not wipe out all depreciation. In the second place the step taken does not become effective until April, 1952. I am not going to labour the matter because I am sure the minister has a very open mind and is going to do a lot of the things we want, and I do not want to irritate him so he might be less likely to do those things. But I want to mention two or three classes which I think cry aloud for adjustment under the wording of the minister's budget speech, which put the matter very clearly and which I have read to him this afternoon. The three classes I want to mention by way of summary are: first, where a firm or individual was committed to capital investments at the time the order became effective; second, where there is merely a change in the form of ownership after the order became effective; third, where the property purchased was used or secondhand. I think the minister will agree those are all problems which demand sympathetic attention by the Department of Trade and Commerce.

Mr. Abbott: All three are being considered.

Mr. Macdonnell (Greenwood): Then there is the question of the wording in section 1, where a new phraseology has been pointed out to me. Instead of the words "reasonable allowances" which I understand have been used in the past, we have a new phrase, "allowances (not in excess of reasonable amounts)". The suggestion is made that it is going to be confusing to have these different wordings. Perhaps the first question to ask the minister is whether they mean different things, because if they do that is another matter.

Mr. Abbott: These amendments were drafted by the Department of Justice, and I should not think there would be any serious confusion. It is to prevent abuse, of course, as my hon. friend appreciates, and any taxpayer who is dissatisfied would have the right of appeal. It would be a question of fact whether the allowances for travelling expenses came within the terms of those words and were in excess of reasonable amounts.

Mr. Macdonnell (Greenwood): But with his legal background I think the minister will agree that just as sure as shooting if that ever comes up for interpretation the first thing lawyers will say is, "Well, they used different words. They could not have meant the same thing, or they would have used the same words." Then presumably it would be easy for one side to suggest that these words are more restrictive, and for the other side to suggest that they are less restrictive. Does not the minister agree that it would be sensible to use the phrase which has been used in the past and which has the sanction of usage behind it?

Mr. Abbott: I am told there is a reason for the distinction. I am afraid I had not given it the consideration my hon. friend has. The reasonable allowance phrase is found in section 5 (b). In that case the allowance in excess of what would be a reasonable allowance I suppose must be included as income and would be subject to tax. I really do not think it will give rise to any difficulty. This is intended to be a relieving provision, of course, because under the act as it now stands per diem travelling allowances are not allowed. It is felt that in all probability it is more economical to allow employees, such as civil servants and others, who are travelling to have a fixed allowance for travelling expenses, which obviously would be established on the basis of what it would reasonably cost them to live. If by any chance they were able to save a little on that I do not suppose anyone would question it.

Mr. Fleming: I wonder if the minister would indicate in more complete detail the types of allowances contemplated in subsection 2 for agents-general of provinces while in Ottawa.

Mr. Abbott: I understand that certain provinces maintain representatives here and that, as is the case with our diplomatic representatives abroad, in addition to their salaries and other remuneration they receive what is described as a representation allowance, I suppose to enable them to look after the expenses necessarily incurred when businessmen or others from their province are here on business. They act in a somewhat similar way to our trade commissioners and diplomatic representatives abroad. I believe they have been maintained here since the beginning of the last war, when many businessmen from the more remote parts of Canada were coming to Ottawa in connection with war business and it was found useful to have a provincial representative here to assist them in their discussions with government departments. Essentially it would be analogous to the representational allowances which I understand our diplomatic representatives and trade commissioners receive while abroad.

Section agreed to.

On section 2—*Certain reserves included in computing income.*

Mr. Fleming: I believe two features of this section will attract attention and perhaps some opposition on the part of the house. In line 24 we have the expression "in the opinion of the Minister of Finance," and the second subsection makes these provisions retroactive. In general, when the Income Tax Act was enacted two years ago, parliament turned its face against ministerial discretion. There are several evidences in this bill of the conferring of discretion on the minister. I do not say that in every case there should be no ministerial discretion. There are some cases where it may be necessary, but I think that the committee will wish to scrutinize every such case with the utmost care. I would ask the minister if he would state to the committee what is the case that he makes out for the discretion in this instance.

Mr. Abbott: My hon. friend may recall the proceedings before the banking and commerce committee at the time of the last revision of the Bank Act. I do not know whether he was in the house at that time or not.

Mr. Fleming: No.

Mr. Abbott: At that time there was a long discussion with regard to what are known as the banks' inner reserves or hidden reserves. As a result of that discussion it was decided that the Minister of Finance should have the responsibility of determining whether or not the so-called inner reserves of the bank were in excess of what were needed for banking purposes. My hon. friend will find in section 11(4), which is the section allowing deductions from income, a reference to this same subject, and the same phrasing:

> . . . such amount as is set aside or reserved for the year either by way of write-down of the value of assets . . . and is, in the opinion of the Minister of Finance, having regard to all the circumstances, not in excess of the reasonable requirements of the bank.

This is a complementary provision to provide that if the Minister of Finance is of the opinion that these inner reserves are in excess of the requirements of the banks, he may require that they be taken back into income for purposes of tax.

As the committee will appreciate, the banks have a very special position in this respect. They are the only type of corporation which has this special right to create inner reserves, for reasons which are well known and which were thoroughly canvassed by the banking and commerce committee when the Bank Act was last revised. Of course, as the committee is probably aware, in matters of this kind the minister acts upon the advice received from the inspector general of banks who is in constant touch with the operations of the banks. This is really a complementary provision to the provision which is now in section 11, subsection 4. But I must say that I believe, having accepted the principle—as the banking and commerce committee did in the last parliament—that the Minister of Finance must be given this responsibility of determining whether or not the inner reserves are in excess of the reasonable requirements of the bank, he should make provision that they must be taken back into income.

Mr. Fleming: As to the complementary feature which the minister has mentioned, was he referring to the review of the Bank Act or the review of the Income Tax Act?

Mr. Abbott: The review of the Bank Act. This method of determining what are appropriate inner reserves for banks to have was established at the last revision of the Bank Act, as those who were members of the committee will recall; and the Minister of Finance was given special responsibility with respect to those inner reserves. He had the right to say that reserves may be needed which are not in excess of the reasonable requirements of the bank. But if it develops that reserves have been set aside—and quite properly set aside—but that in the ordinary operations they become, in the minister's opinion, in excess of the reasonable requirements of the bank, then obviously in the interests of what is proper and fair, the excess should be brought back into income and tax paid on it.

Mr. Fleming: There are two questions I should like to ask the minister to deal with. The first is this. What are the principles which guide the minister in determining whether the reserves are or are not in excess of reasonable requirements? Second, with regard to the second subsection, what is the reason for giving the new section 9 of the act retroactive effect?

Mr. Abbott: On the first question, of course, that is determined by the exercise of judgment as to whether the amounts which are reserved against the bank's total assets are or are not adequate. That involves the exercise of judgment on the part of the minister, assisted by his permanent officials and the inspector general of banks. If the bank's assets in the form of loans are, let us say, $50 million and there is—and I am using an extreme case—an inner reserve of $40 million against them, I think that even the veriest layman would conclude that is in excess of the reasonable requirements of the bank.

But to answer my hon. friend directly on the matter, it must involve the exercise of judgment on the part of the minister. I think that I should say that that judgment is exercised largely on the basis of fairly well recognized and predetermined formulae in this matter and, as I have indicated, with the advice and assistance of the inspector general of banks.

As to the second question, I am informed that there has never been any question but that it should be taxable when brought back into income, but that technically the law was not clear. The putting of this provision in the law was overlooked. The banks had never questioned that if it were brought back into income it should be taxed; because these inner reserves are, of course, created out of income which has not been subject to tax. The rule is therefore made applicable to the year 1949. So far as I recall, I do not think—well, I had better not speak from memory. I do not recall whether or not any have been brought back in within the last year or two.

Mr. Fleming: I have an extremely strong feeling against retroactive legislation and it is not without reason, I think, Mr. Chairman. The minister has indicated that this appears to be, as he has put it, or as I understood him to put it, a codification of the principles that have been observed in connection with bank assessments hitherto. If that is the case, I think it might be quite satisfactory to leave the matter as it is and to enact legislation now to the extent necessary to deal with the situation now, to come into effect now or as of the date of the budget proposals in the ordinary way. But I do not think that the minister has made out a case for applying this section back to January 1, 1949. That is the effect of the second subsection. If there is no particular situation calling for the enactment of retroactive legislation, then I strongly urge that the committee should not approve the retroactive operation of the new amendment.

Mr. Abbott: No one, the banks or anyone else, has ever seriously questioned that when these inner reserves are brought back into income they should be taxed. I am afraid I could not countenance that suggestion. I do not think this procedure has ever been seriously questioned. It is to repair what may be really a technical lack in the act. That is the position.

Mr. Macdonnell (Greenwood): I should like to back up what the hon. member for Eglinton has said. If I thought there was any danger of tax evasion, I would not feel that way about it. But I think the minister has assured us that is not so. Certainly my own experience would wholly confirm that view. But I feel that this habit—and it is almost a habit we are getting into—of retroactive legislation is extremely undesirable. Unless the minister feels there is some reason for it, beyond what he has given us, I would hope that he would give heed to what the hon. member for Eglinton has said.

Mr. Abbott: I have just as strong objection as have my hon. friends to what is really retroactive legislation. But this is a section which should have been in the act from the very moment that section 11, subsection 4, was in it; that is 1949. Nobody is going to be prejudiced by putting it in now. I feel that the two sections should be made effective from exactly the same date. I think that in this case I would have to insist on my stand.

Mr. Macdonnell (Greenwood): I will not say anything more except this. When we condone retroactive legislation because it is not going to hurt anybody, it is easy to do it in the case where it does hurt somebody; and later on this afternoon I am going to refer to a case where it is going to hurt somebody. That is why I am anxious to get a good precedent established.

Mr. Abbott: I think the exception proves the rule. There are cases, and I have seen them in the course of my experience, where so-called retroactive legislation is fully justified.

Mr. Graydon: And you have seen some in which it was not.

Section agreed to.

On section 3—*Deductions allowed.*

Mr. Sinnott: In looking over these deductions allowed, may I say that I noticed that union dues were disallowed until just recently, and I thank the minister for allowing them to be deducted. But since that time that they have been allowed to be deducted, I notice that union dues have increased to about twice the amount they were before. However, I wish to speak for another class of people in Canada, namely those who are not able to help themselves. Deductions are allowed for those in the family who are under sixteen years of age. There are quite a few people in this country who are incapacitated and who are kept by their families. Last week end I happened to visit a home not very far from Ottawa and I found a crippled person there who was unable to take care of himself, and the family is taking care of several people throughout the country. There are several boys in my own municipality who are kept wholly by their

parents. I would ask the minister whether he would take into consideration the granting of some deductions to parents who are keeping this class of citizen. I should like to have an answer to my suggestion.

Mr. Abbott: The act at the present time in section 25, subsection 1 (c), provides that deductions may be made for every child over 21 years of age who is dependent by reason of mental or physical infirmity. These conditions have to be established. If a taxpayer has a child who is completely incapacitated because of blindness and who is thirty or forty years of age, a deduction may be claimed for that child in the same way as it may for a completely dependent infant.

Mr. Knowles: It is unnecessary for me to say how much I welcome the part of section 3 of this bill which re-establishes the right of trade unionists to deduct their dues for income tax purposes. I shall not take any time to go over the history of the matter in past sessions, for it is a matter of record. I am pleased that this action is being taken.

When we were discussing the matter at the resolution stage I expressed some concern lest the definition of trade union dues might not be completely satisfactory. At that time the minister was good enough to say that he would be pleased to receive any suggestions when we reached this stage of the bill. I must respond to the attitude of the minister expressed at that time by stating that to a very large extent I find the definition of trade union dues satisfactory. I will have to qualify that by saying there are one or two aspects of the definition that I want to get clear in my mind. I think the minister's wording in the bill is at least moving in the right direction.

First of all in the new subsection 10 (d) (i) we are told that a trade union is as defined, and I quote:

> (i) by paragraph (r) of subsection (1) of section 2 of the Industrial Relations and Disputes Investigation Act, or
>
> (ii) in any provincial statute providing for the investigation, conciliation or settlement of industrial disputes.

I think it would be appropriate for me to put on the record at this point what that definition of a trade union is, as it appears in the national labour code. The definitions in the provincial labour codes are similar. By turning to section 2, subsection 1, paragraph (r), of the federal statute, we find:

> (r) "trade union" or "union" means any organization of employees formed for the purpose of regulating relations between employers and employees but shall not include an employer-dominated organization.

Well, that is good. That definition of a trade union is completely acceptable to the trade union movement, and it excludes what are sometimes referred to as company unions. So far so good; but when we get down a little further in the section we do find a couple of qualifications. One of them is a qualification that eliminates that portion of union dues which is levied for or under a superannuation fund or plan, or for or under a fund or plan for annuities, insurance or similar benefits. I know that the minister may reply to me by saying that in some cases the portion of union dues that is levied for a pension fund is covered by another section in the Income Tax Act. That is true. Section 11 (1) (g), which the present amending bill does not seem to touch so far as I can ascertain, says:

> Not exceeding in the aggregate $900 in the year, if retained by his employer from his remuneration for or under the fund or plan in respect of services rendered in the year or paid into or under the fund or plan by the taxpayer as part of his dues for the year as a member of a trade union.

I did not read all of the parts that connect that subsection to the rest of the section, but the effect of it is that if part of a trade unionist's dues is for a superannuation plan, and if that plan has been approved as a proper pension plan, approved by the Department of National Revenue, then that portion of union dues which is a contribution to a superannuation plan is allowed. I see the minister nodding his head, and that indicates that I am stating the position correctly thus far. In other words, it adds up to this, that in a case where a trade unionist's dues are in part dues for the general operating expenses of the union, and in part for a superannuation plan, he may get all of them allowed if the part for a superannuation plan is paid into a plan that has been approved by the Minister of National Revenue. If that plan is one that has not been approved by the Minister of National Revenue that portion of his dues will not be allowed as a deduction for income tax purposes.

I am going to come back to that in a moment, because there is an aspect to it that I want to discuss with the minister; but before going into it further I think I should raise a question about paragraph (c) of the new subsection 12, which reads:

> For any other purpose not directly related to the ordinary operating expenses of the association or trade union to which they were paid.

The effect of that is to say that it is only that portion of trade union dues which is used for purposes directly related to the ordinary operating expenses of the trade union that will be allowed. The question that is in my mind as a result of that qualification

is this: Who decides what portion of a trade unionist's dues is for purposes directly related to the ordinary operating expenses of the union? Will there be regulations made by the Department of National Revenue, or is it left to the union, or on what basis is the decision to be made?

Mr. Abbott: It is a question of fact. The department will rule and if the taxpayer is not satisfied he will go to the income tax appeal board for a ruling. It is a straight question of fact.

Mr. Knowles: No extra regulation?

Mr. Abbott: No.

Mr. Knowles: The trade unionist will claim the deduction. If the department thinks it is not a proper deduction it will disallow it.

Mr. Abbott: Right.

Mr. Knowles: If the trade unionist feels it has been wrongly disallowed he takes the case to the income tax appeal board?

Mr. Abbott: Right. It is a straight question of fact.

Mr. Knowles: That seems reasonable so far. It would depend on how it works in practice. Now I want to come back to the other question, namely, that of the portion that goes into a superannuation fund or plan. It is clear that the decision in that connection is not made on the basis of what might be called fact, but rather it is made on the basis of a decision that is rendered by the Minister of National Revenue.

Mr. Abbott: That is true of all superannuation funds.

Mr. Knowles: I realize that is true of all superannuation funds. I have a case which illustrates this problem quite clearly. It is one I have taken up with the minister across the floor of the house on previous occasions. In fact the last time I took it up with him I thought I got his agreement to the position I was taking here, and that it would be only a matter of time until the appropriate officials would agree.

But I did not have as much success with the officials in the department as I had with the minister himself. I thought the minister was at the top, but I found out when I went—

Mr. MacInnis: You found out he was hard boiled.

Mr. Knowles: No; the minister was reasonable. But when I went to the official with whom I had to deal I did not find him to be similarly reasonable. I am referring to the case of the International Typographical Union, of which I speak with some knowledge, because I happen to be a member of it.

The International Typographical Union has a pension fund which is administered from the head office of the union located at Indianapolis. In order to be a member of any local of the International Typographical Union a charge for the superannuation fund has to be paid as part of the union dues.

The Department of National Revenue has approved of that master superannuation plan. The result is that for quite a number of years members of the International Typographical Union have been allowed, as a deduction, that portion of their union dues which went toward that approved pension plan. The amount paid into that fund is two and a half per cent of the income earned at the trade.

It so happens that one of the locals of the International Typographical Union, Toronto local No. 91, felt that, good as the pension plan now is—paying to retired members of the union $18 a week—it could be improved upon. With that in mind the Toronto local No. 91 of the International Typographical Union worked out a supplemental plan. That supplemental plan requires each and every member of the Toronto local to pay an additional one per cent into a local fund out of which, when a member retires, he receives an additional $5 per week.

The point I make is that the requirements attached to the additional one per cent, the supplementary plan, are on all fours with the requirements of the master plan administered from the head office at Indianapolis. One could not be a member of local 91 of the International Typographical Union at Toronto without paying the additional one per cent, just as I could not be a member of local 191 in Winnipeg without paying the two and a half per cent required by the international laws of the union. It seems to me that the two are completely on all fours.

If, as I agree, the master plan of two and a half per cent can be approved as a deduction,—and it has been so approved over the years—the additional one per cent required by the Toronto local should also be approved by the Department of National Revenue. I would point out that the local in Toronto got full approval of the head office of the union at Indianapolis before it was able to make this extra one per cent a requirement of membership in the Toronto local.

I have a thick volume of correspondence in the matter. I have been in the office of the particular official of the Department of National Revenue who handles this sort of thing. In addition to that I have had correspondence with the officials of the Department of Finance, with whom the minister a year ago told me to get in touch. And, by

the way, when he told me that I felt hopeful; I thought I was getting somewhere.

A number of positions have been taken against this plan by the particular official who seems to have the say. According to the act it is the Minister of National Revenue who would have the say; but, in fact, it seems to be this particular official. On one occasion he tried to tell me that the wording of the plan for the supplementary program in Toronto did not make it clear that all the members of the Toronto local had to contribute. He picked out a particular phrase which said that employees of the union may become eligible, and laid great stress on the use of the word "may".

I have since pointed out that all that paragraph refers to is clerks and secretaries who may work for the union, in the office. It does not apply to the members of the union. They must pay this additional one per cent.

The other basic objection which this particular official has taken to the plan, as indicated in letters I have had from the Minister of National Revenue, from one of the officials of the Department of Finance, and others, is that these officials look upon this plan as essentially a savings plan rather than a retirement plan. For the life of me I cannot see how that can be said about the additional one per cent that makes provision for a supplementary $5 any more than it can be said about the two and a half per cent which makes possible the basic $18 a week pension for retired members of the union.

The whole purpose of the basic pension plan of the International Typographical Union is to provide for retired printers a pension; and the whole basis of the Toronto supplementary plan is to provide a slight increase in that pension for retired printers.

I raise this case for two reasons. First, I feel very strongly that an injustice has been done to the members of Toronto local 91. The more I go into it, the more I am convinced that the only reason for the continued rejection of this supplementary plan is because a position was taken by a certain official, and he does not want to change that position. The other reason I raised the matter is that it illustrates a problem we may run into in connection with that part of union dues deductibility clause which rules out any of the amounts which go into a superannuation fund. It is unfortunate that it is left in this way to the discretion of certain officials. It seems to me some better way could be found to define that part of the dues so that people who pay part of their dues into a bona fide superannuation plan will not have that portion disallowed by a departmental official when they apply for a deduction.

There are one or two other points I should like to mention, but I would ask the minister to deal with this superannuation question. We shall wait and see how that part of the definition which speaks of purposes directly related to working expenses of a union works out. I am satisfied with the definition of a union as taken from the national labour code. But I am not satisfied with the part relating to superannuation.

While I am on my feet, may I say I am glad to note that the provisions of this section are fairly wide, in that they include professional membership dues. This would include those different groups including teachers, doctors, lawyers, engineers, architects and all those others who were mentioned in the debate on February 26 of this year when my motion was before the house. I am glad to note that there is no limit to the kind of dues which may be allowed, provided they are dues necessary to be paid in connection with one's occupation.

Mr. Fleming: That is the first time I have heard the hon. member say a good word for the lawyers.

Mr. Knowles: Oh, my hon. friend should look back across the pages of *Hansard*. If he did he would find that there have been other times when I have had a good word to say for them—and I have had other words, too, of course. But, in all fairness it does seem to me that this section is good in what it does. The aim is, I believe, to be fair to all concerned. I should like to hear from the minister, particularly on the question of superannuation.

Mr. Abbott: I thank my hon. friend for the compliment he has paid to the drafters of this section. I must tell him a great deal of time was spent in working out the definition of eligibility and I think it is probably a pretty good definition. Nothing is perfect and it may be that in subsequent years it will be found it needs improvement, but I think it is a good starting point. The hon. member has raised the question of superannuation. As he has pointed out, the Income Tax Act for many years has only allowed payments into approved pension plans as deductions. The responsibility for approving those plans rested with the Minister of National Revenue. As the hon. member has pointed out, there is an officer or there are officers in the department specially charged with that responsibility. I

am informed that there has been put out a book which enunciates the principles which are followed in approving these plans.

I am not in a position to argue, nor shall I attempt to, the merits of the particular plan to which the hon. member has referred. All I can say is that the further representations which he has made today will be brought to the attention of the Minister of National Revenue and his officials. I do not know whether the hon. member has brought out any new facts today, but I cannot attempt to make any critical analysis of the plan because the responsibility of approving or refusing to approve the plan does not rest with me. I do not know that I can add very much so far as the hon. member's grievance that this particular supplemental payment has not been allowed is concerned.

Mr. Knowles: I thank the minister for the attitude he has taken and I appreciate that the representations I have made today will be referred to the Minister of National Revenue. I trust that this case will be looked at from scratch and not on the basis of a decision already given. Since my representations are being turned over to other authorities may I take just a moment longer to point out that one of the arguments used against this plan and which was contained in a letter to the union was as follows:

> When employee contributions are deductible for tax purposes, they must be withheld and paid over by the employer.

That is one argument that the official used, namely, that these payments were not withheld by the employer and paid into a fund, but were withheld by the employees' own organization, namely, the union. I should like to answer that by quoting the wording of the latter part of section 11 which refers to money paid into or under a fund or plan by a taxpayer as part of his union dues for the year as a member of a trade union. In other words, the law provides clearly, not only for the kind of payment that is withheld by an employer and paid into a fund but also for the kind of payment that is made by a taxpayer as part of his union dues.

As I said before, a good deal of the argument of the officials who have rejected this plan thus far dwelt on the theme that this was more a savings scheme than a pension plan. Any pension plan that is based on building up a fund might be called a savings scheme as distinguished from the pay-as-we-go plan that is going to be brought in with respect to old age pensions.

I have tried to give this case the best study I could, partly because of my relationship with these fellow trade unionists, but also because I wanted to make an objective study. I feel that a wrong decision was arrived at by the official concerned and I hope that the new study which is to be made at the request of the minister will result in a change.

Mr. Fleming: I have one question to ask which is prompted by the word "insurance" on page 4, line 24, of the bill, which sets out subsection 12 of the new section. Is there any reason why unemployment insurance premiums should not be included within the scope of this remedial exemption?

Mr. Abbott: This relates entirely to amounts paid as part of what are defined as union dues. It has no relation to any other payments. As the hon. member for Winnipeg North Centre has pointed out, if the union dues were $5 per month and $2 per month represented a contribution to an approved superannuation plan or any superannuation plan, the $3 per month would be deductible for income tax purposes and, if it were an approved superannuation plan, the $2 would be deductible under the other section. This section is intended to apply only to payments which form part of union dues.

Mr. Fleming: I was dealing with the principle of the matter. If you are making an enlargement of the present deductions, why should you not include unemployment insurance?

Mr. Abbott: If we were going to do that I do not know why we should not allow as a deduction for income tax purposes payments on all forms of insurance, for all risks such as fire, life, sickness and so on. That has not been considered practicable.

Mr. Argue: I should like to advocate an extension of the type of dues which may be allowed as deductions for income tax purposes. I raised this matter in the committee stage on the resolution. It is now provided that professional people of all kinds may deduct dues for income tax purposes, and this principle is being extended to union dues. But there is one main group of Canadians who cannot deduct the dues they pay for income tax purposes. I refer to our farmers.

Mr. Abbott: Is the hon. member referring to the ordinary farmer in business for himself who grosses up his income and deducts the expenses of earning it?

Mr. Argue: I do not think the general farmer can deduct the dues he pays to a farmers organization.

Mr. Abbott: I think those would be allowed if claimed under the general rules which have applied.

Mr. Argue: The minister is saying that in his opinion a farmer could deduct the dues paid to a farmers organization. If I am given that assurance I shall drop the matter right now.

Mr. Abbott: That is my offhand view. The question has never occurred to me before. If dues were paid into an organization which has been set up for the purpose of promoting the interests of farming and that sort of thing, I would think the farmer could deduct his dues in the same way a businessman can deduct the dues he pays to a board of trade, to the manufacturers association or to anything else.

Mr. Fraser: Are not dues paid to the federation of agriculture allowed?

Mr. Abbott: I think they are.

Mr. Argue: The minister may be correct, and he might have been correct if he had said this a year or two ago. All I can say is that some prominent leaders in farm organizations, to say nothing about the farmers themselves, were not aware that such dues could be deducted.

Mr. Abbott: I would consider them completely analogous to board of trade dues or Canadian Manufacturers Association dues.

Mr. Knowles: Or lawyers on fees.

Mr. Abbott: Right.

Mr. Argue: I thank the minister for his comment. I am sure it will meet with the approval of farmers throughout Canada, and certainly my object in discussing this matter at this time has been accomplished.

Mr. Fraser: Subsection 10(a) on page 3 refers to "annual professional membership dues", and then at the bottom it says: ". . . that he was required by his contract of employment to maintain". Would that also apply if he was self-employed?

Mr. Abbott: He gets it automatically if he is self-employed because there he grosses up his income. The lawyer or engineer who operates on his own account on a professional basis puts in his gross fees, and charges up his office rent, expenses, his bar dues, and so on. This extends it to the salaried professional man.

Mr. Fraser: Under subsection 13 it refers to one-half the fees paid to an investment counsel.

Mr. Abbott: That is to confirm what has been the practice for a great many years. My hon. friend is aware that there are these investment counsel who assist those who are more fortunate than others in investing their capital and seeing that it suffers as little loss as possible. I believe a question was decided by the income tax appeal board that this was not a charge against income but was properly a capital charge. For a great many years the department had administratively allowed 50 per cent of these fees as an expense against income as being a fair proportion representing that portion of the charge which was incurred in earning the income, and the other as capital. It seemed to me and to the department that it was fair to maintain that practice, and it is for that purpose that this section is in the bill.

Mr. Fraser: I know members of parliament are receiving letters from these investment counsel every week. I know some people I have met who employ two or three such counsel because they want to average them up and see where they stand. Are they allowed half of the fees of each counsel?

Mr. Abbott: So far as I am aware, if a man pays a fee to this particular type of professional man, and if he is the super-cautious type who wants to have one to check the other, he can charge off 50 per cent. He has to pay 50 per cent of it himself. There is no deduction for 50 per cent.

Mr. Johnston: I should like to ask a question with respect to section 3 on page 2 concerning the repaying of borrowed money. It seems to me that the only deduction that would be allowed from income tax would be the interest on that borrowed money.

Mr. Abbott: This is a relieving section. There was a little lack in the law. In certain types of contracts there is an attributed interest content, and that is required to be included as income by the person who receives it.

Mr. Johnston: What it refers to is the attributed interest content.

Mr. Abbott: That is correct. Taking the reverse situation, if I as the lender under these circumstances am required to include it in my income, the man who is paying it to me can include it as an expense. That is the effect of the section. It is a relieving section. It seemed the sensible thing to do.

Mr. Macdonnell (Greenwood): Under this section I think I should raise a very earnest expression of grievance I have from the acting profession, actors, musicians and such. I will read a short extract to the minister, and then I should like to know what the effect

of this is, or whether there is any other relevant section. One letter reads in part:

. . . the department has seen fit to place us in the category of "piece workers" or as in a "master-servant" relationship.

An hon. Member: How do you spell it?

Mr. Macdonnell (Greenwood): He spells it p-i-e-c-e. The letter continues:

This means we are allowed no business deductions, even though we may incur very heavy responsibilities for music, equipment, reference material, travelling expenses. Neither can we receive such direct employee benefits . . .

And so on. The next letter adds something which is of interest. First of all it makes the same complaint. It reads in part:

This means we are allowed no business deductions, even though we may incur very heavy responsibilities for music, equipment, reference material, travelling expenses.

Further on the letter continues:

Surely, sir, Canadian artists have had a singular struggle to gain recognition and a not too steady income without being burdened with unjust and illogical taxation. Both in the United States and in Great Britain the professional status of the free lance artist is recognized.

First of all I merely want information from the minister as to how far what I have read is accurate. Then I should like to suggest what seems to be a reasonable attitude, but I will wait first of all to hear if that is an accurate statement of the position.

Mr. Abbott: It is a new thought to me. I had not realized that there were special problems of the artistic profession. They would get some relief of course under subsection 3 of this section, where an officer or employee is ordinarily required to carry on his employment away from his employer's place of business and under the contract of employment was required to pay the travelling expenses incurred by him in the performance of the duties of his office or employment.

Mr. Macdonnell (Greenwood): Does that not refer to an employee?

Mr. Abbott: I am assuming that an actor in a travelling theatrical company would be paid a salary.

Mr. Macdonnell (Greenwood): In the cases I am bringing to the minister's attention they are free lance artists.

Mr. Abbott: In that case they are just the same as any other self-employed person. They gross up their income and deduct their expenses just the same as a lawyer, doctor, engineer or anybody else. If they are not on salary, if they are self-employed, they are entitled to deduct expenses wholly and necessarily incurred for the purpose of earning the income.

Mr. Macdonnell (Greenwood): How does the minister explain what I understand to be the fact, that these persons are not allowed any business deductions even though they may incur heavy expenses for music, equipment, reference material, travelling expenses and so on? As I understand the minister, those would be the kind of things that could be deducted.

Mr. Abbott: It was brought to our attention that in certain cases musicians, for instance, were required to provide music under the terms of the contract and were required to provide certain other things. Under the amendment that we have here they may be able to deduct these things from their salary. In certain cases if they have to be absent for any reason, and have to provide a replacement, then under the amendment they are entitled to charge whatever they pay for their replacement.

Mr. Macdonnell (Greenwood): Let me go a little further. These people seem to have been harshly treated. Perhaps they have never had a sympathetic minister to speak to before.

Mr. Abbott: Perhaps they have not had very sound tax advice. I do not know.

Mr. Macdonnell (Greenwood): To carry this matter further, people of this kind would have agents' commissions. They might have advertising expense. They would have repairs to musical instruments, and so on. Again, would all these things not be of the kind or nature which might be deducted by a self-employed person?

Mr. Abbott: As my hon. friend knows, mixed questions of fact and law are involved in these cases, and without knowing the precise facts of the individual case it is very difficult to give a definite opinion. The general rule is that a person who is self-employed grosses up what he receives in fees or other remuneration and deducts from that the expenses which he has been obliged to incur to earn that income. Of course they must be wholly and necessarily, and all the rest of it. It is a mixed question of fact and law, and I would find it extremely difficult to give a firm offhand opinion as to what the result would be in a particular case. If my hon. friend will give me the particulars of this case, I will have it carefully looked into. I do not want to give an offhand legal opinion here.

Mr. Macdonnell (Greenwood): Is the full statement of the law contained in this section? If not, would the minister let me know whether there is anything else that is applicable?

Mr. Abbott: One has to look at the definition of income from office or employment, and then section 11 is the section which outlines the various items that may be deducted from the gross amount.

Mr. Fleming: The class of person to whom the hon. member for Greenwood has referred, namely musicians, actors, radio artists and so on, have a very real problem. The minister may suggest that in the past they may not have had good advice with regard to their tax position, but I may tell him that their position has been taken up with the Department of National Revenue. If I am not mistaken there was a recent decision of the income tax appeal board dealing with expenses sought to be brought into their returns as deductions by persons in this category; and the view that has been taken by the Department of National Revenue as to proper deductions in the case of a musician or free lance artist such as those referred to has been very narrow indeed. If the minister will look into the files of the Department of National Revenue on this subject I think he will find that the interpretation that has been applied to outlays for the purpose of earning income in the case of persons of this category is extremely narrow. After having taken up the case with that department, and having had some correspondence about it, it seems to me such persons have a legitimate grievance. If the provisions of the act at present are so narrow that such persons are denied deductibility in the case of such expenses as have been referred to this afternoon, I think it is high time the act was amended and broadened to meet the legitimate exigencies of such cases.

Section agreed to.

On section 4—*If chief source of income not farming, etc.*

Mr. Catherwood: The explanatory note for this section reads:

> The new subsection allows a deduction for one-half the loss incurred in farming, but not to exceed $5,000, where farming is not the chief source of the taxpayer's income.

I presume this is intended to give some compensation to those who might be classed as gentlemen farmers. These citizens are a real asset to agriculture, and have rendered a real service to it. As a matter of interpretation, is depreciation on property allowed on the farm income?

Mr. Abbott: As the hon. member points out, this section is intended to give some measure of relief to those who may be colloquially known as gentlemen farmers, whose principal occupation is not farming. Again this confirms what was a practice over a great many years, during which the income tax branch allowed 50 per cent of the cash losses incurred in this type of farming, secondary income; and by cash losses it meant without charging depreciation. It was a rule which, as it developed, probably was not strictly justified under the act. We had a great many representations that the practice which had existed for many years, I believe going back to the early twenties, should be maintained. It was felt that it would not be appropriate to do so without any limit, because some might run very elaborate farms with very large losses in fancy horses and that sort of thing. Probably it would not be fair to allow such losses without limit, so the present section was inserted fixing a limit of $5,000. This means in effect that on the net cash basis, without allowance for depreciation, a man who has a cash loss of $10,000 will have to stand $5,000 of it himself and the other $5,000 can be deducted from his other income. I agree with my hon. friend that this type of farming has proved beneficial to a great many parts of the country, and we had representations from agricultural associations asking us to maintain the practice which had been followed in previous years. That is the reason for this amendment.

Mr. Fraser: Does subsection 2 mean they can claim back to 1949?

Mr. Abbott: Yes. The previous practice to which I referred went up to 1949, which was the date of the introduction of the new act. We want to make the same practice carry on, so in this case the retroactivity of the legislation is beneficial. It is to carry forward the existing practice.

Mr. Macdonnell (Greenwood): I have ventured on one or two other bills to raise a question concerning legal verbiage, and I am going to do the same thing here. The note on the right-hand side of the page says:

> —where farming is not the chief source of the taxpayer's income.

I think I can understand that, but let me read the wording used to describe that in the act itself. I do not know what I would have thought that meant if it had not been for the clear statement we had from the other side:

> Where a taxpayer's chief source of income for a taxation year is neither farming nor a combination of farming and some other source of income, his income for the year shall be deemed to be not less than his income from all sources other than farming (after application of the rule in subsection (1)) minus—

and so on. I do not want to speak in any cheaply critical way of people who have to draft legislation, because I am sure it is very difficult.

Mr. Abbott: My hon. friend is absolutely right on that point. If he had had any extensive experience along that line, as I expect he has, he would know it only too well.

Mr. Macdonnell (Greenwood): I accept the rebuke in good part, but perhaps the minister would explain the reason for this rather complicated and hard to understand wording.

Mr. Abbott: This was a very difficult section to draft. It relates to section 13 (2) of the act, which reads:

13. (1) The income of a person for a taxation year shall be deemed to be not less than his income for the year from his chief source of income.

(2) The minister may determine which source of income or sources of income combined is a taxpayer's chief source of income for the purpose of this section.

I am told by the draftsman that it was necessary to make perfectly clear that this section should confer the benefit which was intended upon those who were entitled to it and upon no one else. I have had occasion to say before that I do not know that it is very profitable to engage in an interpretation argument here in the house. I have the greatest confidence in the assistant deputy minister of justice, who was the principal draftsman of this act. It may be that others could make it a bit clearer; things can always be improved, but in my experience I have found his drafting airtight, and that he does express what it is intended to put in the act. Until I am prepared to substitute myself for him I have to rely upon the assertive argument that this drafting is clear in its terms. I might adopt the tactic which I understand was used by the late R. B. Bennett when anyone asked him what a section meant. He would say, "Why, it is as plain as the nose on your face." Then he would read it in a loud, firm voice and say, "Isn't that clear?" and then sit down.

Section agreed to.

Section 5 agreed to.

On section 6—*Medical expenses.*

Mr. Fleming: I should like to make one or two observations on this clause.

Obviously this is a step in the right direction, and the minister is to be commended for at last recognizing, even in a limited way, the claims that have been put forward in the house for years that expenditures on necessary drugs should be recognized as a medical expense under section 26. I am not going over all the ground that has been covered in that respect, but I remind the committee of the injustice and discrimination that exists at the present time. Apart from this new and very limited amendment the department rejects any claim for expenditures on drugs and medicines purchased from a qualified dispensing pharmacist. But if the taxpayer happens to reside in the country where his physician does his own dispensing, and the cost of medicines or drugs is normally included in the fee of the physician, the full amount is allowed by the department. This has created a discrimination, not only against taxpayers who are sent by their physicians to pharmacists to get prescriptions filled, but also against the pharmacists themselves.

Of the proposed amendment I have only this to say, that it is commendable as far as it goes. It is regrettable that it selects only three or four drugs for recognition for exemption under section 26, the clause dealing with medical expenses, but I express the hope that since the minister has yielded even to this limited extent, a principle now has been recognized. As time goes on perhaps the minister, to the extent of his opportunities in office, will see to it that the recognition of this proper principle will be enlarged.

Mr. Fraser: As to insulin, I understand that if it is bought in a drug store it is not deductible. Is that right?

Mr. Abbott: No. If it is bought in a drug store with a prescription, it is allowed.

Mr. Fraser: There must be a prescription?

Mr. Abbott: That is correct.

Mr. Fraser: Does the taxpayer have to send a copy of the prescription in with his tax papers?

Mr. Abbott: That is an administrative matter. We have not that information here. I would doubt if he would have to do that.

Mr. Fraser: I just wondered, because insulin is not handled by the doctors; and the people have to go to the drug store.

Mr. Abbott: So I understand. That is why it is put in here; it is realized that it is bought from the drug store.

Mr. Knowles: When we were discussing this item at the resolution stage I raised with the minister the question of further amending section 26, subsection (b) of the Income Tax Act with a view to wiping out that 4 per cent figure in relation to medical expenses. I asked the minister at that time if he had read the remarks I made on this question on April 17 as reported at pages 2131 to 2138 of *Hansard*. He did me the honour of indicating that he had read that speech. Then he went on to say, as reported at page 3177 of *Hansard* of May 18, and I quote:

Mr. Abbott: I think I shall have to restrict myself at the moment to saying I shall give further consideration to my hon. friend's representations.

That is good. Then he goes on to say:

One advantage of doing that is that I seem to have to open up this section every year; and with the persistence for which the hon. member is so justly noted I am quite sure he will keep this subject alive until possibly something further is done.

Mr. Knowles: I will.

I am sure that the minister, now that he has met my request for the deductibility of trade union dues, must be wondering what resolution I am going to put on the order paper next year to take the place of that one. I think it would be only fair at this point to let him know what my resolution will be amongst private members' notices of motion next year, for it relates to this matter that is now before us. So that he can be thinking it over between now and the next session, I will give him an advance indication of the wording of my resolution.

Mr. Abbott: Thank you.

Mr. Knowles: It will read as follows:

The following proposed resolution—That, in the opinion of this house, the government should give consideration to the advisability of introducing legislation amending the Income Tax Act so as to permit taxpayers to deduct from their incomes, before computing the amount of income tax to be paid, the aggregate of their medical expenses, as defined in the said act, rather than only that portion in excess of 4 per cent of the taxpayer's income, as is provided in the act as it now stands.

Mr. Abbott: I will be mulling that over.

Mr. Knowles: That is good. If the minister will read again the speech that I made on April 17—

Some hon. Members: Oh, oh.

An hon. Member: It is bad enough to have to listen to it.

Mr. Knowles: —and will consider it in the light of this resolution which will be before the house at the next session, I hope when that time comes he will be prepared to agree to the passing of that resolution. If he is not prepared to agree to the passing of it at that time, I will be satisfied with the same result as that obtained this year when a resolution of mine was defeated, but had the support of a sufficient number of Liberals that when the budget came along, my proposal was in it. I hope that something will be done about this matter next year.

Mr. Macdonnell (Greenwood): There is a question of construction that I want to raise for the minister's consideration. It may have come to him already. That is, when the basis of an assumed winding-up—

Mr. Abbott: We are on section 6.

Mr. Macdonnell (Greenwood): I am sorry, I thought that section was carried.

Section agreed to.

[Mr. Knowles.]

On section 7—*Dividends received by a corporation.*

Mr. Macdonnell (Greenwood): My question is on section 7. Taking the basis of an assumed winding-up as the basis of distribution, that is all right in the case of preferred and common shares. But it is suggested to me that in the case of class A and class B shares, where you have a priority with regard to dividends but an equity with regard to distribution of capital, the winding-up itself is not universally applicable.

Mr. Abbott: I am informed that this amendment here is to implement a recommendation of the Canadian Tax Foundation which came in last year too late to be included in the budget. It is to take care of cases of preferred shares. We will have to look further at the class A and class B shares. There may be something in what my hon. friend says. I will be glad to look into the matter.

Mr. Macdonnell (Greenwood): Perhaps I had better say that I understood that this matter of class A and class B shares was the one brought to the minister's attention by the Canadian Tax Foundation. I thought it likely had been brought to the minister's attention.

Mr. Abbott: It is to implement a recommendation or suggestion made by the tax foundation.

Mr. Macdonnell (Greenwood): We have an hour or two yet. Would it be possible perhaps to allow this section to stand and to get that point considered. If discussion continues over six o'clock, as it may, will the minister allow the section to stand until this question has been considered? Of course if we are through with everything else—

Mr. Abbott: We adjourn at six o'clock today. If it goes over six o'clock, it goes over till the next sitting.

Mr. Macdonnell (Greenwood): It is a point we are all equally interested in having dealt with. As I say, if we are through with everything else by six o'clock, I will not ask to let it stand.

Mr. Abbott: Let us leave it on that basis, and I will have it looked into.

Section stands.

Section 8 agreed to.

On section 9—*Part payments.*

Mr. Fleming: In the provision under section 33A we have an averaging provision at the option of the taxpayer in certain cases with respect to certain types of income, namely payments by way of superannuation or pension fund upon the death, withdrawal or

retirement from employment of the employee. That averaging may be for the taxation year and the two years immediately preceding the taxation year. Of course, if averaging is permitted in the case of death, it would have to be with respect to the years preceding the taxation year. But I am thinking of cases where the payment is made not by reason of death but to a taxpayer who is surviving and is, we will say, living in retirement after superannuation. Would it not be much fairer to allow him to do this averaging of these payments made to him, on superannuation or retirement, over the taxation year and the two years succeeding rather than the two years preceding? Presumably in the two years preceding he has been earning his normal income. Then on his retirement in a particular year, he receives his normal income and then receives this additional payment as well. That additional payment is made because of his retirement or because of his superannuation. It seems to me, therefore, that the period to which it is properly applicable is the period after his retirement. In a case of that kind it seems to me not only logical but fair that he should be permitted to do his averaging over the taxation year and the two years following rather than over the taxation year and the two years preceding.

If the minister raises the argument that that procedure may necessitate the reopening of assessments with respect to the taxation year as the taxpayer ascertains his income in each of the two following years, may I say that I am quite sure that that difficulty can be overcome. In this bill we have a provision today to cover just such a case; it is a section which we are coming to shortly. It seems to me that the case I am putting before the minister has logic and fairness behind it.

Mr. Abbott: I will consider the representations that have been made. The present system, of course, was intended to provide an effective rate at the approximate rate at which the deductions were made. That is why we go back instead of forward. It is a very complicated subject, and I would not attempt to analyse and answer my hon. friend's arguments here on the floor of the house, but I will study his representations. I believe that the system we have now is the fairer, but I will be glad to have a look at it.

Mr. Fleming: I am sure everyone is glad to find the principle of averaging in the bill. The principle is perfectly sound, because the payment made in the time to which we were referring is an abnormal payment. It is not referable to the income of that particular year. Therefore, the principle of averaging is sound, and I am sure it commends itself to every member of the house, but the period, it seems to me, ought to be one that takes account of the following years, which are the years during which the abnormal payment is designed to assist the taxpayer.

Section agreed to.

Section 10 agreed to.

On section 11—*Rate.*

Mr. Macdonnell (Greenwood): This is the clause which I mentioned a little while ago, and I hope to persuade the minister that the retroactive feature of it is bad.

When we were considering the retroactive feature in section 2 the minister laid emphasis on the point that nobody was going to be affected by the retroactive feature, and therefore he declined to change it. In this case no such argument can be made. I have a case where a litigant in effect already is, I think without doubt, going to be prejudically affected if this is made retroactive, and therefore I wish to stress very strongly to the minister that the retroactive feature is not necessary unless there is some overwhelming reason for it.

In the second place, I want to question these new words "directly or indirectly." It is pointed out to me first of all that there is a certain judicial definition of the words "direct or indirect control", but no means of finding what direct or indirect ownership means. I want to read to the minister a brief quotation from a judgment of Lord Simonds, which seems to me very relevant. This is a reference to I.R.C. v. J. Bibby and Sons (1945) All England Reports, volume I, page 673:

> Those who by their votes can control the company do not the less control it because they may themselves be amenable to some external control. Theirs is the control, though in the exercise of it they may be guilty of some breach of obligation whether of conscience or of law. It is impossible (an impossibility long recognized in company law) to enter into an investigation whether the registered holder of a share is to any and what extent the beneficial owner.

I suggest to the minister that by putting in these words "directly or indirectly" we are just raising up a whole mountain of complexities and legal difficulties. I wish to underline what I said a moment ago, that in this particular case there is an appeal involved under the section, and in the normal course it would go to the appeal board and then to the exchequer court and the supreme court; but if section 11 is amended and made retroactive it will, without doubt, prejudicially affect the litigant.

I put to the minister two points. I ask him why it is necessary to have this complicating and perplexing addition to the act—the words "directly or indirectly." I think anyone who is familiar with it at all knows how far this may take you and how difficult it may be. Is there some strong reason why it has to be done? Second, why need this be made retroactive when, as I have indicated, it is certainly going to affect prejudicially existing situations?

Mr. Abbott: I will answer the second question first. I would not personally have the slightest objection to having this made effective from 1951 on, but it would not give relief to cases such as the brother in Halifax who had a company and the brother in Vancouver who had another company but could not agree as to who should get the $10,000 exemption. This is intended to be entirely a relieving provision, and is intended to apply from the time we brought in the definition of related companies. But I think my hon. friend will find that if at his insistence I agree to make this 1951 instead of 1949 he may have had one kick from one person, but he will get an awful lot of kicks from others who will be prejudicially affected by not making these relieving provision changes from the time that the definition of related corporations was first introduced in this act. I know that is the case. I do not know of the particular case that my hon. friend has in mind, but this is in itself entirely a relieving provision.

We had a great deal of difficulty with this section to get a definition of what were related companies, and as usual in these cases where we are working out a condition to block a possible loophole, we make the definition pretty tough, and when we see what the circumstances are we relax. This is relaxing this provision.

So far as the words "directly or indirectly" are concerned, I think these words should stay in the act because I do not think a person should get the benefit of this special low rate of tax by in fact having two companies, although in form he has no shareholding in the other. That would be a matter for the income tax appeal board if there was a question to determine as a matter of fact whether in fact he owned directly or indirectly the required percentage of the issued shares.

I feel I must insist that the phrase stay in. It is a fairly common phrase that lawyers know in legal drafting. In the province of Quebec we have a legal phrase that you cannot do indirectly what you are prohibited from doing directly. As I say, this is a relieving section and we are spelling it out in terms in the section. I would urge the committee to consider pretty carefully before they make it effective from 1951 on, and not from 1949 when the definition was first put in.

Section agreed to.

Mr. Fleming: We slipped over section 10 rather quickly. I have a question that I should like to ask, and wonder whether I could ask it now.

Mr. Abbott: Yes, certainly.

Mr. Fleming: Reference is made in section 10 to tax credits. In the amendment you are limiting the tax credit to dividends from a taxable corporation. What would be examples of other corporations than those in respect to which dividends are being paid?

Mr. Abbott: Foreign business corporations.

Mr. Fleming: That is all you have in mind?

Mr. Abbott: Yes, that is right, that sort of case.

On section 12—*Defence surtax.*

Mr. Abbott: I am afraid I have to intervene here. This is the section which provides for the surtax on corporations, and the amendment which I shall ask one of my colleagues to move in a moment strikes out the provision under which corporations, if certain conditions were fulfilled, would be given relief from the 20 per cent defence surcharge.

The committee will recall that in my budget speech I expressed concern over the fact that the proposed increase in the corporate tax, when considered in conjunction with provincial corporation taxes, could mean that more than half of a corporation's earnings would be taken away in taxes. At that time I made special reference to the position of certain classes of companies, for example, where there is public control of rates and where the companies ordinarily are able to earn only a modest return on capital. With this group particularly in mind I made provision in the income tax resolution for abatement of the 20 per cent surcharge and I quote from the resolution:

> To the extent that it would reduce the corporation's taxable income after payment of ordinary income tax to an amount less than 5 per cent of its capital employed.

Many hon. members who are familiar with the difficult practical problems which arose under our wartime excess profits tax will not, I believe, be surprised to learn of the troubles I have encountered in attempting to work out a definition of "capital employed" for purposes of relief from defence surcharge which, while giving some relief in the directions intended, would not be unsatisfactory

from the point of view of its general application to all companies. For several months I have been exploring the results of several formulae put forward not only by officials of the departments concerned but also by businessmen.

I am now forced to confess that up to this time I have not found a solution sufficiently satisfactory to warrant my recommending it to parliament. I have made an honest try but have not been successful. However, I shall give the problem further consideration and study.

I think I might refer back to my general approach to the budgetary problem when my tax proposals were introduced. At that time after reviewing the current uncertainties in the world situation I said:

> In another year's time we should have a clear view of the prospects. I have, therefore, decided not to recommend any major reconstruction of our tax system this year but instead to meet our current requirements by a series of simple but adequate surcharges on several existing taxes and also to widen the coverage of our special excise taxes. I think that over the shorter run this method of defence surcharges will produce the necessary revenue with the least difficulty and inconvenience. If our optimistic hopes are realized it will be easy to reduce these surcharges or to drop them entirely, but I want to add that if it becomes clear that we are in for the long pull at these high levels of expenditure some major changes in the existing tax structure may have to be devised. My tax proposals, therefore, must be regarded as an interim policy for the period of the current year.

I shall therefore ask one of my colleagues to move:

> That subclause (1) of clause 12 be amended by deleting subsections (2) to (5) inclusive of section 37 of The Income Tax Act as set out therein and by substituting the following therefor:
>
> "(2) In this section, 'tax otherwise payable' means the tax otherwise payable before making any deduction under section 38 or any deduction allowed under any other act from the tax imposed by this part."
>
> and that clause 12 be further amended by deleting subclauses (3) and (4) thereof.

Mr. Gardiner: I move accordingly.

Mr. Adamson: Then the purport of the new amendment is that the retroactive or safeguarding clause, that the taxation even after the 20 per cent surcharge could not be a sum greater than the capital of the company, has been removed?

Mr. Abbott: It was found in practice, or perhaps I should say I found it, absolutely impossible at this time to work out a satisfactory definition of "capital employed"—because that was the wording. I tried a definition of "capital employed" as contained in the Excess Profits Tax Act during the war, but I found it did not fill the bill at all. As a matter of fact, as the committee will recall, as I said in my statement there was a difficulty in connection with the definition when the board of referees had to give an attributed capital in a great many cases. I came to the conclusion that this just could not be worked out for this situation.

In the bill it is noted that I left it open to try to work out a definition. I found I simply could not evolve a definition which would be fair to all taxpayers. Therefore I am reluctantly forced to drop what I hoped might be a relieving provision.

Mr. Adamson: I am glad the minister agrees that this is a retrograde step, particularly in respect of corporations who are now going to face a difficult year because of the uncertainties of materials, supplies and markets. With the 20 per cent surcharge it seems to me we are going to be faced with corporations running into a level of taxation which is very considerably higher than the minister expected.

I wonder whether through their annual statements or from their balance sheets there could not be some empirical formula worked out to see what the "capital employed" is. It does not have to be paid-up capital, capital represented by bonds or preferred stock or common stock. Surely the annual statement of most companies would give information as to the capital actually employed. I would ask the minister to tell us about that. I realize of course that it is a difficult situation.

Mr. Abbott: I repeat what I said, that I have not been able to evolve a formula, empirical or otherwise, which would be appropriate. A formula which would be appropriate as related to one taxpayer, let us say, would be completely inappropriate for another. I can only assure the house we have looked at the operating results of public utility and other companies and have endeavoured to apply this formula and that formula. All I can say is that for this year I am not prepared to recommend such a measure. Therefore I am forced reluctantly to withdraw the proposal I made. I can only assure the house we will have to look at it again next year.

Mr. Adamson: Then it simply means that the 20 per cent surcharge is a blanket surcharge on all corporations?

Mr. Abbott: All corporation profits, in excess of $10,000, will be subject to the 20 per cent surcharge.

Mr. Macdonnell (Greenwood): It seems to me not only a very disappointing but also a surprising thing, and also a serious thing. After all, we did have a budget, and the public of Canada was advised about it. Now, without warning to anyone, so far as I know,

we suddenly find this change. It is a major change and in some cases will be a very serious change, as proposed.

I suggest to the minister that it is not fair to the committee, or to anybody else for that matter, to do this in the present off-hand way, without warning. I am going to suggest to the minister that it is not impossible to do these things. I am going to ask him whether he has, in fact, called in the sort of people with whom he often does discuss matters when he is preparing his budget. I am wondering whether this particular matter might not be left for a time, and whether the section might not stand. After all, we will be here for some weeks, and I suggest strongly to the minister that we should not have what can be described only as a major change done in this way, without any notice to us or to the public, and without having further time to consider it or, if necessary, to call in other parties interested in it. I do hope the minister will accept that suggestion.

Mr. Abbott: I have spent probably more time in the consideration of this section, since the budget was brought down, than any other, because it is an extremely complicated one. I regret that I cannot change the decision I have announced. It was arrived at after most exhaustive consideration by myself, by officials of my department and officials of the Department of National Revenue, after examination of the operating results of a great many companies, and even after obtaining such information as we could as to the probable operating results of companies which we felt were more particularly affected during the coming year.

I can only say that if we sat here for another two months I would not be prepared to proceed with this proposal. I regret it has not been possible to implement it. I said that in my opening statement.

I have to take the primary responsibility for these things. I have recommended this decision to my colleagues. I have made the announcement only after careful consideration, and with considerable reluctance.

Mr. Fleming: I urge that hon. members should be afforded an opportunity to give to this particular question, on their part, the same degree of careful consideration the minister has given to it, on his part. Before launching into a discussion of the amendment I would ask him if he would be prepared to let it stand. It is now 5.20, and I understand we are to rise, on this bill, at 5.45. It is not probable that we shall finish the discussion on the bill tonight. Therefore we are not asking a great deal when we suggest that this section and the amendment should stand until the next occasion we have the bill before us, so that we shall have an opportunity fully to consider it.

Mr. Abbott: I have not the slightest objection to allowing it to stand. But I wish to make it clear that the decision I have arrived at has not been arrived at hastily. That was arrived at in the light of information which I do not believe would be available, for obvious reasons, to most hon. members of the house.

Mr. Macdonnell (Greenwood): I just wish to make this other point. Does not the minister think it fair that outside parties, the usual outside parties, should have an opportunity to discuss a matter of this kind?

Mr. Abbott: Whom does my hon. friend mean by "usual"?

Mr. Macdonnell (Greenwood): If my memory serves me correctly, when the minister was making a major change in the Income Tax Act we were told that it would have to wait a session so that the minister could distribute it to various organizations throughout the country in order to get their views. I am not suggesting that there were any boys in the back room or any sinister communications of any kind. I am suggesting to the minister that in attempting to reach this conclusion he should give an opportunity to those who are competent to discuss these matters to make suggestions. Does not the minister think that that would be fair? This section should not only be allowed to stand, but an opportunity should be given, if it has not been given already, to those parties who are particularly expert in these matters to make submissions to the minister.

Mr. Abbott: A good many of those who are particularly interested in this question have made representations. I have had numerous conferences with them and it was following those conferences that this decision was arrived at. I have no objection to allowing the section to stand.

Mr. Fraser: Can the minister say how much extra revenue he expects to receive?

Mr. Abbott: That was indicated in my budget speech. I do not remember the exact figure, but it will be quite substantial.

Mr. Adamson: Can the minister indicate if any companies have stated how large a percentage of their capital this surtax would amount to in the coming year?

Mr. Abbott: I think some of them estimated the additional tax they would pay if their income reached a certain figure and they were

projecting their operating results for another nine or ten months in order to arrive at that conclusion.

Mr. Adamson: Did any of them say that this would mean ten or fifteen per cent of their capital?

Mr. Abbott: It is capital employed, which is a complex definition. Five per cent of capital would not mean much to some of them.

Section stands.

Sections 13 and 14 agreed to.

On section 15—*Withholding.*

Mr. Fleming: This is the section which requires deductions from salaries or wages or from other payments made to certain classes of taxpayers. As the committee will realize, the regulations have recently been changed, and one of the principal effects is now to require a higher percentage of deduction than has prevailed for some years. The rate of deduction now is so high that it virtually amounts to the payment in advance of 100 per cent of the tax, with the inevitable result that when the taxpayer comes to prepare his T1 return on or before the following April 30 in most cases he will find he has overpaid, and will have to make application for a refund and wait for it. What reason can there be for departing from the percentage which has been established for some years and which appeared to be operating satisfactorily, as far as anything we have heard is concerned?

Mr. Abbott: I understand that the Minister of National Revenue proposes to give the reasons for the changes in the regulations on his estimates.

Mr. Fleming: I think the Minister of National Revenue should be here to make a statement because this is the place where we will have some opportunity to deal with it. We will probably have the estimates of the Minister of National Revenue the last day of the session or the day before when everything is going through at a gallop. This is an important question which affects hundreds of thousands of taxpayers across the country, and I expect it will mean great inconvenience to them through having to make applications for refunds in the following year and then wait for the payment of those refunds. There are going to be many more applications for refunds than there have been hitherto and obviously many taxpayers will have to wait. If the Minister of National Revenue is not available I suggest that this section stand until he is here to make such statement as he intends to make. We would then have an opportunity to examine the statement and analyse the reasons put forward in support of this new policy.

Mr. Abbott: This is an administrative question, but I have no objection to the section standing.

Section stands.

Section 16 agreed to.

On section 17—*Tax on income from property transferred between husband and wife or to minors.*

Mr. Adamson: I should like the minister to explain this new section. Does it deal only with a gift or transference or has it more far-reaching implications?

Mr. Abbott: I am informed that as the law now stands if a husband transfers property to his wife he becomes liable for income tax in respect of income from that property. If he transferred all his property to his wife he would continue to be liable for income tax on the income from the property but would not have anything out of which the tax could be realized. This section is intended to block up that loophole.

Mr. Adamson: As I understand it, the law as it now stands and before this section is passed would make a husband liable for income tax if he transferred revenue producing property to his wife, that is income tax on the income from that property.

Mr. Abbott: That is correct.

Mr. Adamson: Does this section make the wife liable for the tax on that property?

Mr. Abbott: It is really a collection section; it makes it possible to collect under certain circumstances.

Mr. Macdonnell (Greenwood): Does it lessen his tax?

Mr. Abbott: There is only the one tax; there are not two taxes.

Mr. Adamson: Under this section a husband could transfer revenue producing property to his wife and be relieved of taxation if he was in the higher bracket.

Mr. Abbott: The tax liability would be determined in respect to the husband's income, but it would be possible to take it from the wife. It is almost like a garnishee in her hands.

Mr. Adamson: If the husband transferred property producing a revenue of $1,000 a year his income would be reduced under this section by $1,000.

Mr. Abbott: No, his income would continue to be $1,000, but if he did not pay the tax

on it the department could assess the wife for the amount of the tax.

Mr. Adamson: Let us say that a husband has an income of $10,000 a year and transfers to his wife a piece of property bringing in a revenue of $1,000 per year; then his income would be $9,000 a year. His wife's income increases by $1,000 a year. Is that the import of this?

Mr. Abbott: His income would still be $10,000, but I take it that under the section the minister can assess the wife for the income with respect to that portion of the property which had been transferred to her.

Mr. Adamson: I do not think that answers my question. I do not think it is clear at all. Do you mean that if the husband transfers stocks, bonds, a house, or anything else, to his wife and gets no income from them, he still has to pay income tax on them?

Mr. Abbott: That is correct. That has always been the law. It has been the law for years.

Mr. Graydon: And still you can tax her?

Mr. Abbott: No.

Mr. Graydon: That is what you said.

Mr. Abbott: There cannot be two taxes. I cited the case where the husband transferred all his property to the wife. Under the law as it stood, while the income would be deemed to be in his hands, there would be nothing out of which the department could collect. Under this amendment, while it will still be deemed to be in his hands, they can collect the tax from the wife who has the revenue producing assets.

Mr. Cardiff: Would that not lessen the tax he has to pay by $1,000?

Mr. Abbott: The tax is only paid once. It is not paid twice.

Mr. Cardiff: You cannot collect both from the wife and the husband.

Mr. Abbott: That is correct. The tax is only paid once.

Section agreed to.

Section 18 agreed to.

On section 19—*Refunds.*

Mr. Fleming: The present section 52, subsection 1, provides for the making of refunds even without an application therefor on the part of the taxpayer. The amendments proposed in section 19 of the bill seem to eliminate the provision that no application need be made for the refund. If you look at the provisions of the proposed new subsection 1 of section 52 you will see that the minister shall make a refund of an overpayment if (a) the return is made within two years from the end of the year, and (b) application in writing for the refund was made by the taxpayer before the expiration of one year, et cetera. You will notice that paragraphs (a) and (b) are cumulative requirements. It seems to me that there is no provision here for the making of a refund apart from application therefor on the part of the taxpayer. Why should that be? I am sure the present section has not worked any injustice against the crown, and I doubt very much if it has worked any administrative hardship on the Department of National Revenue. Therefore why should this limitation be placed upon the scope of the refund provision? It seems to me that from this point of view the present section is infinitely fairer than the proposed new section.

Mr. Abbott: I am informed that if there is an overpayment the assessment notice points that out and says that no application for refund is needed. However, if something else comes up within a year after the assessment then an application in writing for the refund must be made by the taxpayer provided the return of income for the year was made within two years from the end of the year.

Mr. Fleming: That explanation does not cover the whole ground of my objection by any means. I do not know whether the minister followed the point I am trying to make. The proposed new section 52, subsection 1, will completely eliminate any right on the part of the taxpayer to a refund, even if otherwise completely entitled thereto, unless he makes application in writing for it. There are two requirements attached to his right to receive a refund. The first is that he must make his return of income within the stipulated period, and he must make application in writing for the refund. In his explanation it seems to me that the minister has not given any reason for departing from the present rule as found in the present section 52, subsection 1, of the act. Surely in cases of this kind what we want to do is to see that anybody who has overpaid his tax receives his refund, and not to set up more requirements which make it very easy for someone to overlook the fact that he must make his application in writing within the stipulated period. Surely what we wish to do is to see to it that everybody who has overpaid receives his refund with a minimum of administrative obstacles put in his way. If we wish to we can strangle this right by applying a whole lot of requirements with regard to the method by which the application for the refund must be made.

Mr. Abbott: We are standing a number of other sections, and perhaps we might allow this section to stand and I will have a further look at it.

Mr. Fraser: When the minister is looking at that will he ascertain whether, when a taxpayer in making out his income tax form puts at the bottom that he has overpaid so much, that does not constitute his application for refund?

Mr. Abbott: I think that is the whole point.

Mr. Fraser: He puts at the bottom that he has overpaid so much. That is his application.

Mr. Abbott: That is the application.

Section stands.

On section 20—*Non-profit corporation.*

Mr. Abbott: I have an amendment which I will ask one of my colleagues to move. It is rather long, and relates to these charitable organizations for which we introduced a provision for tax deduction last year. It arises out of representations that have been made to us that certain charitable foundations might not qualify under the law as it stood.

Mr. Gardiner: I move:

That paragraph (eb) set out in subclause (1) of clause 20 be deleted and the following substituted therefor:

"(eb) a corporation that was constituted exclusively for charitable purposes, no part of whose income was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof, that has not, since June 1, 1950, acquired control of any other corporation and that, during the period,

(i) did not carry on any business,

(ii) had no debts incurred since June 1, 1950, other than obligations arising in respect of salaries, rents and other current operating expenses, and

(iii) except in the case of a corporation that was, before the first day of January, 1940, constituted exclusively for charitable purposes, expended amounts each of which is

(A) an expenditure in respect of charitable activities carried on by the corporation itself,

(B) a gift to an organization in Canada the income of which for the period is exempt from tax under this part by virtue of paragraph (ea), or

(C) a gift to a corporation resident in Canada the income of which for the period is exempt from tax under this part by virtue of this paragraph, and the aggregate of which is not less than 90 per cent of the corporation's income for the period,"

Mr. Abbott: Perhaps this amendment might stand so that hon. members can read it in *Hansard*. It is a purely technical change in the section as printed in the bill. The change is to cover a particular case that was brought to my attention in connection with the wording. If we can proceed to section 21, there is a short statement I should like to make before we rise and report progress. It will only take two or three minutes.

Section stands.

On section 21—*Armed forces.*

Mr. Abbott: This section relates to the special method of collecting taxes from the armed forces. I think we had a very helpful and interesting discussion on this subject, not so much with respect to the new tax collection method from the armed forces but with respect to the desirability of exempting armed forces who are serving in theatres of war or abroad from income tax. I outlined the reasons why I felt the system we followed during the last war was not satisfactory. A good many hon. members expressed their views as to what should be done, and I think it fair to say the general feeling was that special consideration should be given to those members of our forces now serving in Korea and who may be serving in other theatres of war. Suggestions were made that there should be a special increased exemption. I put forward the tentative suggestion that it might be covered by combat pay or something of the sort, but in any case I undertook to give the matter further consideration and see what could be done. The giving of a special, additional exemption of course would involve such inequities as would result from the differing incomes of soldiers. The higher ranking personnel would receive the greater benefit from the exemption, and those with private incomes would also receive a greater benefit.

That can be overcome, however, by using the tax credit method. I am going to propose that we give a tax credit of $1 a day or up to $365 a year for members of the armed forces serving outside Canada, which in the present case would be those serving in Korea. A discretion would be given to determine what geographical areas would render personnel eligible for the tax credit. In effect that would provide an additional exemption of up to $1,900 to the lowest paid other rank. In the case of a single officer it would probably extend to a captain, and of course in the case of a married officer it would go very much higher.

It seems to me that has a good deal to commend it. While this is not the governing factor, simplicity and ease of administration from the point of view of the forces of course is important, and the $1 a day device makes it very easy for the paymaster to calculate just how much tax credit a serviceman is entitled to. I think the general feeling was that it should apply only to those serving in

foreign theatres, that it should not apply to those at headquarters or those doing garrison duty in Canada.

I will not ask the house to debate this amendment this afternoon, but I was anxious to announce that this is the position we have taken. I hope it will commend itself to hon. members generally, and particularly to those who have had some experience with the forces. I do not say it is generous, perhaps nothing could be too generous in this connection; but I think it is a practical, fair way of recognizing the special contribution being made by these members of our armed forces. I would like the amendment put formally, so hon. members may read it in *Hansard*.

Mr. Fraser: Will it cover those in the United States?

Mr. Abbott: Perhaps I might read it and then ask my colleague to move it.

That the introductory words of subclause (1) of clause 21 be deleted and the following substituted therefor:

"21. (1) The said act is further amended by inserting the following heading and sections after section sixty thereof:"

and that the said subclause (1) be further amended by inserting the following section immediately after section 60A of The Income Tax Act as set out therein:

"60B. There shall be deducted from

(a) the tax for the year otherwise payable under this part, and

(b) the tax for a month otherwise payable under section 60A,

of a member of the naval, army or air forces of Canada an amount equal to $1 for each day in the year or month, as the case may be, during which he was on duty as a member of the naval, army or air forces of Canada in a zone outside Canada prescribed by a regulation made on the recommendation of the Minister of Finance."

and that subclause (2) of the said clause 21 be deleted and the following substituted therefor:

"(2) Section sixty A of The Income Tax Act as enacted by subsection one is applicable to the month of July, 1951, and subsequent months and section sixty B of The Income Tax Act as enacted by subsection one is applicable to the 1951 and subsequent taxation years."

It was felt that someone had to take the responsibility for bringing in a regulation determining the geographical area in which this special provision would apply; and since it is a tax credit it seemed appropriate that the Minister of Finance should take that responsibility, and that is the form in which the amendment is prepared. I would ask one of my colleagues to formally move it and it can stand, to be discussed later.

Mr. Gardiner: I move accordingly.

Mr. Fournier (Hull): I move that the committee rise and report progress and ask leave to sit again.

Motion agreed to and progress reported.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO RACING ASSOCIATIONS CONDUCTING PARI-MUTUEL BETTING

The house resumed consideration in committee of Bill No. 357, to amend the Criminal Code (race meetings)—Mr. Gardiner—Mr. Dion in the chair.

On section 1—*Exceptions.*

Mr. Fournier (Hull): I move:

That subclause (ii) of subsection (d) of section (1) of the bill be withdrawn and the following substituted therefor:

(ii) no more than eight races or dashes, or four heat races of three heats each, shall be held during any twenty-four hour period, and

Amendment agreed to.

Section as amended agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time?

Some hon. Members: Now.

An hon. Member: By leave.

Mr. Gardiner moved the third reading of the bill.

Motion agreed to, and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Tomorrow we will go into supply and consider first the estimates of the Department of Defence Production, and some time during the day we will take up the estimates of trade and commerce. If we should be fortunate enough to pass all those items the Minister of Agriculture will proceed with his estimates.

Motion agreed to and the house adjourned at 5.50 p.m.

HOUSE OF COMMONS

Thursday, June 14, 1951

The house met at eleven o'clock.

REPORTS OF COMMITTEES

Eighth report of standing committee on railways, canals and telegraph lines.—Mr. Whitman.

Eighth, ninth and tenth reports of standing committee on miscellaneous private bills.—Mr. Winkler.

PRIVATE BILLS

SUSPENSION OF STANDING ORDER 105

Mr. H. W. Winkler (Lisgar) moved:

That, for the remainder of the session, standing order 105, respecting the posting of private bills, be suspended.

Motion agreed to.

RAILWAY ACT

AMENDMENTS ARISING OUT OF REPORT OF ROYAL COMMISSION ON TRANSPORTATION

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 377, to amend the Railway Act.

Mr. Graydon: Explain.

Mr. Chevrier: This bill, which is to amend the Railway Act, together with the other two which follow, an act to amend the Canadian National-Canadian Pacific Act, 1933, and an act to amend the Maritime Freight Rates Act, are bills which have been drafted to meet the recommendations of the royal commission on transportation so far as the equalization of freight rates is concerned.

When we reach the second reading stage of these bills I propose to ask my colleague, the Minister of Public Works, to move that the bills be not now read a second time but that the subject matter thereof be referred to the standing committee on railways, canals and telegraph lines, with instructions that the committee shall consider the same and report thereon from time to time to the house.

Mr. Green: Mr. Speaker, is it the intention that the standing committee should consider the subject matter of these bills during the present session, or at the fall session?

Mr. Chevrier: The committee on railways, canals and telegraph lines is the master of its own procedure, and will decide what action it will take in connection with the bills.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL—CANADIAN PACIFIC ACT

REPORT TO PARLIAMENT TO GIVE INFORMATION CONCERNING CO-OPERATIVE PROJECTS

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 378, to amend the Canadian National-Canadian Pacific Act, 1933.

Motion agreed to and bill read the first time.

MARITIME FREIGHT RATES ACT

AMENDMENT AS TO APPLICATION TO WESTBOUND RAIL AND LAKE TRAFFIC

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 379, to amend the Maritime Freight Rates Act.

Motion agreed to and bill read the first time.

QUESTIONS

POST OFFICE DEPARTMENT—PUBLICITY AND PUBLIC RELATIONS

Mr. Diefenbaker:

1. How many publicity and public relations employees are in the Post Office Department?
2. What has been the cost, month by month, for publicity and public relations, since the first day of May, 1950, and to date?

Mr. Rinfret:

1. 28.
2.

May, 1950	$ 8,695.96
June	8,824.53
July	11,138.01
August	15,589.33
September	16,302.26
October	20,256.86
November	24,255.85
December	30,998.25
January, 1951	23,669.43
February	10,999.00
March	12,765.84
April	10,355.04
May	10,912.19
	$204,762.55

Questions

CROSS POINT, QUE., WHARF

Mr. Courtemanche:

1. Were repairs made to the wharf at Cross Point, Bonaventure county, Quebec, between January 1, and December 31, 1950?
2. If so, was the work done by contract or by day labour?
3. If by contract, what was the amount thereof?
4. Were tenders called for such work?
5. If so, what are the names of those who tendered, and the amount of their respective tenders?

Mr. Fournier (Hull):

1. Yes.

2. By contract.

3. $11,582.25.

4. Yes.

5. Capt. J. Romeo Allard, $11,582.25; J. A. Dufour, $11,753.50; Arthur Bujold and Fortunat Bernard, $12,316.90.

PROVISION OF FEDERAL BUILDINGS IN ST. JOHN'S, NFLD.

Mr. Higgins:

What is the present position with respect to the erection or purchase of a federal public building or buildings in St. John's, Newfoundland?

Mr. Fournier (Hull): Negotiations for the acquisition of the sites for the two federal buildings to be erected are still under way. The purchase of the health laboratories building from the provincial government of Newfoundland is completed.

ESTABLISHMENT OF NATIONAL PARKS IN NEWFOUNDLAND

Mr. Higgins:

What is the present position with respect to the establishment of a national park or parks in Newfoundland?

Mr. Winters: Mr. Speaker, when the estimates of the Department of Resources and Development were before the committee of supply on Friday, June 8, this question of the status of national parks in Newfoundland was dealt with. I think an answer will be found to the satisfaction of the hon. member at page 3866 of *Hansard*.

Mr. Speaker: Answered.

ERECTION OF STORAGE SHEDS IN NEWFOUNDLAND

Mr. Browne (St. John's West):

1. Are storage sheds to be erected in Newfoundland? If so, where?
2. How many are to be erected?
3. What will be the cost of each?

Mr. Fournier (Hull):

1. (a) Yes; (b) Bay of Islands district and Burin district.

2. Two.

3. Not known until plans completed.

[Mr. Rinfret.]

REVENUE FROM SALE OF RADIO LICENCES

Mr. Fair:

1. During each of the calendar years 1945 to 1950, both inclusive, what revenue was derived from the sale of radio licences?
2. During each of said years, what was the cost of collection?

Mr. Benidickson:

(Records are maintained for fiscal years only)

1.	1945-46	$3,964,603.24
	1946-47	4,099,795.14
	1947-48	4,398,495.86
	1948-49	4,670,342.65
	1949-50	4,989,354.33
	1950-51	5,076,997.96
2.	1945-46	231,818.48
	1946-47	237,503.97
	1947-48	570,505.55
	(including $326,695.25 commissions)	
	1948-49	611,918.76
	(including $341,982.00 commissions)	
	1949-50	637,381.27
	(including $331,652.20 commissions)	
	1950-51	657,779.82
	(including $335,693.35 commissions)	

HEALTH GRANTS—P.E.I.—LABORATORY SERVICES

Mr. MacNaught:

Has any contribution been made under the national health grants program to the development of laboratory services in the province of Prince Edward Island?

Mr. Martin: Yes. The national health grants program has contributed $54,000 toward the expansion of diagnostic laboratory services in Prince Edward Island.

In order to decentralize the work of the provincial laboratory, branch laboratories have been created in eight hospitals throughout the province and trained technicians have been placed there to carry out medical and public health laboratory work. This organization will provide a much quicker and more reliable service to public health officials, as well as to hospitals.

HEALTH GRANTS—MENTAL ILLNESS RESEARCH

Mr. Rooney:

Has any contribution been made under the national health grants program for research into mental illness in the province of Ontario? If so, what was the amount of such contribution?

Mr. Martin: Yes. Over $150,000 has been made available to the province of Ontario under the national health grants program to carry out nineteen research projects related to mental health. The following are examples

of such projects: genetic aspects of psychiatry; biochemistry of central nervous system; physiological changes associated with emotion; electro-encephalographic investigation of psychopathic personality; enzyme studies of cerebrospinal fluid.

ARMED FORCES—SERVICE HOSPITALS—COST OF DRUGS

Mr. Balcom:

What is the average current cost of drugs per diem per man while hospitalized (a) Royal Canadian Navy; (b) Canadian Army; (c) Royal Canadian Air Force?

Mr. Blanchette: The estimated average cost of medical supplies and equipment per man year in the Canadian armed forces is $14.01.

HEALTH GRANTS—VANCOUVER

Mr. MacDougall:

How much has been contributed to the metropolitan health centre of greater Vancouver under the national health grants program?

Mr. Martin: Over $253,000 has been allocated to the metropolitan health committee of greater Vancouver in order to expand its health services. Programs such as the following have been supported: mental health; tuberculosis home care service; community health education; public health education; audiometric testing in schools; public health nursing services; dental hygiene; nutrition services; food and milk control.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NAVAL PROPERTIES IN NEWFOUNDLAND

Mr. Higgins:

1. What is being done with respect to the former Royal Navy and Royal Canadian Navy properties in Newfoundland?

2. Are they to be put back into service? If so, when?

MING SUNG INDUSTRIAL COMPANY—TRADE WITH CHINA

Mr. Pearkes:

1. Are any vessels of the Ming Sung Industrial Company of Canada trading under the Canadian flag with Canadian registration, between Hong Kong, Macao, Canton?

2. If so, what is the nature of their cargoes?

3. Do the officers of these vessels hold Canadian certificates?

4. Do any vessels of the Ming Sung Industrial Company trade under the flag of the People's Republic of China?

Proposed Legislation

FEDERAL DISTRICT COMMISSION

INCREASE IN NUMBER OF MEMBERS—POWER TO CONSTRUCT RAILWAYS, ETC.

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Federal District Commission Act, 1927, to increase the number of members of the commission from nineteen to twenty; to provide also that the commission may construct in the national capital district railways and related facilities and, for this purpose, acquire land and real property and enter into agreements with railway companies for the use, maintenance and operation of such railways; and to provide further for the payment of limited grants to the appropriate authorities in municipalities in respect of property situated therein and acquired for inclusion in Gatineau park.

He said: Mr. Speaker, both His Excellency the Governor General and His Excellency the Administrator have been informed of the subject matter of this resolution, and His Excellency the Administrator recommends it to the consideration of the house.

Some hon. Members: Hear, hear.

Mr. Knowles: Very good.

Motion agreed to.

CANADA DAIRY PRODUCTS ACT

ESTABLISHMENT OF NATIONAL STANDARDS—REGULATION OF TRADE

Hon. Alphonse Fournier (for the Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure repealing parts I and II of the Dairy Industry Act and substituting therefor a new act intituled, the Canada Dairy Products Act, for the purposes of establishing national standards for dairy products and of regulating interprovincial and international trade therein.

Provision is made for the appointment of inspectors, graders and other persons necessary for the administration and enforcement of the act.

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

Motion agreed to.

PENSIONS

TUBERCULAR VETERANS—TELEGRAM FROM TRANQUILLE, B.C., WITH RESPECT TO LEGISLATION

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, following the question put to me yesterday by the hon. member for Kamloops (Mr. Fulton), I had inquiries

made and was informed that a telegram purporting to have been sent, collect, from Tranquille, had been brought to the Prime Minister's office, but, in accordance with the general practice of the office, we refused to accept collect charges.

INQUIRY FOR RETURN

C. D. HOWE COMPANY LIMITED

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I should like to ask a question of the Secretary of State. On Friday, May 18, I asked a question about some government contracts. My question is set out at page 10 of the order paper for that day. On Monday, May 21, my question was passed as an order for return. I should like to know when I may expect that return.

Hon. F. G. Bradley (Secretary of State): I shall make inquiries and endeavour to expedite the return.

HOUSING

QUESTION AS TO FEDERAL PLAN FOR CONSTRUCTION IN DEFENCE AREAS—PRIORITY FOR BUILDING MATERIALS

On the orders of the day:

Mr. Gordon Graydon (Peel): Mr. Speaker, I should like to ask a question of the Minister of Resources and Development. Is it his intention shortly to announce government policy with respect to a federal plan for the building of houses in defence areas? I notice in the press—

Some hon. Members: Order.

Mr. Graydon: —that that was suggested.

Hon. Robert H. Winters (Minister of Resources and Development): I can only repeat what I have said before, that the whole question of housing is under active consideration by the government, and that any decisions as to policy will be announced as they are arrived at.

Mr. Donald M. Fleming (Eglinton): I should like to ask the minister if he is correctly reported in today's press as having said at London yesterday that no priority will be given in respect of building materials in favour of either public or private housing.

Mr. Winters: I have not seen the particular report to which the hon. member refers. What I did say yesterday in London was that no system of priority had been arranged for the program contemplated under section 35 of the National Housing Act.

[Mr. St. Laurent.]

CIVIL DEFENCE

REQUIREMENTS OF MUNICIPALITIES

On the orders of the day:

Mr. Gordon Graydon (Peel): May I ask the Minister of National Health and Welfare, under whose jurisdiction civil defence now comes, whether the municipalities across Canada have been circularized, or whether there has been communication with them, asking how much money they will require and what equipment they will need in connection with the civil defence plan. I ask this because of his director having said that there is no response from the municipalities.

Hon. Paul Martin (Minister of National Health): The hon. member knows that the municipalities would report directly to the provincial governments. Municipalities are the creatures of the provinces. I know that such negotiations are now going on.

Mr. Graydon: That is not what your director says.

SUPPLY

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

DEPARTMENT OF DEFENCE PRODUCTION

76. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $5,000,000.

Mr. Green: Is it the intention of the Minister of Defence Production to make a statement?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, I have in mind making a statement of some length. This department has been in existence for only two and a half months and, if the committee will bear with me, I shall give a complete statement on the work of the Department of Defence Production.

Last March, in introducing the bill to establish the Department of Defence Production, I outlined the organization and functions of the proposed new department. I now intend to review what the new department has been doing in the two and a half months we have been in operation. I propose to say a brief word on the organization, and then to refer to some general matters that affect the over-all operations of the department.

Mr. Low: Mr. Chairman, I beg the minister's pardon for interrupting him at this point, but I would ask that the chairman of the committee call order so that we may hear the minister's words.

The Deputy Chairman: I was just about to do so. I thank the hon. member for Peace River for having called attention to the disorder which prevails in several parts of the chamber. We have not yet the benefit of the amplifying system; therefore in order that we may be able to hear the statement which is being made by the Minister of Defence Production, we must have silence in the chamber.

Mr. St. Laurent: And even behind the curtain.

Mr. Howe: The suggestion is that we have silence behind the curtain as well as in the chamber.

Some hon. Members: Hear, hear.

Mr. Howe: To continue my statement, from then on it will, I think, be convenient to deal with the different programs which we are carrying out in the various divisions of the three main branches of the department: the production, general purchasing and materials branches. I will begin with the organization of the Department of Defence Production.

I have arranged for hon. members to receive copies of the organization chart of the department. I hope this will be of assistance to them in the consideration of the estimates and the work of this department.

When the department was established on April 1 of this year the majority of the staff was recruited from the government service, chiefly from the Department of Trade and Commerce and from the Canadian Commercial Corporation. A number of employees have also been drawn from sections of the government service that have been discontinued or are cutting down on staff, such as the wartime prices and trade board, emergency import control divisions, etc.

As I mentioned last March, we have also recruited men from industry to head up a number of divisions and to provide the technical knowledge that is so essential to the job we are trying to do. You will recall that under the Defence Production Act the minister may make appointments outside the normal procedures of the Civil Service Act. However, relatively few appointments have been made in this manner, and where it has been done, it has been used chiefly to secure specialists from industry; and in most cases these persons are serving without government salary. At the time of its inception there were 871 persons employed in the new department, and three-quarters of them came from the Canadian Commercial Corporation. By June 1 the staff had increased to 1,120. This figure is exclusive of crown companies, such as Defence Construction Limited, Canadian Commercial Corporation as it is now constituted, etc.

In addition to the offices at headquarters in Ottawa, the department has offices in the leading cities of Canada, and also in Washington and London. The department has taken over the district offices formerly operated by the Canadian Commercial Corporation, but in Toronto and Montreal the office accommodation was insufficient to meet the expanded needs of the new department, and other quarters have been leased. Headquarters of the petroleum and machine tools divisions and the wool division of the Canadian Commercial Corporation are located in Toronto; the chemicals and explosives division and the pulp and paper division are in Montreal. Other divisions of the department are also represented in these two cities, and in each case there is an office manager to co-ordinate the administrative work in these two centres. As space was limited in the Canadian embassy in Washington, it was necessary to move the department's office to new quarters on June 1.

In the Washington office we have on-the-spot representatives for the different divisions of the department that have a direct interest in what is happening in the United States priorities field.

To avoid duplication of effort, arrangements have been made to use trade and commerce officers and facilities in London, England, and also at St. John's, Newfoundland, and Vancouver, British Columbia. In each case it was found that the interests of the two departments were sufficiently close to warrant such a course and that it was unnecessary at this time to set up separate offices.

Turning now to some of the problems with which we are dealing, I think I should start with the question that first arises in connection with the wide variety of things that are required by modern armies, navies and air forces. Should these items be produced in Canada, or obtained from other sources of supply? In many cases it has not been easy to arrive at these decisions. A number of factors are involved. As you know, a decision has been taken to adopt United States type equipment for our army. This means, in many instances, that before we can make production decisions we must secure rights to manufacture from the United States, as well as plans, specifications and bills of material. Frequently we must also secure special security clearances for departmental officials or Canadian industrialists to visit plants in

the United States in order that they can study special production problems at first hand.

In the beginning we found that the securing of the necessary rights to manufacture, the specifications, and access to production sites was a time-consuming process. Naturally there are reasons why this might be so. The rights of private industry, as well as government proprietary rights, are involved. The security of highly classified material must be adequately safeguarded. I am satisfied, however, that we have now worked out with the United States authorities procedures which will facilitate and accelerate the release of the rights and information which we require.

Another factor is our limited requirement for military end items in certain fields, which does not make it practical to undertake Canadian production if we would only be filling our own orders. In some instances we feel that because of special circumstances our production would be particularly efficient, and in such cases we attempt to interest the United States in our production facilities. According to our agreement on economic co-operation, signed by Canada and the United States last October, we are pledged to utilize the combined production facilities of our two countries to the best possible mutual advantage.

There are, of course, certain cases where, despite limited Canadian requirements and lack of United States orders, we feel that it is important that we initiate production in this country. The reason for such a decision is that we feel that if a war should develop, we would have immediate need of heavy production in certain fields, which could not be brought into being unless we establish a nucleus now. This entails partial tooling up, training key production personnel, and studying new production techniques. In some instances, in order to get better production runs, we have offered to make some of our output available as mutual aid to our NATO allies, financing the production from funds voted by parliament for this purpose. I might add that we do not make such offers unless we are assured by the defence production board of NATO that such supplies would help meet a real deficiency which could not be adequately met from European production. Examples of items which we are now offering to NATO countries from current production include 155 millimetre howitzers and other artillery items, as well as certain radar and other electronic equipment.

So much for the questions involving decisions as to what to produce in this country. When a decision has been made to build a certain type of aircraft or a certain type of ship, certain types of armament or any other complicated piece of equipment, we are faced with establishing the necessary facilities.

In most cases existing plants have to be largely rearranged or new plants built, machine tools have to be purchased and production tooling and setting up expenses incurred. In some cases it is advisable to establish these facilities with capacities greater than our immediate requirements, as a measure of insurance. We have two basic policies that we follow in dealing with these cases. If industry will put up its own money we offer them accelerated depreciation so that they may reduce the value of their investment to a reasonable figure in the event that the facilities are not required for the original purpose and have again to be converted. I might add the obvious fact that, if the facilities are required by the government after they are written down, the government receives the benefit, as the assets can only be depreciated once. If it is not possible to persuade industry to advance its own money on terms satisfactory to the government, we provide the facilities through direct capital assistance, but in that case we retain title to the assets. Sometimes one course seems advisable, sometimes the other, and on rare occasions some combination of the two.

To date we have concluded arrangements for accelerated depreciation in three cases. We have five formal applications under study, and nine or ten others in the early discussion stage. Because so many of these cases have not yet been settled, I cannot give the house much in the line of figures as yet, but the three settled cases involve assets to the value of approximately $1,500,000. The formal applications before us involve assets valued at approximately $20 million.

In capital assistance we have projects in various stages of completion which will ultimately aggregate $107 million, only part of which, however, will be spent in this fiscal year.

One further matter that I might mention in dealing with the estimates is the department's revolving fund. This of course is a statutory vote, and was discussed at some length when the Defence Production Act was being debated. However, because of the importance of this vote, I should like to advise hon. members of the commitments which we have entered into and have financed through the revolving fund. To date a total of $74 million has been allocated from this fund to provide for the purchase, and resale, during the year of textiles, wool,

strategic materials, shipbuilding, and ammunition components, to the value of some $250 million.

Mr. Green: That has nothing to do with the money advanced by way of capital assistance?

Mr. Howe: No. These are simply payments which will be recovered later when the finished product is disposed of.

I turn now to the various individual programs. It is perhaps appropriate to start with the aircraft program, because it is the largest. It is in this field that Canada has demonstrated its ability to compete with other countries, and it is in aircraft production that we can make a major contribution, not only to our own defence effort but to that of our allies. The aircraft division has already placed contracts amounting to over $400 million, and a number of programs are well under way.

After spending years in research and development work on the CF-100 jet fighter and its Orenda engine, Avro in Toronto will be in production this fall. Deliveries of this aircraft will depend on how soon the new engine plant under construction at Malton can produce Orenda engines in quantity. In Montreal the F-86 Sabre is now in quantity production, with output limited only by the number of engines and complementary equipment imported from the United States. The Harvard training plane is being built in Fort William, and it is planned to produce its engine, propeller and other components in Canada as well. It is noteworthy that this will be the first time that complete aircraft have been built in this country with all components Canadian made. It is expected that Canada may be able to supply the United States and commonwealth countries with their requirements for this aircraft and its spare parts. As you know, the Canadian Beaver was chosen by the United States authorities in competition with eight United States aircraft manufacturers, and orders have been placed for 109 planes to be used by the United States air force. A further and larger order is expected.

I have just recently received word that Canada will participate in the production of the United States air force twin engine trainer, the Beechcraft T-36A. Negotiations are not yet completed, but plans are also under way to produce in Canada the Lockheed T-33 dual controlled jet trainer.

The division is also engaged in placing orders and arranging for the production of a number of components required by the aircraft industry. Another important phase of its work is the allocation of orders for maintenance and repair of aircraft. For some years it has been the government's policy to allocate this work to various sections of the country in order to ensure that adequate repair and maintenance facilities are strategically located across Canada. At the present time we have repair and overhaul requisitions from the R.C.A.F. amounting to approximately $35 million, with some programs extending over two years.

We now come to the electronics division. This is one field in which Canadian production will make a substantial contribution, not only in producing for our own requirements but also for the requirements of the United States and our NATO allies. A great deal of research has been carried out by the defence research board, the national research council, and industrial research workers as well as universities, and it is hoped that much of this research can be carried through the development field and into the production field in order to meet allied military requirements. It is difficult to describe major electronics projects because of their complexity, variety and interrelation with the aircraft, shipbuilding and other programs.

Our present electronic program for the armed services is already under way and will eventually total more than $400 million. As about one-quarter of the program has been placed with prime contractors, the impact of this work on subcontractors will soon be felt.

A third division is the shipbuilding division. As has been announced, contracts have already been allotted by this division for one icebreaker, fourteen minesweepers, fourteen escort vessels and five gate vessels, as well as a number of harbour craft. It is expected that this program will amount to approximately $200 million.

These are new types of minesweepers and escort vessels of which no prototypes are yet afloat. This means that certain capital assistance is necessary, and that some delays and difficulties at the shipyards may be expected from time to time. Although Canadian shipbuilding costs are somewhat higher than European costs, it has been government policy to maintain key personnel and essential equipment in all our major Canadian yards for strategic reasons. The growth of this program is shown by the employment figures in the shipbuilding industry: October, 1950, 8,440, and April, 1951, 12,147.

In addition, I released a statement last week which referred to the conversion and refitting of thirty-four ships. This is a two-year program, and includes eighteen minesweepers and sixteen frigates. The

shipbuilding division is also developing the production of propulsion machinery and auxiliary equipment.

Another division is the ammunition and gun division. The general remarks which I have already made concerning problems in our production program are particularly applicable to the work of this division. Nevertheless some pieces of equipment and kinds of ammunition are now planned for production in this country. For example, 60 millimetre and 81 millimetre mortars of United States design will be manufactured here. These will replace the 2-inch and 3-inch mortars used previously. In addition, the 3·5 inch rocket launcher anti-tank weapon, replacing the Piat as a standard, will be made in Canada. In artillery the American 105 millimetre and 155 millimetre howitzers will now be standard weapons replacing the old 25-pounder and the 5·5 inch howitzer. Both guns will be made at the Sorel plant, which is also engaged in the production of the 3-inch 50 calibre naval gun for the United States and Canada.

Ammunition for the types of small arms and artillery which we have adopted will be produced in Canada. At the moment the bulk of the ammunition and small arms program is being carried out by Canadian Arsenals Limited, and the howitzers and naval guns are being made at Sorel.

Yet another division is the mechanical transport division. The present program in mechanical transport is small relative to our contribution to allied requirements during world war II. On April 27 I released a statement in which I advised that preparations were being made for the partial manufacture and complete assembly of 456 three-quarter ton military trucks and 780 two-and-a-half ton military trucks by Chrysler Corporation of Canada Limited and General Motors of Canada Limited, respectively. I pointed out at that time that full tooling and production to meet the limited requirements of the three Canadian services is out of the question at present.

The possibility of securing United States orders for our Canadian factories was carefully examined but there is excess capacity in that country for producing these types of vehicles. Nevertheless we were satisfied that some production must be undertaken in Canada in order to encourage the production of components in this country and to ensure the highest possible Canadian content in these vehicles. It is also important to make arrangements for some tooling up in Canadian plants and to give Canadian industry an opportunity to become familiar with these types of vehicles. Since my announcement the Ford Motor Company of Canada has been studying the possibility of Canadian production of the one-quarter ton four by four jeep. It is expected that these engineering studies will be completed very shortly.

The machine tools division has been established to ensure that there is available to every production project, such as the manufacture of aircraft, radar, guns and ammunition, shipping, etc., an adequate supply of machine tools and the necessary allied equipment. This division has started on a three-year, $40 million machine tool purchasing program. Of this amount, it is estimated that $12 million will be spent in Canada, $4 million in the United Kingdom, and $24 million in the United States. In addition, an attempt is being made to rationalize the Canadian machine tools industry in order to achieve an increase in output and efficiency by having certain plants concentrate on the production of specific sizes and types of machines. In this way we avoid duplication of effort and at the same time achieve manufacturing economies.

Defence Construction Limited, which is a crown company set up as part of the production branch, is responsible for construction required by our armed forces. By the end of May, Defence Construction Limited was administering contracts with a total value of $110 million, of which $44 million worth were taken over from the Canadian Commercial Corporation. Defence construction requirements have increased sharply in recent months, and the present rate of contract awards exceeds $4 million per week. It is estimated that by the end of the current fiscal year Defence Construction Limited will have under administration over $200 million in construction contracts. Such an extensive program is making heavy demands on critically short materials, particularly reinforcing steel.

The last division of the production branch is the small industries division. Briefly, the functions of this division are to gather and distribute information on contracts so that subcontractors can get in touch with the prime contracting firms quickly for possible orders; second, to inform prime contractors of available industrial capacities as needed; and third, to act as a representative in Ottawa of small industry across Canada for whatever problems may arise in its dealings with the defence production department. In order to ensure close liaison with small industry, it is planned that this division will have representatives in the department's offices in Toronto and Montreal. The division will have special maritime and prairie province liaison officers on its staff in Ottawa, with

the understanding that these individuals will spend considerable time in their respective territories. It is also planned to work closely with industry in British Columbia and Newfoundland through the Department of Trade and Commerce offices in Vancouver and St. John's. We are anxious to see that every section of Canada, and small industry as well as large, has an opportunity to participate in our defence production program.

An hon. Member: Saskatchewan, too?

Mr. Howe: Well, we do not buy much wheat in New Brunswick and we do not buy many munitions in Saskatchewan.

Another main unit of the department is the general purchasing branch which is carrying on most of the work of the former Canadian Commercial Corporation. It is responsible for purchasing all the defence supplies outside the field of those for which production divisions have been created. These cover a wide range of commodities and include such things as hardware, barrack stores, fuel, photographic equipment, medical supplies, food, petroleum products, etc. The branch also places contracts for repair and maintenance work on national defence property.

One of the largest programs being handled by the general purchasing branch is in the clothing and textile field. It is expected that about $150 million will be spent on uniforms, blankets, boots and other items needed by the armed forces in the current fiscal year. Because of the size of this program the government, after consultation with the textile industry, decided to proceed with the orderly placing of contracts for about half of the woollen textile requirements. To ensure sufficient wool to meet this volume of orders before the fall sales open in Australia and New Zealand, the wool division of the Canadian Commercial Corporation has already ordered 7,100,000 pounds of raw wool and tops. This in turn will be sold to mills manufacturing fabrics and blankets for military use. In this way it is hoped that there will be no undue disruption of civilian requirements in the textile field, and at the same time the defence program can move ahead in an orderly fashion. In the case of cotton goods, industrial demands are heavy, and as Canadian mills are finding it difficult to fill all our defence needs a good deal of yardage will have to be purchased outside Canada if we are to avoid heavy impingement on the civilian market. Synthetics are being incorporated into cotton and woollen fabrics with excellent results, and this is particularly useful in view of present shortages and high prices of natural fibres.

The majority of contracts awarded by the general purchasing branch are placed as a result of competitive tenders. In certain cases, however, contracts placed by the branch have been allocated throughout industry. This has usually been done because of delivery requirements and the quantities needed, and to make sure we were not placing too heavy a burden on a limited number of manufacturers. For instance, orders are being placed for one million pairs of military footwear with firms located throughout Canada, in order to make the best use of open capacity. Many supplies are bought and services contracted for in the area where the armed forces are located, and purchases of these items have been made from coast to coast by district purchasing offices.

The suggestion has been made recently that there is something unfair about the way in which defence contracts are being awarded to the different provinces; and I refer especially to our friend from Moose Jaw. For example, it is claimed that Saskatchewan is not getting its reasonable share of the defence program. Before commenting on this, I would like to emphasize the fact that capacity for making defence goods is not spread evenly over the country. Modern weapons are made in specialized factories by skilled workers, and it is a basic fact that the bulk of Canada's potential for making munitions is in Ontario and Quebec. It is not necessary for me to dwell on the economic influences which have brought this about, but the fact remains. It is true that the volume of defence contracts for such things as aircraft, military vehicles, weapons, ammunition and electronics will be relatively small outside the central provinces.

However, when other military purchases are examined the provincial distribution seems to be quite reasonable. Not counting the items just mentioned, the prairie provinces got defence contracts in the last fiscal year amounting to about $25 million, or nearly 13 per cent of total contracts let in Canada for these items. When account is taken of the fact that the net value of manufacturing in the prairie provinces was only about six per cent of the total in the latest year for which figures are available, the prairies appear to have done rather well.

Particular reference has been made to the lack of defence contracts in Saskatchewan, and I want to outline some recent developments to correct the mistaken impression that Saskatchewan is being left out of the defence program.

In the month of April of this year, defence orders worth nearly half a million dollars were placed by the Department of Defence Production in Saskatchewan. In May, Defence Construction Limited awarded contracts for

over $4 million for work in Saskatchewan, and there are other defence contracts which are now being tabulated. Mention should also be made of the expenditures in this fiscal year by the Department of Transport on behalf of the Department of National Defence for landing strips and runways in Saskatchewan.

It is planned to spend $965,000 for military landing strips and runways, and another $440,000 for similar civilian facilities. Such direct government expenditures do not fully reflect the impact of the defence program on Saskatchewan. For example, Eldorado Mining and Refining Limited plans to spend about $2 million this year on uranium production in Saskatchewan. This is not a part of the government's defence vote, but it is a defence expenditure which will contribute substantially to employment and income in that province.

Before concluding my references to the general purchasing branch, I should just like to say a few words about the Canadian Commercial Corporation. As I mentioned at the beginning, most of the personnel of the old Canadian Commercial Corporation has been absorbed into the department proper. However, the government has decided that it would be useful to maintain the corporate entity of Canadian Commercial Corporation, although its staff has been reduced to approximately twenty-five. The main task of the Canadian Commercial Corporation, as now organized, is to act as a purchasing agent for foreign governments securing supplies in Canada. It will also be used by the government for the purchase of strategic and other materials for stockpile.

One of the most vexing problems facing us today is the over-all shortage of strategic materials. Before referring to what we are doing in this field in Canada, I might mention some of the international studies that have been made or are being made.

For some months the organization for European economic co-operation has been devoting considerable time to this question, as has the North Atlantic treaty organization. There have been special rubber and tin conferences, and at the last meeting of the commonwealth prime ministers it was agreed to extend the terms of reference of the commonwealth liaison committee so that this group could keep the special commonwealth aspects of the raw material situation under review. I might explain that the commonwealth liaison committee is a standing committee composed of all the commonwealth high commissioners in London, and includes senior representatives of the appropriate United Kingdom ministries.

[Mr. Howe.]

However, the most important work currently being carried out in the materials field is being done in Washington by the international materials conference. This conference is organized into a central group with a number of commodity committees. The central group's main responsibility is to select the commodities that are to be studied, and to invite the countries which are the principal producers and consumers of the selected commodities to establish commodity committees. The central group includes Canada, the United States, the United Kingdom, France, India, Italy, Brazil, Australia, and a representative from the OEEC and a representative from the organization of American states. To date, the central group has established the following commodity committees: wool; cotton; sulphur; tungsten and molybdenum; manganese, nickel and cobalt; copper, lead and zinc; and pulp and paper. All these committees have similar terms of reference, and, in general, these are: (1) to establish as accurately as possible the supply and demand position; (2) to encourage increased production; (3) to stimulate conservation and substitution wherever possible; (4) if it is apparent that there is an inevitable gap between available supplies and essential requirements, to recommend reallocations of supplies. It should be noted that these committees have authority only to recommend redistribution of supplies to governments.

The work of the international materials conference is for the most part in its early stages. They have made only one recommendation, which was that North America ship 3,000 tons of newsprint to France. However, I shall say more about that later.

As a country which is one of the most important exporters of many strategic materials and a significant importer of others, Canada has been active in nearly all the commodity committees. Because North America controls a large share of the free world supplies of scarce materials, I welcomed a statement released on May 29 by United States defence mobilization director Charles E. Wilson, in which he outlined a set of priority principles designed to assure supplies of scarce materials to the United States and her allies. I say I welcomed this statement because it is one in which we can readily concur. It is completely in line with the instructions which we have been giving our representatives on the international materials conference for the last few months. In his statement on guides to be followed in allocating resources devoted to foreign needs, Mr. Wilson stated in part:

When there are competing requirements of similar high essentiality in terms of over-all objective,

allocations policy should attempt to satisfy such requirements according to the degree to which they will contribute to the following results:

(a) military production of the free world, and direct support for the expansion or improvement thereof;

(b) promotion of increased supplies of all materials essential to strengthening the free world, and in particular the production and acquisition of those materials required for the current mobilization effort;

(c) maintenance and necessary expansion of essential services and production facilities, and maintenance of minimum essential civilian consumption requirements in the free nations, and in areas which they control.

Mr. Wilson went on to say:

Allocations form part of a wider give-and-take among the free nations. Among the countries sharing in such allocations the principles of self-help, mutual aid, and similarly effective application of internal policies governing the allocation and use of scarce materials should prevail.

After requirements of high essentiality have been met, the inter-country allocation of remaining supplies should take into account the effects upon the respective civilian economies of the broad contribution of each area or country toward common defence, in direct military production or in increased political and economic strength, including the common aid of controlling inflation of world prices. Individual countries differ widely in their ability to make such contributions; the objective should be to bring about an equitable distribution of the resulting burdens and sacrifices. This objective clearly excludes any mechanical formula, or any mere levelling down to a uniform standard of lowered consumption.

The foregoing principle is admittedly difficult to apply, since standards of consumption in different areas of the world are determined by a complexity of factors, such as normal levels of real incomes, customs, cultures and climate. But its application is of high importance for the attainment of the over-all objective of economic strength and morale in the free countries.

To return to the Canadian scene, I think the most orderly way to discuss our materials situation would be to review the work of the materials branch. The problem of short supply in relation to rising Canadian and world demand affects the work of the six divisions of the materials branch.

In the steel division the task is twofold: to facilitate increased supplies, and to make sure that preference is given to essential requirements. This year, as a result of a rise in production and an increase in imports, we have had more steel in Canada than we had last year. But the demands of Canadian users have increased much more sharply, with the result that we still have a tight supply situation. While the expansion plans of the Canadian steel industry are an encouraging part of the picture, we shall still have to obtain substantial quantities of steel from outside sources to meet our own defence needs. An important task assumed by the steel division is to demonstrate these needs to the United States authorities in order to have steel released to Canada.

In order to ensure the best possible distribution of the steel that is available in this country, limitation orders have been placed on certain non-essential types of construction. Last January the supply of steel for certain types of less essential building was restricted, and these restrictions were extended to additional types of buildings in March. In recent months the requirements of steel for defence projects have increased sharply, and we are now faced with a critical situation with respect to supplies of reinforcing steel, plates and structural steel. It has, in fact, been necessary to direct Canadian mills to defer shipments of less urgent projects. In co-operation with the priorities division every effort has been made to obtain increased supplies from the United States. I am pleased to be able to tell you that our representations have been well received in Washington. However, in spite of this, defence requirements are so large there will be only limited quantities of steel available during the next few months for projects that are not closely related to the defence effort.

The non-ferrous metals division has also been faced with the problem of increasing production and making sure that defence needs receive first claim on materials in short supply. In the case of some of the more common metals produced in Canada—copper, lead, zinc, nickel and aluminum—expansion of production by the industry has enabled us to meet essential demand in this country, and at the same time, keep up our exports to our traditional customers. Special steps have been taken to increase our own supplies of some of the less common metals, and I thought that hon. members might be interested in some of these measures.

In the case of tungsten, the government is erecting a 230-ton mill at the Emerald property in British Columbia which should be in production late this year. Under contract for export to the United Kingdom, the Red Rose property, also in British Columbia, is being put into production by the owners.

Mr. Green: Tungsten?

Mr. Howe: Yes. In addition, the Hollinger mine, and possibly some of the other gold operations, are planning to undertake the recovery of scheelite, one of the tungsten ores, in order to supplement supplies obtained from the United States. Every effort is being made to obtain our requirements of molybdenum from traditional sources in the

United States. However, impending shortages have resulted in further restrictions on United States consumers, which will have a corresponding effect in Canada. To meet this situation, negotiations are now under way to reopen the La Corne mine in Quebec which was a producer during the last war.

In the case of cobalt, an incentive price schedule was announced last February, and the Deloro Smelting and Refining Company was appointed as the government's buying agent under this bonus price plan. The company's smelter facilities will be used to convert into metal the ores and concentrates purchased under the plan. I might say that this plan is producing results.

As a further step in increasing our supplies of essential materials, stocks of tin and antimony were purchased some months ago, and further purchases are now under consideration. Arrangements have also been made to obtain quartz crystals from Brazil, and steps are being taken to explore a Canadian source of this scarce material. Reasonably good stocks of manganese and chrome ore are being maintained by the Canadian consumers of these minerals.

A long list of metals and minerals has been declared essential under the Defence Production Act. The informal "producer ration" system that was in effect earlier in the year has now been replaced by an "order-approval" system for such metals as nickel, copper and aluminum. Similar orders covering lead, zinc and cadmium will be issued shortly. Through these orders we hope to regulate the rate of metal consumption for commercial purposes in order to support our expanding defence program. The operation of these orders will also prevent surplus buying to build up abnormal inventories. This "order-approval" system was very effective in the last war. Because of its flexibility, we feel we will be in a much better position to meet changes in over-all supply and demand, and in the United States priorities picture, than we would be if a more rigid system were adopted.

In the chemicals division, efforts are being made to assist industry with some of its supply problems and in arranging the mechanics of handling Canadian requirements for chemicals and chemical equipment to be secured in the United States. As a first step, a number of chemicals were placed on the essential list under the Defence Production Act. So far, it has been possible to work out satisfactory arrangements without formal control. However, in view of proposed international allocations, it will be necessary to place sulphur under control in the near future.

[Mr. Howe.]

The continuing shortage of sulphur is a problem that is not confined to Canada, and, as part of our contribution to the over-all situation, every effort is being made to reduce our dependence upon the United States sources of elemental sulphur. Plant expansion has been approved to increase production of sulphuric acid in this country, as well as new capacity to produce elemental sulphur from natural gas in Alberta and liquid sulphur dioxide from the operations at Copper Cliff. Studies are also being made to increase our production from smelter gases and pyrites.

Expansion is taking place in other parts of Canada's heavy chemical industry, and many new chemical processes are being planned in this country for the first time, including the manufacture of nylon intermediates, polyethylene for plastic and electrical insulation, cortisone, and important new petrochemicals, the latter in Alberta. Altogether, priority assistance has been given for expansion amounting to more than $150 million.

On the supply side, arrangements have been made with the United States for the allocation of chemicals to Canada, with distribution to be made where necessary under the direction of the chemicals division.

The development of the oil resources of Canada has assumed new importance with our defence program placing increasing demands on available supplies. The petroleum division is doing everything possible to increase our own production and to work out with the United States authorities a satisfactory distribution of North American supplies. Since the division has been in operation, a survey has been made of tubular steel requirements in this country and a system of allocation set up to fit in with United States procedures. Canada was granted an allotment of 13,000 tons of steel for the oil industry for the third quarter of 1951, and distribution of this will be supervised through the Calgary office. A system of reserve supply depots, and the method of withdrawal from these depots, have now been established and will go into operation on July 1.

The division has also worked out, in co-operation with the United States authorities, a system of allocation of tetraethyl lead to Canadian refiners in order to conserve supplies and build up inventory. In addition to a number of surveys on the supply and consumption of certain petroleum products, the division has given assistance to the industry in obtaining materials for urgent projects already under way.

Some weeks after the department was in operation it was decided to establish a pulp

and paper division. The main reason for this move was the likelihood of some international allocations being recommended by the international materials conference.

The pulp and paper committee of this conference has now recommended one allocation of newsprint to France and it is possible that there will be others during the next few months. I think that no one will quarrel with the desirability of North America assuring that our allies have at least minimum amounts of newsprint available in order to combat the claims of communism. It seems that in the free countries where communism is the greatest threat, the communist papers in one way or another get newsprint. It is important that we ensure that the free press of these countries also secure supplies.

As I mentioned, the international materials conference has recommended an emergency allocation of 3,000 tons of newsprint to France, 2,500 tons of which is to be supplied by Canada. I have, under the powers granted me by the Defence Production Act, instructed the director of the pulp and paper division to make an equitable levy on all Canadian newsprint producers for the purpose of providing the aforesaid 2,500 tons of newsprint. This purchase will be made by the Canadian Commercial Corporation, on behalf of France, at prices not inconsistent with contract prices prevailing in North America, but having regard to any additional costs involved in this transaction.

I do not believe that it will be necessary to divert a large tonnage of newsprint from North America in order to satisfy these emergency requirements, but with our mills already over-committed it is obvious that North American users, who are by far the heaviest consumers of newsprint, must expect some cutback in order to provide this tonnage. Every precaution will be taken to requisition in such a way as to minimize the impact on producers and consumers in this country.

I have left the priorities division to the last because so much of its work cuts across that of other divisions in the department. One of the major tasks of the priorities division has been to see that Canadian requirements on the United States economy are fully recognized when it comes to the allocating of materials, components, and productive capacity by the United States authorities. So far, the single band "defence order" priority rating system has been used in that country, and its use has been extended to include defence-supporting and essential civilian requirements in addition to defence contracts. This has placed undue pressure on the defence order system, and plans are being made in the United States to introduce a controlled materials plan to regulate material requirements in a more equitable manner. There has been a good deal of delay and uncertainty about the controlled materials plan in the last few weeks, but I would like to say at this time that Canadian officials have done everything possible to try to minimize the effect of this on Canadian industry.

Some of the difficulties have arisen from the fact that decisions on policy implementation and operations have not been forthcoming from the United States national production authority in sufficient time to meet the original plans, and a great deal of confusion at the industry level has ensued. Canadian firms have been subjected to misinformed requests from their supplying firms south of the border. A number of stop-gap methods have been employed in national production authority to avoid dislocations in important defence supporting industries, and in general we have been successful in arranging for parallel measures to be applied to the corresponding Canadian industries in respect to their United States supplies. For example, there is conflicting advice as to what steps will be taken in connection with the truck manufacturing industry in the United States. The necessary information has been obtained from the Canadian automotive industry, so that their priority interests can be protected quickly, no matter which way the situation moves in the United States.

During this unsettled period, it has been most difficult to put in final readiness the rather comprehensive administrative procedures which will be necessary, assuming that controlled materials plan comes into full operation in the United States. It would seem most inadvisable to put any method of operation before Canadian industry until such time as we can be sure that it affords at least a relatively satisfactory short-run basis of operation.

My colleague, the Minister of National Defence, has described in some detail the program of the armed services. It is the role of the Department of Defence Production to ensure that the armed services have the equipment and supplies that they require. In the remarks which I have just made, I have indicated how the department is organized to procure these supplies. I have referred to the three main branches of the department and to their various programs. I have touched briefly on our activities in the international field. I have mentioned some of the inducements which we are using to encourage production in Canada of articles or commodities that are needed for the

defence program. I have said previously in this house, and in other public statements, that I am satisfied that we can fulfil the program on schedule. I have admitted that we could not carry out this task without the complete co-operation of Canadian industry, but that is a co-operation which we have enjoyed in the past, and I have no doubts as to the role that Canadian industry will play in the future.

There is another important element in the defence production program, and that is manpower. We have a tight manpower situation. As civilian producers, with exceptionally heavy stocks, run into consumer resistance, they may find it necessary to cut back staff. I am satisfied, however, that such personnel will be absorbed quickly into defence or defence-supporting industries. There will be minor dislocations, but I am satisfied that there is sufficient labour of the right kind in Canada to support our defence program as well as a flourishing civilian economy.

Mr. Drew: Mr. Chairman, I feel sure all hon. members will welcome the minister's comprehensive review of the organization of this new department, and the plans it has under way for the expansion of our necessary defence production. In effect, the extensive and complete analysis by the minister of the work of his department constitutes what might ordinarily be described as a white paper on that subject.

Quite apart from any discussion we may have later in regard to details, the review is one which places clearly before us and before the people of Canada the general organization of the department and the nature of the activities that are being undertaken. I am satisfied that all hon. members—at least I hope they will—agree with the minister as to the capacity and the ability of our industrial organization, both at the management and the workers level to meet the production demands which are being set as the target of the plans of this department.

The minister has explained the concentration of production in the two central provinces. He has indicated that to a certain extent this is made necessary by the experienced management and technical skills possessed by the workers themselves, which have been built up over many years, and that it is necessary to make use of those skills. On the other hand I would point out that much of the production will be in completely new lines. I can understand the necessity for using existing skills in relation to production which is already under way. But in new types of production every effort should be made to decentralize that production and to locate the new plants in those parts of Canada which up to the present have not been called upon to accept the responsibility for any substantial part of our defence production.

I believe there is a reason for that which goes beyond either the desirability of decentralization as a principle in itself, or the very reasonable request that is made by the provinces to the east and the west of the central provinces that they have a share of the employment and production which is paid for out of the common funds raised by taxation from all the people of Canada. That additional reason, I suggest, is very important.

Unless there is decentralization it becomes necessary for many people to move from the maritime provinces or the western provinces to central Canada simply because of the expanded requirements for employment in those areas. That means, first of all, the movement of people, under the compulsion of employment, to places other than the communities in which they have lived and in which their intimate associations have been established.

What is still more important is that in a great many instances it means the necessity of leaving the homes they have built up in those communities which they have chosen as the communities in which they wish to live. This being so, I think it will be to the advantage of Canada, and add to the satisfaction of the people and to the generally favourable employment conditions of the workers, if, so far as possible, new production should be moved to the locations in which the workers are living rather than to new locations of employment.

I repeat that I recognize the weight of the argument that in some types of production, where long-established skill is necessary, it follows naturally that there must be an expansion of existing production. On the other hand, in relation to all new types of production every effort should be made to establish plants in Newfoundland, the maritimes and the western provinces, knowing as we do the ability of our people to adapt themselves to new undertakings.

After all, we learned during the last war that people from every part of Canada had an extraordinary capacity to adapt themselves to new skills and new types of production. We had never made anything like radar before in this country, and yet our radar equipment, manufactured not only by people native to the central provinces but also by people from other parts of Canada who came to those central provinces, became recognized as the equal of any radar equipment made anywhere else in the world. I mention radar because undoubtedly in the field of electronics as well as in the field

of general production it calls for as high a measure of skill as could ever be required.

Since men from the maritimes and western Canada were able suddenly to adapt themselves to this type of work in plants in central Canada, we are faced with conclusive evidence that if plants were located in the maritimes and the west they would be able to develop the same type of skill with the same speed as was shown previously.

The minister has referred to the efforts that are being made to obtain general co-operation from those who will be responsible for our production. He has indicated, and I have expressed my own hope that all members will agree, that there will be no doubt about the wholehearted co-operation of all Canadians in any steps that are made necessary by the emergency which we face. There can be no doubt that Canadians will accept any challenge that may arise, so long as that challenge is presented to them in clear and understandable terms which will indicate the necessity for whatever they are called upon to do.

I intend later to join in some of the questions which will be asked about the different aspects of defence production, but I wish now to deal with a subject which I believe is of major and compelling importance; and it relates to the announcement just made by the Minister of Defence Production. The minister has spoken of our skill, existing and potential. He has spoken of our tremendous industrial capacity, existing and potential. Our skill and the skill of other industrial nations throughout the free world is going to depend, not only upon our ability to produce and the plans that are made for production, but also very largely upon how far we achieve real co-operation between those nations in the types of production which they carry out.

Shortly after the end of world war II many of us had high hopes that the lessons of that war in regard to the importance of the standardization of equipment, particularly of the calibre of weapons, would be accepted, and that we would not again have the confusion and waste, or even worse, which can result, and in many cases which did result, from non-standardization among armed forces which were working in closest co-operation with each other. Many statements were made which caused the people of the free world to believe that decisions had been made to go ahead with effective standardization. Sometimes the importance of the standardization of the calibre of weapons, even more than of the types of weapons, is hardly recognized in the general discussion of this subject of international co-operation.

Important as it is from this point of view that standardized weapons be used by armed forces which are called upon to work together in the very closest co-operation, there are other considerations which are even more important. In the first place, if we have different types of weapons and different calibres of weapons employing different types of ammunition, obviously the men who will be called upon to stand side by side in the defence of freedom will require different books of instructions to tell them how to carry out the duties they are to perform in such close physical association. But there is something infinitely more important than that. If we have different types of weapons that in itself creates supply problems, creates difficulties in instruction, and in the end possibly difficulties in drill itself. If we have similar calibres of rifles, machine guns, mortars, rocket launching weapons, guns for aircraft, guns for ships, artillery pieces, and so on, we shall be able to have standardized production of ammunition.

This is tremendously important, because in the end it is the ammunition that does the job. The weapon is merely a device by which the ammunition is projected to the points to which the whole military plan calls for its application. Each weapon, whether it be rifle, machine gun, mortar, rocket launcher or artillery piece, is like a huge tap through which, once it is put into active operation, a flow of ammunition continues to flow in enormous quantities. The moment we accept the proposition that we are not going to have similar types of weapons, we accept also the fact that we must have different types of ammunition, with resulting supply problems in handling the ammunition requirements of the forces that are working together in a common cause.

I raise this question today because of a discussion which took place yesterday in the House of Commons in Great Britain. It was indicated definitely by the British Minister of Defence that their government has made a decision to proceed with the manufacture of rifles and small arms of a different calibre from that which the United States is to produce. The Minister of Defence Production has indicated this morning that it is the intention of the Canadian government to proceed with the production of small arms and other weapons of the same calibre, and I assume of the same type in most cases, as are being used by the United States armed forces.

I am not questioning the necessity for such a decision. The main thing is there must

be a decision to produce equipment which can be used most effectively by the forces engaged in a common defence effort which we all still earnestly hope will preserve peace where it exists and restore it in those areas where there is now real war. The hope of peace—and our thoughts should be concentrated on that reason for what we are doing—largely depends upon the effectiveness and efficiency of the efforts that are made, not by Canada alone, not by the United States alone, not by Great Britain alone, not by France alone or by any other country acting alone, but by all the free nations working together to put the skill and the vitality of the energy of their people to work in one common cause in such a way as to produce the best results. The thing which will be most likely to deter the men of the Kremlin from any aggressive act which would precipitate another holocaust on the scale of a world war is the knowledge that all the immense skill and productive capacity which they envy, and which they fear as much as and perhaps more than the atom bomb, is being put to work to achieve the greatest possible result. Failure to standardize weapons will in itself be something very encouraging to the men of the Kremlin.

It is not our right, and it is certainly not our duty, to criticize the action of any other government with respect to the domestic affairs of the country in which that government has its responsibility. But when it has to do with matters in which we have a common interest, then I submit we not only have the right but the duty to say what we think should be done to achieve the best results in the common cause in which we are engaged. I do not think it is necessary at this stage for us to determine who is or is not to blame. What we are confronted with is the real and alarming fact that a dangerous, frustrating and possibly disastrous decision appears to have been made. It is not only the right but the duty of hon. members of this house, as well as members of the British House of Commons or of the congress of the United States, to indicate in the clearest possible terms what they think will best contribute to the combined strength of those nations which are associated in one of the greatest causes in which they have ever been jointly engaged.

It is not too late for those decisions to be changed. It is not yet too late for the governments of the United States, the United Kingdom, and all the Atlantic powers, as well as the powers generally associated in the United Nations, to meet and discuss this vitally important subject, because production is not yet far advanced in these new types of weapons. According to a Reuters dispatch appearing in the press of Canada today, in answer to a definite question the Minister of Defence, Mr. Shinwell, definitely stated in the British House of Commons that the British government has made up its mind to produce small arms—rifles and machine guns —of ·280 calibre as soon as possible. In response to further questions which were asked on that point, Mr. Shinwell expressed the opinion that there perhaps need be no great cause for concern as to the effect of such a decision on the close co-operation of the defence forces of the commonwealth in the years ahead.

As a Canadian and a member of the Canadian House of Commons, and expressing my opinion as a Canadian with an interest in the joint effectiveness of all our plans for defence, I submit that this is a misconception of what the consequences will be of such a decision. I am not suggesting that the fault lies with the government of the United Kingdom alone. It may well be that the fault lies equally with the government of the United States for failure to standardize. That is not for us to say; but I suggest it is for us to say that, no matter who is to blame for the failure to standardize so far, we in this house want to see that measure of standardization which will produce the maximum effectiveness of the armed forces we are called upon to raise.

I do not think that the Canadian government is called upon to accept silently any decision of that kind. As an increasingly important member of the Atlantic community and the whole community of free nations, Canada is perhaps in a better position than any other nation today to say to the two leading nations of the west that we want to see standardization come before it is too late, and to urge that we have further meetings and try to avoid the conceivably disastrous consequences that might result from a decision of this kind. The failure to standardize small arms, artillery pieces, rocket launchers, mortars and other projecting equipment of all kinds might mean the difference between victory and defeat if unhappily we are ever called upon to resort to force of arms to defend our freedom.

I have raised this question today, Mr. Chairman, because a very real danger now confronts us. The United States has announced its decision to produce ·300 calibre rifles and machine guns. The government of the United Kingdom has announced its decision to produce rifles and machine guns of ·280 calibre. The government of France has announced its decision to manufacture rifles and machine

guns of 7·5 millimetre calibre. Other nations are making similar decisions, wholly inconsistent with that measure of co-operation which is essential if the western powers are to attain the combined strength which will preserve peace simply by the fact of its existence. In our early childhood we all learned the story of what happened in the building of the tower of Babel. This is not the building of a tower; it is the building of a great bulwark to preserve our civilization and that of the whole world, and this decision might have terrible consequences. In any event the consequences could be very serious in the confusion and inefficiency in the production of munitions.

I think it is appropriate for us to say to our own people, and also to point out to the nations associated with us in the Atlantic community, that we on this side of the Atlantic have one great advantage that geography has given us. We have the defence barrier of the Atlantic ocean. We have the defence barrier of the Pacific ocean. Yes, though distances may be diminished month by month through the increased range of aircraft, we still have the powerful barrier of the Arctic wastes between us and the only enemy in the world that threatens us or any of the free nations today. If we should come to the terrible necessity of employing these forces for the defence of freedom, we know that this North American continent is of vital importance, not only to ourselves as a source of production, but also to the other nations associated with us in this common cause. We have the skill that has been developed here; and when I make that statement I would not want anyone to think I was forgetting the vast accumulated skill of the nations of Europe and Asia associated with us in this effort. But the very fact that there are oceans and Arctic wastes protecting us gives us an advantage which should not be ignored by any of the nations which are closer to the immediate actual threat of armed force.

Everyone knows what happened in the last world war. God forbid that events of that kind should be repeated. We are building our defences in the hope they will not be repeated; but in building those defences we must recognize the eventual possibility that these arms, and the men who carry and handle them, may have to be employed in military action. With the tremendous and truly appalling increase in the destructive power of weapons of all kinds, it is not beyond the realm of possibility that there might be serious dislocation of production throughout the nations of Europe and also in the British isles, even though the armed forces opposed to us were not able to move forward one inch.

With that thought in mind it seems to me that without being called upon simply to accept without question the decisions of other nations, the government of the United Kingdom and the governments of the countries of Europe might, with great advantage to themselves and to us, examine the importance of having weapons of all types of the same calibre as those which will be produced on this continent. The time might come when they would have to look very largely to this continent for continued supplies of ammunition for the weapons they have produced; and I think we have a right to say that in this common cause, no matter what may be the underlying reasons for these varying decisions, every conceivable effort should be made to have weapons of the same calibre, and if possible of the same type, as those that will be produced and handled in North America.

What I have said is related mainly to small arms, but I have indicated that my remarks apply with equal force to all weapons designed to project ammunition toward an enemy, whether they be in the form of artillery, mortars, rockets, bombs from aircraft, or the new types of self-propelled weapons. The minister has announced this morning that we have adopted the 60 millimetre and 81 millimetre mortars to replace the 2-inch and 3-inch mortars we have used in the past. We are also to adopt the 3·5 inch rocket launcher. We are to produce 105 millimetre and 155 millimetre howitzers to replace the 25-pounder and 5·5 inch howitzer which have been standard up to the present. We are also adopting the 3-inch 50 calibre naval gun, which is a United States standard weapon. This indicates the extent to which we are adopting their standards. I am not now going to indicate all the consequences which might flow from that decision. I would point out, however, that this means a great departure; that it means the adoption of new books of instruction; that it means the adoption for the first time of equipment different from that which is being used by other nations of the commonwealth. Once you adopt new weapons and new books of instruction, it is not long before you adopt new types of drill, and there are other important consequences which may flow from that decision.

For these reasons I most earnestly hope that the views I express this morning will receive the approval of the government; and after all, we have had in recent days some satisfying evidence of agreement on other

subjects, though not as important as this. I would hope that no one in the United Kingdom or elsewhere would take it amiss if we Canadians, associated with them so closely by ties of blood, of sentiment and history, say in complete frankness that without regard to the reasons for these decisions, and without regard necessarily to what may be the ultimate decision, every effort should be made to standardize all types of weapons, at any rate as far as calibre is concerned, so that the armed forces of the free world may attain the very highest measure of combined power.

Mr. Croll: Does the hon. gentleman appreciate the fact that we had to make a decision?

Mr. Drew: In the earlier part of my remarks I said it was necessary for us to make a decision. The reason I am making these remarks is that it is still not too late to get uniformity. Only yesterday it was indicated in the British House of Commons that, while a decision has been made, they are only now starting with the production of new types of weapons. We know we have not yet started on the production of these new weapons; therefore it is still possible, if the nations will get together, to achieve that measure of standardization which I am sure the hon. member who has just spoken, and who had very real service in the last war which gives him expert knowledge of this subject, will regard as important.

Mr. Croll: Will the hon. member enlighten the house as to the reasons and motives that led Britain to go one way, and the United States to go the other way, with respect to munitions and weapons? I was following him closely, but there would seem to be some reasons which do not appear on the surface.

Mr. Drew: That is one place in which the Minister of Defence Production is in the best position to enlighten us. I said that no matter what the motives might have been, no matter what the reasons might have been, in regard to a decision of such vital importance, I believe Canada should, if necessary, take the lead in asking that all nations reconsider their decisions. This should be done without delay, so that the tooling up shall not proceed to such an extent that we will perpetuate confusion and inefficiency in an effort of this kind.

It is not for us to impute motives or to try to interpret the motives of other governments. It may well be that the Minister of Defence Production is in a position to say what reasons the governments of the United Kingdom and the United States have given for not coming to an agreement. I recognize that the Canadian government cannot, by its own unilateral action, assure standardization between those nations, which are the two leading nations of the free world. What I am saying is that leadership can be given by the Canadian government by expressing, in the most unqualified terms, the concern of Canadians generally, as well as of the Canadian government, about this lack of standardization, and by inviting the other nations to meet, particularly the United States and Great Britain, to seek a basis of understanding on this vitally important question.

I would remind hon. members that we were given great hopes, in speeches made both in this house and elsewhere during the past few years, that there was to be effective standardization. The member for Spadina has asked a question in regard to motives. I am not going to seek to interpret or explain the motives of another government. It was my intention, however, to refer to an aspect of this problem which I regard as far from reassuring.

Mr. Croll: Perhaps I should have used only the word "reasons". I was not looking for motives.

Mr. Drew: I was not taking exception to the word. I take it we are all hopeful that whatever the reasons were, those which others will put forward may still have some results. After all, that is the vital power of democracy. One of the things that was learned during the last war was that the greatest weakness of Germany, and our most powerful weapon, was that no one in Germany could criticize a decision which produced unsatisfactory results. Perhaps our strongest weapon, perhaps stronger even than the atom bomb, is our right to speak as free men and women, before it is too late; to say that certain things should be done, if in fact those things should be done.

Before leaving this subject I wish to refer to a related matter, because it is one with which some of the younger members may not be as familiar as some others who have had occasion to recall things that have happened in the past. I hope that the fact that there are private profit interests involved in the production of some weapons has had no part in any decision which has been made. When I make that statement may I, in view of the tendency that there is to oversimplify statements of the kind, say that this is no new thought of mine, as many hon. members know. My firm belief that weapons should be made only in government plants, or in plants supervised or operated by the government, is one which relates not only to

efficiency of government production, but also to the dangerous consequences that may follow where private interests are involved in the production of materials which have no normal market of any kind, which can only be sold to governments and should be produced only on the basis of a careful decision of the government itself as to what the requirements are.

I believe it was a great step forward when Canada made the decision to produce small arms and other weapons in government arsenals. That decision was made in the early stages of the last world war. The principle, however, had been accepted many years before. There was established near Toronto the Canadian Arsenals Limited, small arms division. There was established at Longueuil many years ago the Canadian Arsenals Limited, gun division. The small arms arsenal at Long Branch was designed primarily to produce rifles and Sten guns, and is of course capable of producing machine guns and other weapons of that kind. The gun arsenal at Longueuil was designed both as a pilot and a research plant, as well as a producing plant, to make artillery pieces.

Mr. Chairman, I can conclude in a few minutes, but if you now wish to call it one o'clock, I shall conclude within a few minutes after we reconvene.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

By leave:

WHEAT

ANNOUNCEMENT OF CARRYING CHARGE UNDER INTERNATIONAL AGREEMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Chairman, I should like to ask the unanimous consent of the committee to make a statement about an international agreement. The statement is timed for this hour, and I hope the committee will give me permission to put it on *Hansard*.

Some hon. Members: Agreed.

Mr. Howe: I would like to make an announcement to the house in regard to wheat. Article VI of the international wheat agreement provides that the basic minimum and maximum prices under the agreement are exclusive of "such carrying charges and marketing costs as may be agreed between the buyer and seller."

The Canadian wheat board is of the opinion, and the government concurs in the view, that under conditions now prevailing a carrying charge should be added to its selling price of wheat under the international wheat agreement, effective on sales which will be registered with the international wheat council for the crop year 1951-52. The international wheat council is meeting in London, England, this week, and the Canadian representatives have conveyed the board's decision to importing countries represented at the meeting. The carrying charge which will be added to the board's international wheat agreement selling price is six cents per bushel, and will apply on agreement sales for registration in 1951-52. The board will today commence 1951-52 sales under the agreement.

I might add that, owing to commitments already made, the carrying charge on international wheat agreement wheat will not apply on the balance of deliveries or sales of wheat which have been or will be registered against 1950-51 agreement quantities.

It is my information that the other principal exporting countries participating in the international wheat agreement, namely, the United States and Australia, will initiate a similar policy in regard to carrying charges on wheat sold for 1951-52 under the international wheat agreement.

Since the board's selling price for domestic consumption in Canada is the same as the price at which it sells wheat under the international wheat agreement, the six cents per bushel carrying charge will apply on domestic sales. Effective immediately, the board will add a carrying charge of six cents per bushel to its domestic selling price.

The Chairman: We will now revert to the item under consideration at one o'clock.

SUPPLY

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

DEPARTMENT OF DEFENCE PRODUCTION

76. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $5,000,000.

Mr. Drew: When the committee rose this morning I was discussing the two government arsenals, one near Toronto and the other at Longueuil. Having regard to the fact that Canada and the other industrial nations associated in the Atlantic pact are preparing to build defence forces which may require many changes of weapons over the long period during which this emergency is likely to continue, it is of the utmost

importance that the small arms arsenal near Toronto and the gun arsenal at Longueuil should be operated by the government.

I regret that the government has announced that it intends to place the gun plant at Longueuil under the control of a private manufacturer and is permitting its use for the fulfilment of a private contract. That is clearly inconsistent with the policy established by this government, a policy which was first declared as the Canadian policy in regard to the production of weapons by the Conservative government led by R. B. Bennett. That policy has therefore been generally accepted on both sides of the house for many years. I hope the government will reconsider its position and decide that the guns to be made at Longueuil—and I am not suggesting that they should not be made there—will be made under government direction and control. I hope that the government will declare that it intends to continue the policy that weapons, as distinguished from general defence requirements, which in most cases are the by-product of normal civilian production, will be made in government arsenals, or in plants operated directly under government control.

I do not intend to enlarge upon the demonstrated danger of the activities of those who try to stimulate sales, or try to change the decision of governments as to the types of weapons they will use. The evidence in regard to that is all too clear over the years that have passed. I am satisfied that it was in recognition of the evidence to that effect that two succeeding Canadian governments of different political persuasion stated their belief that weapons which only have a military use, and have no normal market, should be made either in government arsenals or in plants operated fully and directly under government control. I leave that subject hoping that we shall receive reassurance on that score.

The people of this country are to be called upon to spend very large sums for their part in the defence of freedom. I am sure that they will willingly accept any burden imposed upon them which they believe to be a necessary part of our participation in that extremely important undertaking. I do think, however, that there is a sentiment, held very largely throughout Canada, that at a time when sacrifice for the defence of freedom is demanded not only of those who will contribute financially in the form of taxes or otherwise, but also of those who give personal service in the armed forces, that sacrifice should not be balanced in any way by profiteering on the part of those who are in a position to gain advantage because of the necessity for the sudden expansion of our producing capacity for the needs of this time. That is particularly true of equipment which is strictly of a military character, such as rifles, machine guns, artillery pieces, naval guns, rocket projectors, mortars and everything of the kind. I am sure it would give the people of this country a great measure of confidence in our own participation if that policy were strictly adhered to. I think also it would be an indication on our part that while we do not presume to interfere in the decisions of any government in regard to its domestic responsibilities, this country is very definitely against profiteering in the provision of the weapons of defence or war.

To refer back to what I said earlier about standardization: Whatever the reasons may be for failure to agree upon standardization, I do in all earnestness urge upon the Canadian government the immense importance of doing everything within its power to bring about the reconsideration of those decisions which could very well have disastrous consequences for us and for all the nations of the Atlantic community. It is not yet too late to step back from unwise decisions to make weapons of different calibres and different types in those countries which are seeking to combine their forces in Europe under General Eisenhower and elsewhere under combined commands.

I believe that Canada, making it clear that we follow policies in which no self-interest could be shaping our course, policies which have been clearly declared in the past, would be able to invite the nations to reconsider this matter, and perhaps in a way that no other nation could at the present time. If this emergency is as real and as great as it has been pictured to us, then no stone should be left unturned to give to the nations of the free world the greatest strength they can possibly have. Canada at this time can give leadership that may have tremendously important consequences for us and for all mankind in the years ahead.

Mr. Thatcher: Mr. Chairman, I welcome this opportunity to take part in the debate on the estimates of the Minister of Defence Production. I think most people in Canada will be pleased to have received the minister's statement. Some of us are at times not very happy with the methods the minister uses, but I think all Canadians will agree that he does seem able to get things done.

I must say, however, that in these two and a half months as head of the Department of Defence Production, the minister has not shown up quite as well as he usually does. He has not displayed his usual business acumen or his customary ability to get men

working for him. It seems to me that the chief task of the Department of Defence Production is to rearm Canada, to provide our three services with arms, equipment, and weapons, so that they may defend our country in the event of armed aggression.

From the figures the minister gave this morning, it is obvious that some progress has been made in that direction. I say however that infinitely more could be accomplished, if the minister would agree to change certain major, basic policies in his department. I believe it can be said that today in Canada only two of our provinces are producing for our defence effort at anywhere near full capacity. It seems to me that the minister today could be likened to a farmer who has on a wagon a heavy load to be moved. He owns eight or ten horses with which to move that load, and the harness required to harness the whole number. I believe most of us would consider that farmer very silly if, with his eight or ten horses, complete with harness, he decided he would use only two to pull the load. Most of us would think that farmer crazy if he made only two horses do the work—and then in addition held the reins so tightly that their progress was impeded.

Yet that is precisely what the minister is doing in his department today. He is acting like that farmer, because he is preventing seven or eight of our provinces from playing their full part in the defence effort. He is making use of only two, perhaps three, of the provinces.

Mr. Benidickson: Half a horse?

Mr. Thatcher: I say that even with the use of our total capacity, the use of all the factories and resources we have, we shall be most fortunate if we are able to rearm in time, and to prepare ourselves for possible aggression. But surely if we use only part of our capacity our chances of being prepared will be considerably less than they otherwise would be.

I say the people of Saskatchewan, Alberta, Manitoba, Newfoundland, Prince Edward Island, New Brunswick, Nova Scotia and British Columbia are just as patriotic as those in central Canada, and just as anxious to play their part in this defence effort. They are anxious to do something to help Canada rearm, and to prepare against aggression. All they ask is that the minister give them a chance to use their plant capacity more adequately.

Perhaps the minister is not a farmer, and the analogy to which I referred may have little meaning for him. So that he may understand my point, let me express it by a mechanical comparison.

Mr. Howe: About the half horse, do you mean?

Mr. Thatcher: I would compare his new department to a new car. The driver is at the bottom of a steep hill. Would the minister not agree that the driver was not too bright if he got out of the car and disconnected six of the eight cylinders before attempting to climb the hill? But he is doing precisely that in rearming Canada today. He is only using two out of a possible ten cylinders. He is using fully the plant capacity of only two of our ten provinces.

What I shall say this afternoon applies to six and possibly eight of the provinces of Canada. I shall deal with only one aspect of the minister's speech, and that is his program for the diversification of industry. Since the beginning of this session I have often and consistently maintained that the minister has not been giving the outlying provinces their fair share of defence production contracts. I have suggested particularly that Saskatchewan is not getting its share. On numerous occasions the minister has promised to bring to the house figures to show that these outlying provinces are getting their share. I was disappointed this morning therefore when I heard the minister speak for the most part in platitudes; he did not give us any basic figures to refute the charges made earlier in the session. I think he told us this morning that the prairies' share was "quite reasonable" and he said that "Saskatchewan had not been overlooked". I shall maintain, and I think I shall prove this afternoon, by using figures which the minister's department has supplied to me, that these provinces are not receiving their fair share of defence contracts, that they are not receiving their fair share of defence industries. I say that the minister's attitude toward my province is arbitrary, unfair and unwarranted. If he continues to allocate defence contracts in the way he has done in the past, he is going to weaken the defence effort of this nation and he is going to sap away the strength and population of important segments of this country.

Some two or three days ago in the public accounts committee Mr. Low, who was previously the head of the Canadian Commercial Corporation, presented us with a break-down of the contract figures for the past fiscal year.

The Chairman: That committee has not reported and the hon. member should not refer to its proceedings.

Mr. Thatcher: I simply wanted to put the figures on the record.

Mr. Wright: These figures are a matter of record in the public accounts which have been tabled in this house.

Mr. Thatcher: I think I am in order in quoting these figures. As I say, they are for the past fiscal year. I shall give the figures in thousands only.

The Chairman: In that case the hon. member would be in order.

Mr. Howe: To what year is my hon. friend referring?

Mr. Thatcher: It would be 1949-50.

Mr. Howe: We are told that these figures were quoted in the public accounts. Can the hon. member give me the page in the public accounts?

Mr. Thatcher: I am sorry I cannot do that because they were only presented at the last meeting and the minutes have not been printed. They are Mr. Low's figures and I am sure the parliamentary assistant has them.

Mr. Howe: The chairman has ruled out of order reference to figures given in the public accounts committee, which committee has not reported to the house as yet. The hon. member for Melfort stated that the figures were contained in the public accounts; which is correct?

Mr. Thatcher: I do not blame the minister for being ashamed of them, but these are the defence contracts by provinces, which were allocated during 1949-50 in round figures:

Newfoundland	$ 471,000
Prince Edward Island	1,491,000
Nova Scotia	7,334,000
New Brunswick	2,097,000
Quebec	81,055,000
Ontario	89,401,000
Manitoba	9,600,000
Alberta	9,576,000
British Columbia	8,356,000
Yukon	3,409,000
Saskatchewan	769,000
United States	3,672,000
Britain	5,261,000

What does that mean? It means that in the year under discussion Saskatchewan got only a little more than three-tenths of one per cent of all the contracts which had been let by the Canadian Commercial Corporation. As if to add insult to injury we find that Yukon got five times as much as the whole province of Saskatchewan. Would any hon. member, regardless of his politics, suggest that that is a fair allocation of contracts? The minister may say that Saskatchewan "has not been overlooked", but certainly in that year Saskatchewan did not get its fair share. Let me proceed. When this session opened I put a question on the order paper and I should like to place again on *Hansard* the questions I asked and the answers that were given, and I quote from page 451 of *Hansard* of February 19, 1941. I asked how many of the 80,000 contracts awarded in the first nine months of the current fiscal year with Canadian industry were placed in the various provinces, and their dollar value, and this is the answer that I received:

Yukon	$ 254,000
British Columbia	33,574,000
Alberta	6,707,000
Saskatchewan	450,000
Manitoba	6,667,000
Ontario	214,436,000
Quebec	154,055,000
New Brunswick	5,468,000
Nova Scotia	23,003,000
Prince Edward Island	329,000
Newfoundland	402,000

In those nine months my province received one-tenth of one per cent of the defence contracts. The minister got up in the house and said that these figures represented only post office locations, and thus did not give the true picture, that they signified little. Perhaps they did not signify much to him, but I can tell him that they certainly signified a good deal to the people of my province. They signified rank discrimination against Saskatchewan.

A month or so later I placed another question on the order paper in order to try to have these figures brought up to date, but I was refused a break-down. The parliamentary assistant told me that the request was not a fair way to break down the figures, and therefore he did not think it would be in the public interest to bring in the return. It may not have been in the interest of his department, but I think the people of my province and of other parts of Canada were very interested in such a break-down. As far as I can see, the only reason they were not presented in that way was that the parliamentary assistant and the minister were a little ashamed of them.

Now we come up to the time when the Department of Defence Production was set up some two and a half months ago. I asked the Minister of Trade and Commerce another question on February 20, as reported on page 496 of *Hansard*:

> Can the Minister of Trade and Commerce give any assurance that in future the prairies and the maritime provinces, and I refer particularly to Saskatchewan, will be given greater consideration in the allocation of defence contracts?

If I may presume to say so, the minister very facetiously answered me in this way:

> That is rather like asking a man if he will stop beating his wife. We endeavour to distribute defence purchasing as equitably as possible as among all sources of defence materials. That has been and will continue to be our policy.

I ask the minister if I am to take from that statement that Saskatchewan will continue to receive only one-tenth of one per cent of defence contracts in the future? When the Department of Defence Production came into being, the parliamentary assistant was kind enough to supply me with details of the various defence contracts placed as they were released every two weeks. Those of you who have gone through these will know that there is no provincial break-down and that the totals are not included. I wonder if that is done for obvious reasons? The first departmental release was for the period April 1 to April 15, and the only contract awarded in Saskatchewan was for fuel oil at Prince Albert in the amount of $27,500. The next one was for the period of April 16 to April 30. Not five cents out of a total of millions of dollars was awarded to my province. The next release was for the period May 1 to May 15. Again there is not one five cent piece for the province of Saskatchewan. A release termed "No. 3" for the same period also showed not one five cent piece for Saskatchewan.

Then we come to the latest figures which I was able to obtain only yesterday, "release No. 4", which shows a contract to W. C. Wells Construction Company, Saskatoon, Saskatchewan, for the building of an airport in Alberta. We are grateful to have that contract, but it will be admitted I think that the men who will be employed will come mostly from Alberta. That contract is not going to mean an awful lot to the economy of my province.

Mr. Low: We should have had it ourselves.

Mr. Thatcher: Let me sum the matter up. Despite the figures which the minister gave this morning, only two contracts out of 415 have been placed in the province of Saskatchewan since his department commenced operations. Possibly there are later figures, but according to those which I obtained yesterday, at this date only two contracts out of 415 have been placed in Saskatchewan. If that is treating the province of Saskatchewan in "a reasonable way", as the minister suggests he has been doing, then I think the minister had better check his dictionary.

There is one other aspect I feel I should mention at this time. People in all walks of life are concerned about this matter in my province. Resolutions are being passed by trade unions, boards of trade and city councils. I hope my good friends from Saskatchewan who are in the Liberal party will also take exception to this discrimination.

Mr. Ferrie: They built an airport at Moose Jaw, and they are sure taking exception to that.

Mr. Argue: Are you opposed to that?

Mr. Thatcher: I suppose it is fortunate that some members object once in a while. There is an old saying that the squeaky wheel usually gets the grease. I remind the committee again that in every case these figures I have used today have been supplied by officials of the minister's department. Possibly some hon. members will say, as the minister has said, that Saskatchewan has no industrial capacity, or that the other prairie provinces and the maritimes lack such capacity. I have looked through some of these contracts, and I note that many of them are for food, meat and dairy products. There are contracts let to Canada Packers in Toronto, Canada Packers in Montreal, and Bordens in Toronto. Surely these are products that we could produce economically in Saskatchewan. We have clothing industries out there. We have lumber and saw mills. We can produce boxes. We have an oil industry. We can produce petroleum products both at the initial and refined stages. We have a brick plant. Surely if the minister and his department are genuinely interested in this problem there are many things they could do to diversify industry. Certainly the department is not using the industrial capacity we have there now.

Are there any particular reasons why parliament should be interested in the giving of more defence contracts to outlying parts of the country? I humbly suggest there are numerous reasons why every member of the House of Commons, regardless of his politics, should try to see that the outlying provinces receive fair treatment in this regard. In the first place there is a great need for the dispersal of industry for reasons of defence. For the most part our present industrial capacity is concentrated in the two central provinces. If there should be war, and the enemy had any kind of an air force at all, with four or five well placed bombs on the hydro plants of eastern Canada our whole industrial capacity could be wiped out overnight. If we can believe our United States friends to the south, about thirty per cent of any attacking group of bombers is all that can be stopped in a concentrated air attack. That means the other seventy per cent can get through. Therefore I think Canada's industrial capacity is very vulnerable to air attack at the present time. Surely it would be senseless to add to that concentration and make it worse.

I suggest to the minister that the nation as a whole would benefit if he would put some of these industries in other parts of the country or help to build up the ones presently existing by giving them defence orders. I think the discovery of oil and gas in western Canada has been a great development, and will help our future industrialization. There is a good deal of scrap iron on the prairies on farms and elsewhere. In the last war most of our scrap iron was sent to mills in central Canada. Since that time, however, the freight rate has risen by 45 per cent, and from every indication it is probably going to go up a little more. Why should it not be sensible for the minister to give some metal orders to our plants in Regina, Moose Jaw, Saskatoon, Calgary or Winnipeg? We have foundries which I am sure could produce some kind of equipment if they were given the opportunity.

If the minister does not choose to do something for my province by way of defence industries, I am sure that we are going to see its population go down as it did during the last war. We are going to see many of our skilled young people drained out of the province to central Canada or to British Columbia, and I do not think that is in the national interest. I want to say once again that the minister's own figures make it clear beyond any shadow of doubt that up to this point Saskatchewan in particular, and the other prairie and maritime provinces, have been discriminated against in the awarding of contracts. The minister and his department have told me at various times that they always let defence contracts on a competitive basis. In many cases that is probably a wise thing to do, but with the freight rates as they are it means that very seldom can an industry in the west, or at the extreme end of the maritimes, compete successfully with central Canada if the goods are sold f.o.b. some Ontario point. I ask the minister why it would not be proper, reasonable and fair, to take tenders for these various contracts f.o.b. factory. In other words, if there is a factory in Regina competing with a factory in Toronto, make these contracts or tenders f.o.b. factory. That seems feasible to me. In that way we could avoid the discrimination which exists because of freight rates.

Even Saskatchewan newspapers, my good friends the Sifton press, are somewhat worried about this situation. The Regina *Leader-Post* of February 20, 1951, carried an article reading in part:

> Every possible support should be given to the . . . attempt to obtain more contracts and subcontracts to enable Saskatchewan plants to remain in operation. This time the arguments in favour of such a policy are unanswerable, and Ottawa will be short-sighted in the extreme if it blindly ignores them as it has in the past.

That is the Regina *Leader-Post* which is certainly not noted for its C.C.F. sympathies. I call upon the minister today to reconsider this question, and in the future to give greater consideration to these provinces in the awarding of defence contracts. If he does not do that, then perhaps I am biased; but I can only draw one conclusion therefrom, namely—that my province is getting no contracts because of its government's political colour.

Mr. Howe: I think perhaps I should answer immediately a statement that is so completely distorted as that made by my hon. friend.

Mr. Thatcher: Your figures.

Mr. Howe: I suggest the biggest industry in Saskatchewan is operated by the government as a defence industry, and that is the central ordnance depot in the city of Regina. Surely that must be contributing something to the economy of Saskatchewan because it is costing the federal government a few million dollars to keep it in operation. I point out to him that one of the most important defence efforts is the air training plan, and I point out that three of the largest schools under that plan are located in the province of Saskatchewan, and each school will be maintaining several hundred men in that province. The moneys involved in maintaining these men will be paid largely to Saskatchewan firms. It seems to me that will make a contribution of the type that Saskatchewan can take care of.

I might point out that some $4 million of contracts for airport construction has been placed there within the last month. My hon. friend is not willing to accept my statement that the addresses shown on tenders are not a complete disclosure of where the work is being performed. Yet he himself cites one against me when he says that a Saskatchewan contracting firm mailed a tender from Saskatoon, but the work was performed in Alberta. He does not admit for a moment that could happen in reverse, and is happening.

The hon. member expects us to place contracts with Saskatchewan firms. What industrial plant is there in Saskatchewan that is not working to capacity? We have placed orders for blankets there, as we have placed orders wherever we could find capacity. We have placed orders for boots there wherever we could find capacity. If there were capacity, Saskatchewan firms would be tendering on the contracts that go out from the department every day. The hon. member suggests as a remedy that the government purchase f.o.b.

factory and pay the freight. Let me tell him that if we purchased on that basis no Saskatchewan firm would ever get a contract; it would be just impossible. If we could buy in Toronto and deliver in Saskatchewan free of freight, those goods would be delivered at prices which would probably undersell any Saskatchewan firm. Firms in Saskatchewan have the protection of the freight charges from larger centres on goods consumed in the area. With three training schools, the ordnance depot and all the other war paraphernalia already in Saskatchewan or due to be there shortly the freight added to the tender price to points of delivery is a very important protection at the place of delivery. If we followed the hon. member's advice, that protection would be thrown out the window. That shows how utterly silly his advice to the government is in that connection.

Mr. Wright: On that point can the minister name one contract he has let in Saskatchewan which would not have been let there if freight conditions had been as he describes?

Mr. Howe: Yes, I can mention one; bread for the employees at the ordnance depot in Regina, or almost any supplies we buy for the troops that are or will be stationed in that province.

Mr. Wright: Bread could be bought more cheaply where?

Mr. Howe: Probably in Toronto.

Mr. Wright: And shipped out to Saskatchewan?

Mr. Howe: My hon. friend wants me to throw away the freight charges or absorb them. We try to buy what we can in every province. I have made a little analysis, and I find that of all the food purchases during the past year 56 per cent came from Ontario and Quebec, 20 per cent from the prairie provinces, 14 per cent from the maritimes and 10 per cent from British Columbia. Perhaps I had better give an analysis of the various fields of purchasing, which when added up give quite a different picture than the quotations of my hon. friend, which really referred to manufactured products. He must recognize the fact that 81 per cent of all the manufacturing production of Canada is concentrated in the two provinces of Ontario and Quebec. I suppose the industry and initiative of the people of Ontario and Quebec had something to do with establishing that pattern, but I believe climate and geography also had a good deal to do with it. Nevertheless we face the fact that 81 per cent of our manufacturing is in those two provinces. I think about 3 per cent is in the province of Saskatchewan, if my memory serves me right. I speak subject to correction, but that is as I remember the situation. We buy as well as we can and distribute our purchases as well as we can; and I think my hon. friend will find that with the central ordnance depot at Regina, with three air training schools in the province and the other activities I mentioned such as uranium in northern Saskatchewan, on which we will spend over $2 million this year in direct government expenditure, a very reasonable part of the war expenditure is being made in Saskatchewan. But I know of no way to change overnight an agricultural economy to an industrial economy. I know of no way to change the Saskatchewan economy overnight into the Ontario and Quebec economy.

Mr. Thatcher: I am sure the minister wants to be fair. A moment ago he suggested that Saskatchewan was to have three of the largest airports, each of which would have several thousand men. I can tell him that at the Moose Jaw airport, far from several thousand there will be 650, according to the Department of National Defence. I hope he has not drawn all his other figures out of the air as he did that one.

Mr. Howe: All I can say is that Moose Jaw is not all of Saskatchewan.

Mr. Thatcher: What?

Mr. Gibson: Not all of Saskatchewan.

Mr. Green: In the course of his statement this morning the minister dealt with the small industries division, and I would like some further information with regard to the work of that division. I understood him to say that the division had three functions. The first was to gather and distribute information concerning contracts being or to be carried out by primary manufacturers, and to distribute that information to the small plants. The second was to inform the large plants about the small plants which could take subcontracts. The third was to represent the small plants in Ottawa in order to give them whatever help was needed here at the capital.

Last week a Canadian Press dispatch was published with regard to these small plants, purporting to outline the plans of the department. I am quoting the dispatch as it appeared in the Vancouver *Sun* of June 6, 1951:

> The defence production department intimated to Canada's "little" manufacturers today that there are some big defence projects in the wind, and they had better hurry if they want to get in on the show.
>
> The projects included propulsion machinery for escort vessels, shell forgings, aircraft instruments and engines and distribution panels for ships.

No figures were made public, but officials said the projects, some of which would get government capital assistance to get them started, "will run into millions."

I presume that has reference to capital assistance for the large plants. Then the dispatch goes on:

Officials said that by giving the small manufacturers advance information on the kind of projects on which the department is concentrating at the moment, they would have a chance to bid for subcontracts on component parts with the big producers who would get the main contracts.

Then an example is cited:

For example, the department said it intended to award the escort vessels propulsion machinery contract to John Inglis Co. Ltd., Toronto.

The "little" contractor then could swing his attention on that company to negotiate a deal to handle a small part of the main contract.

Mr. Howe: Does it say who wrote that article?

Mr. Green: It is a Canadian Press dispatch.

Mr. Howe: No byline?

Mr. Green: No. It says that the defence production department intimated. As the minister knows, Canadian Press dispatches are very authoritative. In this case there is no byline at all; it is a dispatch sent out from Ottawa.

Mr. Howe: When it says the department intimated, that is a very vague statement. How does a department intimate? A department can put out a statement or an officer of a department can intimate, but to say the department intimates is pretty vague.

Mr. Green: As the minister knows we frequently get dispatches which, while they may not be direct statements, are based on comment by some official of a department. In most cases they turn out to be right from the horse's mouth.

Mr. Howe: Sometimes, but sometimes not.

Mr. Green: In any event, I am quoting this dispatch. It may or may not be true, but I think it brings up a question which should be dealt with on these estimates. It would appear from this dispatch, and also from the minister's statement this morning, that the large firms are to get these contracts, and in some cases are to get capital assistance. The small plants are supposed to run around and try to get subcontracts from these large firms. I would hope that there could be some plans devised to give further help to the small plants.

For example, why are they not made eligible for capital assistance in the same way as the very large plants in Canada. Then, are they to get the benefit of priorities in the same way as the larger plants get priorities? Are they to get certificates of eligibility which will enable them to get away from the new depreciation plan under which there can be no depreciation written off for a period of four years? These questions are very important to many parts of Canada, certainly to the plants on the Pacific coast, and I presume in the maritimes.

You see, Mr. Chairman, and I am sure the minister realizes that this is a long-term problem facing the Canadian people. Last week he was quoted by Canadian Press as having said at Quebec on June 5:

This development of Canada's basic and industrial resources, to meet the possibility—

I am now going to quote the words which I wish to stress.

—of a generation of international danger, was perhaps even more important than actual placement of defence contracts, . . .

I believe the minister quite properly stressed the fact that we may be in for a whole generation of international danger. It is a long-term pull. For that reason, it is particularly important that we get this work scattered out as much as possible, not only among the provinces but amongst the smaller communities in each province. Let us not have it all concentrated in the larger cities.

I believe that the backbone of the country is in these smaller centres, although I happen to represent a city constituency. For many years the trend has been to the city and away from the less populated districts. Here is an opportunity to reverse that trend, at least to some extent. The minister will recall that during the last war small plants in small towns were given the opportunity of manufacturing certain types of equipment that were needed under government contract. I know that in British Columbia there were quite a few towns which were able to put their smaller plants to work. This will be particularly necessary in the event of a third world war because of the bombing. The larger cities of Canada are practically certain to be bombed. Furthermore, we still have a very difficult housing situation in most cities in Canada. If the plants are to be built in the larger centres, the result will be men and women flocking in from the farms and small towns and complicating an already difficult housing situation.

Then, you find the same problem with the schools. The children of these people who move in have to be provided with schooling. It means the use of materials for building new schools and other buildings of a similar type, whereas out in the districts from which

the people came the present facilities would be sufficient. There are many other reasons why every encouragement should be given to the small plants in Canada. Now, at the beginning of this large defence program, is the appropriate time to adopt policies which will bring about the expansion of these smaller plants.

That sums up what I wanted to place before the minister. I would ask him to answer with regard to those three suggestions. In the first place, under the plans of his department is capital assistance to be available to the small plants? Second, are they to be given the benefit of the priorities? Third, can they get certificates of eligibility which will enable them to have the advantage of the depreciation write-off, which advantage will be given to at least some of the larger firms? I believe the minister stated this morning that these depreciation write-off privileges were in the process of being given to the amount of about $21 million. I wonder if he can give the information with regard to these three proposals, in so far as the small plants in Canada are concerned?

Mr. Howe: Mr. Chairman, I am fully aware of the desirability of spreading the work into the small plants, and into the small towns in this country. I believe the hon. member will recall that there were serious complaints from British Columbia at the beginning of the last war to the effect that no work was going to British Columbia. If he looks at the industries in British Columbia today, he will find that about half of the industries were built as a result of contracts issued for war production in the period 1940-45. If ever a successful job was done in my opinion it was done in building up industry in British Columbia, largely through subcontracts for war materials. We provided millions of dollars' worth of machinery. Vancouver, which never thought of itself as an industrial city before the war, can today compete with any part of Canada in efficient production, largely owing to the fact that modern machinery and modern techniques were introduced there as part of the war effort.

Nevertheless, it is impossible to start a large war contract from the small town. For instance, about one-third of our defence production program is in aircraft. It is not possible to ask a small centre to design an aircraft and put it into production. It is possible, after production starts, to break down the aircraft into components that can be built in small towns. For example, there are subcontracts for aircraft parts being sent from Toronto to the maritime provinces. There are subcontracts on aircraft components going to Winnipeg. I dare say that subcontracts for aircraft components will be placed in Vancouver. Somebody whispers now. That is a process that takes time. The prime contractor must get his production line in operation, and he must get his design and fabricating up to the point where he can send patterns out to smaller plants and get components built.

That is also true of the next largest program, namely, radar. It takes a very highly competent engineering staff, and a very large staff, to bring a unit of radar production into being, but once the over-all design has been made and proven and the manufacture is under way that can be broken down very readily, and was broken down in the last war, and sent to a great number of smaller plants.

We have in Vancouver a firm that specialized on one particular branch of radar, and when orders are coming forward in the proper way that firm will be a prime contractor. All this cannot be done overnight, and the smaller the factory the longer it takes to get work suitable for that factory.

The purpose of the small industries branch is to build up that particular phase of the work, and, as subcontracts become available, to make sure that they go to plants that are capable of handling a contract of an appropriate size. That work is under way. I think it is better planned this time than it was in the last war. We are building on the experience of the last war, and I believe that in time any plant that is capable of taking work of that class will be able to get it.

My hon. friend must also keep in mind another factor, namely, that the plants in any area were not built for war. They were built for a particular purpose; and most of them are busy on that particular purpose. For example, I suppose if we had a type of contract suitable to the firms in Vancouver we would find great difficulty in getting capacity in Vancouver for that work, because Vancouver production facilities are very busy now looking after the business for which they were organized. That is equally true in Saskatchewan. Someone said: You could use all the garages in Saskatchewan to build war munitions. Unfortunately, for the war effort the garages were built for another purpose, and that was for servicing the mechanical equipment that is operating in the vicinity of those garages. We tried that in the last war, and we found that while garages were willing to do a bit of work for us in the wintertime, in the summertime they were busy on the task for which they were

built and for which they operate. Theoretically there is capacity, but practically it is not available for the purpose we require.

All these factors have to be taken into account. I assure my hon. friend that we are as anxious as he is to see that work goes to every part of Canada, and we are making an effort to send it there, but there are difficulties and it is a task that takes a good deal of time.

Mr. Green: The minister did not deal with the important question concerning capital assistance, depreciation and priorities for the small plants.

Mr. Howe: Ordinarily we have tried to place contracts in existing capacity. In some cases that is not possible. For example, if our gun productive capacity is being fully used, we have to build a gun plant, and for that purpose we extend either capital assistance or accelerated depreciation. We must acquire the facilities. That does not come into the picture so much in dealing with subcontracts. Subcontracts are usually put where capacity exists. But if we require capacity at a place and we find there the skill to carry out the work and the manpower to carry it out we will certainly extend either accelerated depreciation or capital assistance just as readily in the small town as we will in the big city.

Mr. Green: I think the minister will find that some of these small plants will be unable to do their part in filling the subcontracts unless they get help such as depreciation or priorities or possibly capital assistance. A few moments ago the minister himself said that many of them will be fully occupied with their peacetime production. I know that in Vancouver some of the firms would find it very difficult if they had to get into war work without assistance by one or the other of those methods. From what the minister said I take it there is no policy against giving such assistance even to a small plant.

Mr. Howe: That is quite correct.

Mr. Green: One other question: is there any plan in mind for building cargo vessels? I think the minister mentioned only war vessels this morning. I should like to know whether cargo vessels are to be built. If so, will they be modern fast cargo vessels?

Mr. Howe: The government encourages the construction of cargo vessels by various means; one of which is accelerated depreciation, as my hon. friend is aware, and the other is the use of escrow funds. The government has no program of government-building cargo vessels.

[Mr. Howe.]

Mr. Green: Are there no modern fast cargo vessels being built in Canada at the present time?

Mr. Howe: Yes.

Mr. Green: Very few, are they not?

Mr. Howe: On the great lakes very modern vessels are being built. I have been asked to go up on Saturday just to see one set out on its maiden voyage. Unfortunately I cannot go. I would like to go. It is the biggest cargo vessel on the Canadian great lakes.

Mr. Green: I mean ocean-going.

Mr. Howe: Ocean-going? There have not been any undertaken recently.

Mr. Green: Are there no modern ocean-going cargo vessels under construction?

Mr. Howe: Four modern cargo vessels are being built in Montreal at the moment for Colombia. Others were built since the war, but none for Canada.

Mr. Thatcher: Can the minister say whether, when these tenders are being called, the lowest tender is always taken, or is there any conscious effort on the part of his department to diversify some of the contracts in the outlying provinces?

Mr. Howe: Yes, that is watched very carefully. There is a latitude, which I have mentioned in the house. We do not stress it, and we use it only if we think we should. It is used sparingly. If we can put a contract in Saskatchewan at not more than 5 per cent higher than we could place it somewhere else, in an area that is well taken care of, we would place it in Saskatchewan. The trouble with placing contracts in Saskatchewan is that there are very few productive facilities there, and we rarely get a price on government work from that province.

Mr. Knight: Is it not a fact that if the people were assured of contracts there would be a certain expansion of facilities? We are not at war at the moment, but during the last war these facilities were created in Canada in view of the contracts that were coming from the government. The minister is probably right when he says that most of our facilities are working at capacity. But I think I am right when I say that a great many of the owners of those facilities would be prepared to expand if they were assured of contracts. That particular type of expansion is the thing we need in that province, because, as someone pointed out here today, our young men and our young women were induced to leave that province during the war by more profitable work in the east. We would have liked to keep our people at home. We have a problem. The greatest

problem that I see in the province is that we want to increase our facilities—I mean road building, hospital facilities, and things of that sort. If we are to do that we must be assured of a stable population. We must have the people there to pay the taxes. We do not want, every time there is war or a rumour of war, our population getting out of our province and leaving us helpless in that regard. My point is this, that we can establish permanent industries there, if we have the help. I admit we are getting some, but I would back up the statement of the hon. member for Moose Jaw, that we are not getting sufficient.

Mr. Wright: Mr. Chairman, to follow up that line of thought, I believe that in Canada most of our industries have begun as small shops, from which point they have developed. That is exactly what we are trying to persuade the minister to do, so far as Saskatchewan is concerned today. We have some small plant and equipment in various towns which we believe could be used for subcontracts. I am free to admit that we have not the power facilities to operate large plants and equipment. Only when we have been able to develop some of our power facilities in Saskatchewan will we be able to industrialize our province to any considerable extent. However, we do have many small shops, small industries which, with some encouragement and some contracts, could be developed into thriving industries to help in the production of the implements of war. Those industries would be available to enter peacetime production following that of wartime.

I believe that is about the only type of industry which could be developed at the present time in Saskatchewan. In other words, some of the smaller plants could be developed into larger plants to assist in the effort to rearm. It is because of the failure to do this in the last four or five years that the hon. member for Moose Jaw and other hon. members from Saskatchewan have been anxious to see something done.

I have before me the public accounts for the year 1949-50 which show that in that year, for the acquisition, construction and purchase of property the army spent $53,604,000. Out of that sum there was spent in Saskatchewan only $30,100.36. Of that amount one contract for $19,000 was let to a Winnipeg firm.

Then, on the same item, namely for the acquisition, construction and purchase of property the navy spent $40,688,000, but not one dollar was spent in Saskatchewan. On the same item the air force spent $77,502,575 and again not one dollar was spent in Saskatchewan. These figures are a matter of record, and they are disturbing to those of us from that province. I suggest there should be an attempt to distribute our industries to a greater extent than now obtains. If war comes there is every expectation that there would be bombing, with the resultant disorganization of industry; and this condition would be greatly lessened if our industry was distributed more evenly across the dominion.

That is one of the major arguments. Then, added to that is the problem of housing which develops when large concentrations of people are placed in eastern Canada. From 1941 to 1944 there was an exodus of people from Saskatchewan both to the west and to the east, and we are anxious that that condition shall not be repeated. We hope we shall be able to keep our own people and develop our own industries. It is only by starting at the bottom, by starting with the small shops and giving contracts so that they may expand and become industries in time that we can hope to diversify our industries in Canada.

While I am on my feet I should like to say a word about raw materials. It seems to me we are facing two major difficulties in the world today in our preparations for defence. One of these is the distribution of raw materials and the other is the standardization of our equipment. We find many of the European countries in the Atlantic pact are having difficulty in obtaining the necessary raw materials to enable them to make a real effort so as to carry out their share of the burden. I do not know what our government is doing; the minister will know. It seems to me however that we have been competing against each other for scarce raw materials in the last year. As a result of that the stronger nations are in a much better position. Yet sometimes we sit back and criticize other nations which are not as fortunate financially or with regard to raw materials as we are because they are not able to carry on an effort equal to ours.

It seems to me there could be much more co-operation among the countries of the Atlantic pact in the matter of the distribution of raw materials. Unless there is co-operation we will not get the best results from our endeavours to build and re-equip our armed forces so that we can have a reasonable chance of maintaining peace.

On the matter of standardization, for the life of me I cannot see why we should not have more standardization in our equipment than we now have. The reasons for the lack of it surely cannot be military alone, because military reasons would indicate that we

should have standardization. The leader of the opposition spoke about this subject at considerable length. He should know something about the background of it. I can remember reading his articles in *Maclean's* magazine back in 1925 or 1926, I believe it was, on the "weapons of death" and the profits made out of armaments at that time. It seems to me we have not gone very far since. I would say that today in Canada and in the United States and the other Atlantic pact countries 90 per cent of our equipment for war is manufactured by private industry. Is that why we cannot standardize that equipment? Is it because private interests have vested rights in some of these things? I cannot see any other reason for it, because from the military standpoint common sense says that we should have standardization.

If private enterprise is the reason for it, then it is time that some of the private members in democratic parliaments got up and said so; and it is time some of the ministers in the governments of these countries got up and said so. It is too serious a matter for us just to sit back and let things drift.

I had hoped the minister would be able to give us more information than he has given in the matter—because it is a serious one. Those of us in parliament representing the people of Canada should have all possible information on the subject. I would urge upon the minister that Canada, if at all possible, should do more in this matter. I feel sure the government has done a good deal, because we are in between the two millstones. Canada is going to suffer from this lack of standardization. Our army is not large enough to warrant the setting up of plants to produce for it alone. If we have plants that are going to be operated economically we must have contracts from other countries. I repeat that we are the ones who are going to suffer. The government and this parliament should have more to say on this matter.

Mr. Howe: As far as Canada is concerned there is no vested interest in any munitions of war that I know of. I doubt if the vested interest in any particular weapon has much to do with the present situation. The rifle has been the most irritating item and this is due wholly to the fact that the technical experts of the three countries concerned, the United States, Great Britain and Canada, cannot agree on what is the best weapon. Opinions differ. I think there are overriding considerations of logistics and supply lines that outweigh the question of which is the best weapon. I dare say that any rifle that any of the three countries is using is a good rifle.

[Mr. Wright.]

It seems to me to be a pity that standardization of weapons cannot be arrived at. We are still taking a leading part in keeping the agitation alive to get the three countries to agree to a standardization of weapons. Not long ago an appeal was sent to General Eisenhower to take the situation in hand as the supreme commander and appoint a committee to arrive at a decision. In the meantime we are not making small arms simply because we do not want to make one that might not be standard by the time we have it in production. About fourteen weapons have been agreed upon for standardization by the three countries, which indicates some progress. But the progress should have been much more rapid and we intend to do anything we can do in the direction of accelerating the trend toward the use of common weapons.

Mr. Blackmore: I wonder if the minister could give us some details of the measures which have been adopted to increase the production of steel in Canada? I feel that all through the program which he has been outlining there are three or four advantageous and desirable trends. Obviously the minister is endeavouring to make Canada much more self-sufficient and to that end we find the establishment of plants to produce machine tools and that kind of thing. That is why I wonder why with all the iron ore we have in Canada we have not yet become self-sufficient in steel.

Mr. Howe: Every steel plant in the country has a substantial expansion program under way at the moment. The Steel Company of Canada, our largest producer, is adding nearly 50 per cent to its basic steel capacity and is spending around $50 million for that purpose. Algoma Steel are putting in new finishing capacity and new primary capacity with a program running to about $35 million. Dominion Foundries at Hamilton are installing a new blast furnace which will probably be in operation before the end of the calendar year. Dominion Steel are also adding to their capacity but I cannot give the details as there has been some delay in working out the complete program.

The full program of expansion will add about one million tons of steel to the Canadian production, or about a 30 per cent increase. It will increase the diversity of the types of finished products that Canada can manufacture. The whole program is being carried out by private interests with money raised in the ways open to private interests. It is an expansion that is greatly in the national interest and the government has been encouraging it in every way possible.

Mr. Blackmore: By the time that expansion is completed will Canada be producing the steel which would normally be used in a peacetime year, or shall we still be short of meeting our national needs?

Mr. Howe: I should think that probably we shall always be importers of steel, for two reasons. First, this country is growing rapidly and a balanced situation today might be an unbalanced situation a year hence. Another difficulty is caused by the short runs of certain products, such as wide flanged I-beams and products of that kind. The volume is not sufficient to warrant the expense of setting up to produce that type of product. There will always probably be products that it would not be economical for us to organize to produce and which would have to be imported.

Mr. Blackmore: Many people are asking why so much of our Canadian ore is reported to be going into the United States to be processed there. Can the minister give a reason why that is so?

Mr. Howe: I will set my hon. friend's mind at rest on that. At the moment Canada is a net importer of ore. In other words, we bring in more ore than we export. That situation will change in a year or two, but I would not worry about it just yet. We have been heavily dependent upon the United States for iron ore since Canada installed its first steel plant, and we are still in that position. My hon. friend asks how much steel Canada would use if we had all the steel we could use. I do not know the answer to that, but this year we will produce about three and a quarter million tons of finished steel and import about a million and a quarter tons, or about four and a half million tons in all. If we had another half million tons I am sure we would use it.

Mr. Green: Have any steps been taken in recent months to establish a steel industry on the Pacific coast? We read about Consolidated using their iron tailings at Kimberley for that purpose and also the possibility of a plant being built on the lower mainland or on Vancouver island. Can the minister tell us whether there is actually any move on foot to establish a steel plant or plants on the coast?

Mr. Howe: My last advice from Consolidated Smelting is that the company is proceeding actively with the designing of a blast furnace to be carried on with its smelting operations. I have heard nothing directly about a steel plant on the west coast. My hon. friend will appreciate that the government does not build these things. An industry is built around a man with specialized skill and driving ability. Until that man comes forward to actively take charge there will never be a steel industry anywhere. They just are not built by committees of chambers of commerce or boards of trade and I wish boards of trade would appreciate that and not bother me so much with general requests that the government do it. The government does not do anything.

Mr. Hansell: Before referring to the amount of this first vote on administration may I make a comment or two in respect to the observations made by the hon. member for Moose Jaw? He gave us a picture of the ratio of contracts between provinces. I think perhaps there is room for criticism but at the same time there is also room for commendation. A thing cannot be so lopsided that everything is bad and nothing is good. The hon. member compared the difference between contracts awarded in Saskatchewan and those of the Yukon Territory, and I think that there is an explanation forthcoming there. If it is left as it is, it would appear to be a ratio or comparison that is far beyond reason. There must be some reason for it.

Then the hon. member referred to a small contract given to a Saskatchewan contractor for work to be done in Alberta. Before he got through he indicated that perhaps the picture might savour of political patronage. Of course the answer to the fact that a Saskatchewan contractor got a contract for work in Alberta may be obvious. It may be that they could not find a Liberal in Alberta to whom they could give the contract.

An hon. Member: They do not grow them there.

Mr. Hansell: I think the minister should be asked a very pertinent question. I am not necessarily coming to the defence of the socialist government of Saskatchewan in asking this question because I think I am just as anxious to defeat the socialist government of Saskatchewan as the minister may be. So far as socialism is concerned, everyone knows my position. Nevertheless I think the minister should answer this question. If Saskatchewan is not getting what would appear to be its fair share of contracts, if Saskatchewan is left so far behind, I should like to ask the minister whether that picture would be materially changed if Mr. Tucker should come into power after the next election.

Some hon. Members: Oh, oh.

Mr. Hansell: I hear my friends saying "oh, oh." They have need to answer that question because I am quite certain that when an election is called Saskatchewan Liberals will say: You vote Liberal and you will get more contracts. If that is so, the time for the minister to make a pronouncement is now.

An hon. Member: But not too early.

Mr. Hansell: If he answers the question yes, that the situation will be materially changed, then he is telling the country that the whole defence production of the country is administered on the basis of patronage. If he says no, the situation will not be changed, then he will be telling the country that he is running the productive affairs of the country irrespective of politics, and they will not then be able to play politics in the election with respect to contracts. I believe that the minister should answer that question, and answer it yes or no.

Mr. Ferrie: What about Ontario? They are getting all the money.

Mr. Gardiner: Why are you saying "if Mr. Tucker"?

Mr. Hansell: Evidently there are some other members who would like to get the floor. They can have it when I sit down. I am not from Saskatchewan but I am asking the question because I believe it is pertinent and I think the minister should answer it. It is all very well to say that in the letting of contracts each province must get its fair share, but that suggestion must be qualified. I think it is a matter of a fair share under the productive circumstances of the province, and I think that is what the minister has in mind. You cannot give contracts to people who are not capable of handling them. Take the matter of electrical power. There are some provinces that might be short of electrical power. They may be running at capacity, and there is no use bothering. I think we have got to be fair in our analysis of the ratio of contracts.

Personally I have no particular criticism or complaint to make, and that is partly due to the experience I had during the last war. I do not believe I went to the government once to ask them to push anything my way. I do not believe I did. I went to various officials of the government and laid the cards on the table with respect to certain things. I know that during the last war I had six air training or auxiliary schools in my constituency.

An hon. Member: What are you kicking about?

An hon. Member: You did well.

Mr. Hansell: I remember on one occasion I told a Liberal I had that many and he said: "My goodness, what pull have you got with the government?" I answered that by simply telling him that his constituency was in a mountainous region, and it was obvious that you could not put air training schools in a mountainous region. I think that the government was pretty honest and fair in their locating of air training schools when they put six of them in my constituency, and I am not the only member from Alberta who had such schools in his constituency. There were many others. I think the engineers were honest in their appraisal of territory, climate, winds, and everything concerning the training of airmen. Of course there may have been another reason. They may have thought that if there was an attack Alberta, and Macleod particularly, would be blown to kingdom come, but I think that would be stretching the imagination.

I have no particular criticism to make in the matter of contracts. However, I come to the first item now before us, and I believe that the minister must give us a more detailed break-down. I refer to the item of $5 million for departmental administration. The $5 million is not involved in the paying of contracts or paying for defence production. It is simply administration of the department. Five million dollars is a lot of money simply to administer a department when they are not buying anything. I have compared it with other departments of government. Possibly my comparison is not altogether fair for the reason that all departments do not break down their administrative items in the same fashion. Of course this department is new, it has been set up just this session; but I look at some of the other departments. Here is agriculture, and the first item for administration amounts to about three-quarters of a million dollars. Here is citizenship, about a quarter of a million; here is external affairs, two and a quarter million; here is fisheries, a little over a quarter of a million. Justice is about three-quarters of a million and labour a little over a half million. Here is finance, one and a half million. Of course there is another item under administration that I should mention, the comptroller of the treasury for which there is the considerable sum of twelve million. Here is mines and technical surveys, and the item for departmental administration is less than half a million. Here is health, less than half a million. Post office is less than half a million; public works less than half a million; trade and commerce a little over half a million; transport over a million, and veterans affairs two and a quarter million for administration.

When we come to this Department of Defence Production, however, we are staggered with a figure of $5 million. I thought I would like to see what that covered, so I turned to the break-down on page 143. The

first large item I find is $3 million for temporary assistance. That is a very nebulous explanation. I may be quite wrong, but I am inclined to think most of those people would be doing office work, administrative work of that sort. Some of the other items are also rather startling. Here is $200,000 for postage. I do not see how the department will spend that much unless it is going to send out a lot of literature to all the citizens of the country. You can buy a lot of stamps for $200,000. The minister may say that of course this is just paid by one department to another, but let us remember that the taxpayers of this country will have to pay on the basis of the total amount of these votes. Here is $200,000 for telephones and telegrams. That is a lot of money for telegrams and conversations over the telephone. Then the last item making up the $5 million is sundries, $250,000. I do not know what sundries there can be to make up that amount. Of course I know that in these days a million dollars seems to be just peanuts. The other day I was sitting in the gallery with a visitor, rather an intelligent person, I thought, and she seemed disgusted with the way we discussed and handled these astronomical amounts. Her comment was, "My goodness, and we are the ones who have to pay". Of course I know that is not quite the picture, but that is the impression one gets sitting in the gallery while we are dealing with these matters. If you go out in the country and say this department has paid $3 million for temporary assistance they will scratch their heads and ask how many stenographers they are putting on. That is their conception of it: my goodness, they must be employing a lot of temporary workers. Postage, $200,000: my goodness, something is going down the drain. That is the impression people get.

I believe the minister should give us a more or less complete break-down. I know he spoke this morning, and I am going to analyse his rather lengthy speech tomorrow, when it comes out in *Hansard*; but I believe the people of Canada need a little more information as to why the administration item for this department should be so large. That item has nothing to do with the contracts ultimately signed, whether for guns or anything else. The people pay for them, and the contracting parties get their profit. But in order to put those contracts through it is costing the country $5 million for administration. I think the minister owes it to the house to give us some further explanation; and when he replies I hope he will not forget the other question I asked as to whether the picture would change if Mr. Tucker got into power.

Mr. Howe: To take the serious part of the question first, my hon. friend overlooks the fact that there are no items in the estimates for branches in this department. If he will check all the departments he mentioned and add to the administration item the cost of those branches that have separate allocations of funds I think he will find that $5 million as the cost of operating the Department of Defence Production is not excessive. He speaks of $3 million for temporary assistance. I remember that he applauded loudly when I said that everyone in the department was temporary. It is a temporary department; no one has permanent status nor can anyone attain it. As I said this morning, there are roughly 1,100 people in the department. At $3 million that would give an average of about $2,700 per person, which I do not think he would say is exorbitant. At least I am sure the hon. member for Winnipeg North Centre would say that was a very low salary, for I believe anything under $5,000 is low to him. So I hope the hon. member will agree that to operate a department with 1,100 people for a year, $3 million is not exorbitant. Will he go that far with me?

Mr. Hansell: Yes, I will go that far; but what I want from the minister—

Mr. Howe: That is all I wanted to know. The hon. member wanted an answer to that question and I just asked if he would agree with me.

Mr. Hansell: Well, I want a yes or no answer to the Tucker question.

Mr. Howe: We will get to that. Then my hon. friend mentioned $200,000 for postage and thought that was a tremendous sum. Yet everyone here wants us to go into all the small industries of this country with all the tenders, and we try to do that; but it takes a lot of postage. I do not know how many tender forms we send out in the course of a day but I dare say it runs into the thousands, and each one carries a stamp. We estimate what it costs to do that business properly. I see that my hon. friend from the potato fields is very much amused. I must say I enjoy his contributions to these debates because they are so sensible, and his laugh is the most sensible contribution he makes. We will talk about potatoes some other day, and my hon. friend can join in that debate with something besides a laugh.

Then the hon. member mentioned telephones and telegrams. Well, this year I suppose we are doing a business of over a billion dollars. This is a large country; a good many questions are asked the department, and a

good many calls are made. If the hon. member will look into other departments and consider all the various branches I think he will find that is not an unreasonable telephone bill for a year for a department doing the amount of business we are doing.

Mr. Knowles: And that includes your offices across the country?

Mr. Howe: Yes. We have offices in every large city as well as in Washington. These are the total expenses of operating the Department of Defence Production, and I suggest they are not excessive. In fact I may be back in the fall for a little more money, because the department is somewhat larger than we thought it would be.

Mr. Hansell: Mr. Chairman, before the minister leaves that, let me point out that my criticism was not so much of the amount of $5 million. My criticism was that the break-down did not give us information that I think we should have. I quite agree with the minister that that item is not broken down into departments the same as the other government departments are broken down, and that is the reason that it appears as $5 million for administration.

Mr. Howe: Mr. Chairman, may I point out that other departments of government have a background of experience. This is a new department. We had only a very indefinite idea of how large a personnel would be required. We simply said that one thousand persons at $3,000 each would be a reasonable estimate of the salaries, and we estimated forty per cent for overhead, which is about normal for other departments. We put in the estimate on that ground. After we have been operating for a year or two, I think we will be able to give you a break-down in considerable detail.

Mr. Hansell: Now, would the minister answer the Tucker question?

Mr. Howe: My hon. friend has brought politics into the discussion. I may say there are no politics in the Department of Defence Production. I do not understand Alberta politics. I do not understand why Albertans send the political representatives that they do send here, and I am not altogether clear about Saskatchewan politics. I would suggest that if he would wait a year or two he will have a chance to find out. After a Liberal government is in power in Saskatchewan, he can form his own conclusions on that area.

Mr. Harrison: I am pleased to see that the minister has not been overcome by the gloomy speeches we have had from the other side. His last statement indicates that is so. We have had two or three speeches from Saskatchewan members saying that we have not had a share of defence orders in that province. I do not think the minister is in a position to place many orders in that province. He has to have defence materials now, and we are not in a position to give him those materials, being an agricultural province. I would gladly trade any possibility of getting defence contracts for an indication from the minister and the government that they would go ahead with the Saskatchewan dam. Then, when that is completed, we would be in a position to talk about contributing something in the line of materials that could be used for defence.

It was also suggested by the three members I mentioned that the policies of the minister and this government are contributing to taking people out of Saskatchewan. I find that the opposite is the case. As a matter of fact, the very fine policies of the Minister of Trade and Commerce are going to put some five or six thousand people in my riding within the next two or three years. In 1948, not one person lived in that area. I am speaking of the northern part of my riding. The policy with respect to uranium production under Eldorado Mining and Refining at Beaverlodge lake will mean additional population. They went in there in 1948 for exploratory work. Since that time the government has spent something like a million dollars a year there, and I was pleased to hear the announcement in the house today that they would spend $2 million there this year. I understand that in 1952 they will send in a mill, and it will be in operation in 1953 to reduce the ore and concentrate it for shipment.

As I say that is distinctly at variance with the opinion of my friends who believe that the policies of this government are taking people out of Saskatchewan. I believe if they were to look over the policies of the provincial government in Saskatchewan, as run by their own group, they would find they are taking people out of the province. I should like somebody to tempt me to cite some cases. I do not need to explain it so far as my constituents are concerned, because they are well aware of the fact. To give you just one instance, in the timber industry in my particular riding the policies of the government of the province of Saskatchewan have materially affected the population. They have a policy whereby the timber must be delivered to the provincial timber board. According to provincial government returns last year, it must be delivered at an average price of $30, and must be delivered to the nearest government lumber yard which might be fifty miles away. Hon. members

will know that you cannot produce lumber for $30. In the immediate vicinity of Meadow Lake, thirteen mills moved out to Alberta. On being advised of this the minister of natural resources said he was glad to hear of it, and it was good riddance. Those are the policies these gentlemen follow.

I should like to suggest to you that if federal policy ran along parallel lines we would soon not have any people in the province at all. I want to thank the minister sincerely for the effort he is making in my riding, because it is going to have a great effect on the population in the next two or three years. We are now in the atomic age. Uranium is a top commodity the world over. We hope it will not always be used for destructive purposes. It has already been used for medical purposes to humanity's great benefit. I want to thank him for his policy, and for the great benefit it has been.

Mr. Knowles: I would be grateful if the minister would expand a bit on what he had to say this morning with respect to the mechanical transport division of his department. The reason I express that desire is because, as the minister knows, both management and employees of the automotive industry are concerned about their situation. When the minister was speaking this morning he said that orders had been placed for 456 three-quarter-ton military trucks, and 780 two and a half ton military trucks. As I understood it, no other firm orders had yet been placed by the mechanical transport division, although he said that the Ford people were studying the quarter-ton, four by four jeep.

Now, as the minister knows, delegations have been coming to Ottawa representing both management and employees in the automotive industry. In fact, representatives of the United Automobile Workers are in Ottawa today. They are, in fact, genuinely concerned about the employment situation. They point out that there are three things that are affecting their situation. One is the volume of defence orders. Their claim is that there do not seem to be enough orders for defence production to take the place of civilian production, which it seems to be the desire of the government to curtail. The second factor that interests them is that of the supply of steel. I understand that one of the automobile plants has as large an inventory of steel as it has ever had, but some of the other plants are facing a shortage of steel. There is, in addition, a third factor which concerns them. While it does not come directly under the minister's department, still it is related to the whole problem, and I am sure he must be interested in it. It is the impact of credit controls. These employees, the members of the union, as well as the management, point out that the effect of stringent credit controls is a lessening in the purchase of new cars. That results in the supply of new cars piling up and the fear that there may be layoffs. No one suggests that we should facilitate the manufacture and the purchase of new cars by easing credit restriction and by other means, if that plant and equipment and those men are needed to produce defence materials. But if defence orders are not being placed they feel that steps should be taken to make sure that these employees are kept on the job.

That would seem desirable not only from the standpoint of the men themselves, which in my view is a major consideration, but also from the standpoint of defence. It is no help to the defence program if important plants, such as our automobile plants, are allowed to stand idle. I have every confidence that this matter is of concern to the minister, and that he and his department are giving attention to it. I must say however that, having had representations from the members of the United Automobile Workers who are in town today, when the minister spoke this morning and gave these figures that I have repeated, namely, 456 trucks of one kind and 780 of another kind, it did seem to bear out their statement to me that the orders being placed with the automobile firms in Oshawa, Windsor and in other places here in Ontario really provide work for only a very few weeks.

I need not spell the problem out in any greater detail than that. It does seem to call for consideration, I would say, of the points they have emphasized, namely, the question as to what defence orders are in prospect for automobile plants, the question of the supply of steel and also the question as to whether or not the Minister of Defence Production might recommend to his colleague the Minister of Finance a relaxation of the credit controls on the purchase of cars.

There is another subject that I want to raise, which is completely different. I would be glad if the minister would comment at this time on the automobile employment situation.

Mr. Howe: I gave the size of orders for automobile equipment that have been filed with the department so far. My hon. friend will understand that the Department of Defence Production does not initiate orders for fighting equipment. These come from the services. The fact that the army is not using its own vehicles in any combat area of course limits the number of vehicles that the army requires for its present purposes. We are, however, tooling up to provide for substantial production of two types of

vehicles, namely, the two and one-half ton truck and the one and one-quarter ton 4 x 4, and we hope shortly to settle the provision of tooling for the jeep, which has been a troublesome matter from the start, but which I think is practically in hand at the moment. We must tool for large production. In the last war the vehicles program was the largest program we had. We built some 800,000 vehicles, if my memory serves me right. In case of war it will again be a very large program. But one of the difficulties about defence production is that we have to be ready for any eventuality, but we can only produce to meet the requirements that come to us from time to time.

It has been suggested that the automobile companies are in trouble due to the lack of steel. I told the workers when they were here before that they would not be cut off from steel, and so far as Canada is concerned the automobile companies have been getting the same amount of steel they were getting before.

I think we might as well face the fact that any difficulties experienced by the automobile industry are due to the fact that they produced far more cars in the first three or four months of this year than they had ever produced in their history. Everyone knew that the budget was coming down in April, and everyone tried to buy a car before the budget came down because nearly everyone expected that the tax would be increased on cars as it was in the previous war. Now that expectation has been realized. The budget has come down and there is an increased tax, and most people have new cars. I never saw so many new cars around Ottawa in my life as I can see today. If you walk down the street here today you will see numbers of new cars. People who have not got new cars do not intend to buy them this year. Perhaps they will do so next year.

There is a limited demand for cars. I suggest that anyone who suggests that the change in the tax structure has had really no effect on the situation is not being realistic. However, taxes are out of my department and I do not care to discuss them.

Mr. Knowles: I could have spoken about taxes, but actually I spoke of credit controls.

Mr. Howe: I do not think that is the underlying difficulty.

Mr. Knowles: I still hope the department will review this serious problem and try to find some way to maintain a balance between defence needs and civilian needs, bearing in mind the desirability of keeping these men at work.

[Mr. Howe.]

The other question on which I should like the minister to comment a little further—again this is something that he spoke about in his statement this morning—is the newsprint situation. I asked him yesterday if he would comment on that matter, and he said he would do so today when his estimates were before the house. As I listened this morning it seemed to me that in the main he dealt just with the desire of France for a quantity of newsprint, and with arrangements for meeting that request with as little impact as possible upon the producers and consumers of newsprint in this country.

There are other aspects of this problem in which we are all interested. One might anticipate a statement from the minister with regard to the price situation, particularly in the light of the newspaper reports lately on the attitude taken by the United States, but I am also interested, in fact even more so, in the supply situation here in Canada, having in mind particularly the needs of small newspapers.

It has been represented to me specifically by three or four small newspapers that they are having difficulty placing contracts with the producers and suppliers of newsprint in this country. The position taken by the companies that supply newsprint is that they have entered into contracts that exceed what they can produce; but it is still hard to explain to the small newspapers in Canada that in this country, which is perhaps the world's greatest producer of newsprint, it is not possible for them to get a reasonable share. It does not seem to be any problem for the large daily newspapers to get their supplies, although I understand that even some of them are complaining about the price, and that should be looked into as well. I should like it if the minister would say whether there is not some way in which his department, now that newsprint control is in effect, can see that these small papers get the supplies that they need.

Mr. Harris (Danforth): Perhaps I could ask the indulgence of the hon. member for Winnipeg North Centre to hold his newspaper comment for a moment or two and let us finish up with the matter of steel.

Mr. Knowles: All right, provided the minister will come back to it later.

Mr. Harris (Danforth): Quite right. Ordinary continuity in the debate might expedite matters. Before leaving the matter of steel, which was mentioned by the hon. member for Winnipeg North Centre, who knows everything about everything, perhaps some of us who know something about nothing may be permitted to say a word or two.

I am taking this opportunity to congratulate the minister on his quiet and orderly attitude towards these problems which have come to our attention lately. I am also happy to have him in such good mood. Perhaps he will not object too much to our finishing up the matter of steel before we go on to the matter of newsprint. Not very often do we find a member from an opposition party congratulating the administration or any member of the ministry on the way it handles problems. However, in connection with the administration of the supply of steel I understand the minister's difficulty, and I believe the minister realizes that I understand it.

But steel for motorcars is not half as important, to my mind, as steel for buildings of one kind or another that will not only house our people but will help build institutions of the kind required in the $30 million program of the Minister of National Health and Welfare. Institutions of that kind will help restore health and strength to our community.

I am sure the minister who is in charge of the distribution of steel is in harmony and sympathy with the projects in the program of the Minister of National Health and Welfare, and I am sure he will see to it that steel is provided for those projects directly connected with the welfare of our Canadian people. Those institutions are necessary so that we may house and accommodate those thousands of people who, through no fault of their own, find they must go to them.

While I make this plea now, Mr. Chairman, I realize that it is granted even before I ask it. However, I do ask that the minister see to it that these institutions, many of which are voluntary, have sufficient steel. In this way hospitals which have been dreamed of may now become a reality through the minister's administration, and through the $30 million program of the Minister of National Health and Welfare.

Let us develop this point one step further. Let us see that steel is made available for nurses' homes, which are so necessary if the nurses are to have accommodation in those hours when they may rest. In contrast to a use of this kind, I draw the attention of the committee to the use as exemplified in the building of motorcars. Let anyone take a look in Windsor or in Oshawa and he will see miles upon miles of new cars. Are they necessary, or are our nurses' homes necessary? Are they necessary, or are our hospitals necessary?

When we think of steel requirements our minds turn to those essential projects so necessary for the welfare of mankind, so that there may be a sufficient number of hospital beds, proper accommodation for nurses, and other ancillary buildings. I would ask the Minister of Defence Production to think of his colleague with the $30 million who is trying to do a job.

I know the minister, whose estimates are now under consideration, will see to it that priority is given to those human requirements which are so much more necessary than the miles and miles of new motorcars one sees lined up on the streets of cities throughout Canada, and particularly east of Oshawa for a distance of a mile and a half.

I do not know whether all those motorcars are necessary; perhaps a little walking, a little more exercise, would do us some good, rather than always to drive in motorcars. But I do know these hospital requirements are necessary, and I am sure I do not need to impress that fact upon the minister. He is a sensible kind of man, Mr. Chairman. He knows the circumstances, and he supports all of us who are interested in these humanitarian endeavours.

I am sure that in his administration first things will come first, and that these other things which you, sir, and I, as younger men, did not expect would come into existence in our day and generation, will not be considered so necessary. Indeed, one of these days we may find that our grandchildren will not need legs to walk around on, at all. We do not need all these automobiles; we do not need all this steel for the automobile industry; but we do need steel to build institutions so necessary for the welfare of our people, if they are to be cared for properly and in an orderly manner.

I have risen to speak at this time because I did not want steel to go by the board without first making some representations from one branch of our economy which is so necessary. After that will come the myriad of things connected with industry.

But let us have first things first. I thank the hon. member for permitting me to turn the discussion away from newsprint for a few moments. I am pleased to have this opportunity to place the facts before the minister, although I am sure he understands them. I urge that he permit his colleague to proceed with his $30 million program, so that we may have a few more institutions to take care of our people, and so that we may have more nurses' homes, laundries and all those other buildings which are required in this modern age.

Mr. Howe: Mr. Chairman, the department is doing its best to take care of all steel requirements and, in doing so, is not overlooking the need for hospital accommodation.

The difficulty is that the demand appears insatiable. We are trying to take care of first things first, and I believe we are having some success. I believe, too, that we have some of the ablest men in the steel business assisting our steel controller and trying to stretch the steel available sufficiently to take care of requirements.

The story with respect to newsprint is quite interesting, I think. Since the last year of the war the industry has been doing its best to meet demands for Canadian newsprint, which have been coming from domestic sources and from abroad, but has never quite succeeded in doing so.

Canadian publishers in 1950 received 84 per cent more newsprint than the average consumption of Canadian newsprint during the war years 1939-45. Compared with the last year of wartime conditions and rationing—that is, 1945—Canadian publishers received in 1950 an increase of 70·6 per cent in total supply over 1945. Canadian consumption in the last four years has been as follows:

Year	Consumption of Newsprint tons
1947	275,000
1948	306,000
1949	335,000
1950	355,000

Canadian consumption in the first four months of 1951 was 116,323 tons as compared with 114,787 tons in the first four months of last year. Canadian consumption is still rising. The continuation of this increased rate of consumption cannot be assured because of the reinstatement of some of our overseas obligations, particularly to the commonwealth and because of special shipments we might make as a result of recommendations by the international materials conference. However, it is expected that supplies for Canadian consumption in 1951 will be close to the record quantity of 355,000 tons provided in 1950.

Canada has been increasing its newsprint production but it has been faced with a peculiar situation. The price structure has not risen at a rate comparable with that of other paper products. It is a strange thing, but today in the United States market the pulp content of a ton of newsprint will bring more money than a ton of finished newsprint notwithstanding the expense of finishing and packaging. In other words, the pulp content of newsprint brings a higher price than the newsprint itself.

Mr. Browne (St. John's West): Is that Canadian pulp?

[Mr. Howe.]

Mr. Howe: Yes, sulphide and groundwood pulp. The pulp that goes into a ton of newsprint will sell for more as pulp than the newsprint will sell for after the pulp has been put in and the paper finished and packaged ready for shipment.

Mr. Hansell: Why is that?

Mr. Howe: The users of newsprint have a very potent lobby, if you like. It will be noticed that whenever there is an increase in the price of Canadian paper there are congressional investigations in the United States and we have extravagant statements made, such as appear in the papers today, by senators and other responsible United States public men.

Mr. Knowles: The newspapers' case gets space in the newspapers.

Mr. Howe: They are apt to do that. I think the last increase in the price of newsprint was in November, 1950, and up to that time there had not been an increase in the price for two and a half years owing to the fact that the mills had been made more efficient and additional production was obtained without corresponding capital investment. It was thus possible for the mills to absorb the increased costs, and costs have increased for everything they use, without making any substantial increase in the price of newsprint.

Mr. Hatfield: Can they find a market for all the pulp they could manufacture?

Mr. Howe: Perhaps not. They have not tried to sell it that way. I am simply saying that they could sell it that way if they wanted to. Since the termination of world war II price controls in the United States, newsprint prices in that country have advanced 26·2 per cent. In comparison, since the end of controls in the United States, book paper prices have advanced 54·3 per cent; craft paper prices have advanced 63·1 per cent; paperboard prices by 91·2 per cent; and tissue papers by 93·4 per cent. If the price of newsprint had risen since decontrol as much as the United States government pulp and paper index, newsprint prices would now be $143 a ton instead of the announced price of $116 per ton. If the price had risen as much as the weighted average index shown for the four major grades, the price would now be $145 per ton.

The effect of this has been that no new major capital expenditures have been made. There have been ten major pulp developments in Canada since the war but there have been no major newsprint developments. The result is, as I have said, the price of pulp is greater than the price of the same pulp put into newsprint. Another

effect has been that United States mills which formerly produced newsprint have been converted to the production of more profitable lines, such as tissue papers, wallboard and products other than newsprint. The brunt of furnishing North America with newsprint has fallen very largely on Canada.

It is a fine business, but at the same time I think the business is entitled to a price for its product which will allow it to grow and keep up with the demand. Recently the newsprint industry has been faced with a reduction in the work week from 48 hours to 40 hours and in addition to that there has been an increase in the weekly take-home pay. It has been faced with increased costs for its woods operations and for all supplies that it has to buy.

When we were informed that the Abitibi paper company found it necessary to declare an increase in the price after July 1, the situation was explored carefully because we knew from experience the political repercussions that would follow any change in the price of newsprint. The matter was referred to the economic committee of the cabinet whose report was considered by the full cabinet. In view of the facts disclosed by our own officials we felt that we could not object to the $10 increase which the industry, as represented by Abitibi, found necessary and therefore we took no action in the matter.

Mr. Knowles: I thank the minister for the statement he has made, but there are two or three questions I should like to ask. The minister gave both percentages and absolute figures concerning the consumption of newsprint within Canada since the end of world war II. Has the minister comparable figures showing the quantities of newsprint that have been exported from Canada?

Mr. Howe: The quantities exported to the United States were as follows:

	tons
1947	3,685,000
1948	3,881,000
1949	4,056,000
1950	4,302,000
First quarter, 1951	1,042,000

The Canadian consumption of newsprint has gone up steadily. In 1947 it was 6·9 per cent of all paper consumed in North America; in 1948, 7·3 per cent; 1949, 7·6 per cent; 1950, again 7·6 per cent; and for the first quarter of 1951, 7·8 per cent.

Mr. Knowles: I thank the hon. member for these further figures. In fact it was the last figures that I was anxious to get. Now another question. Is the price obtained for newsprint in Canada the same as is obtained for newsprint exported to the United States?

Mr. Howe: It is a trifle less, the differential being a survival of war controls. I think it is $4 per ton less at the mill for newsprint supplied to Canada than for newsprint for export.

Mr. Knowles: I have one other question. I note that there has been a fairly substantial increase in the absolute number of tons consumed in Canada, 275,000 tons in 1947 and 355,000 tons in 1950. It would appear that the figure would be about the same for 1951. It is 116,323 for the first four months, and if you multiply that by three it comes out close to the 1950 figure. I should like to know whether the minister can give any sort of idea as to how that increase has been divided between the large dailies and the smaller papers, both dailies and weeklies, that are trying to get established. I have in mind three or four smaller papers that report considerable difficulty in getting the newsprint they need. They are aware of the fact that there is such a thing as newsprint control, and that there have been these increases in newsprint consumed in Canada. Is there not some way in which, in view of the increased quantities that appear to be available for consumption in Canada, these smaller papers can get their proportionate share?

Mr. Howe: It is difficult for every newspaper in the world to get additional newsprint. There is hardly a week goes by that there are not two or three important publishers from somewhere in the world in my office demanding that we give them an increased amount of newsprint. My hon. friend knows there is newsprint on the New York market selling for around three times the price of contract newsprint just because it is free newsprint. It is not easy to take care of new demands because they come from every quarter in the world. I think Canada is perhaps losing more good will through newsprint than anything else because we cannot take care of the requirements of all countries that think we should help them out in this situation. I have gone into the matter pretty carefully, and I believe our industry is trying to do a real job with Canadian newsprint. Certainly no Canadian contract has ever been varied as far as the news trade is concerned. Two or three years ago, shortly after the war, any newspaper could contract for all the paper it wished, and most newspapers did contract directly with the mills for their supplies. These contracts have been taken care of and increased from time to time as the situation warranted. However, I think the newspapers to which my hon. friend refers are taken care of ordinarily by jobbers. There again I think the jobbers try to take

care of the situation that they are supposed to take care of, weekly papers and papers with small circulation.

Mr. Knowles: Do jobbers handle newsprint that comes in rolls?

Mr. Howe: Oh, I think so. I cannot say definitely. I am not a technician in the newsprint business.

Mr. Knowles: I do not think so. As to newsprint that comes in rolls, there are small papers—not the smallest in the country—that require rolls to produce their publications, and it is that type to which I refer.

Mr. Howe: I cannot say. A committee representing the weekly newspapers association came to see me a while ago saying that they would like more newsprint. I asked them who their supplier was, and they mentioned one or two jobbers. I do not know about newsprint in rolls, but I know that the industry is very anxious to take care of legitimate requirements of Canadian newspapers. I think they have gone to quite unusual lengths to do so considering the pressure that is on them from other sources to supply more newsprint. If there are hardship cases, and if they are brought to my attention, I will be glad to have them examined by the proper authorities.

Mr. Knowles: I thank the minister for that assurance.

Mr. Hatfield: Could the minister tell us what the increase is for other paper products in Canada besides newsprint?

Mr. Howe: I do not know.

Mr. Hatfield: Paper boxes and bags.

Mr. Howe: I have not that information. About 1,250,000 cords of pulpwood, which would be sufficient to produce over a million tons of newsprint, went into products other than newsprint, that is pulps, wallboard, and products of that kind.

Mr. Murray (Cariboo): Would the minister consider a priority with respect to steel for a paper manufacturing plant contemplating operating at Prince George, B.C.?

Mr. Howe: There are no priorities for any industrial use except direct defence use or defence supporting. There are three or four pulp mills being built throughout the country, and they are getting on quite all right without any priorities. I dare say if the people at Prince George wish to build a pulp mill they can get on all right too. There are no official priorities for that class of work.

Mr. Green: I understand that defence contracts from countries other than Canada come under the jurisdiction of the Department of Defence Production. Could the minister tell us the situation at the present time with respect to defence contracts from countries other than Canada, and particularly from the United States? I believe that these contracts have not been up to expectations. Perhaps the minister could give us a statement with regard to that.

Mr. Howe: I could give the figures but they are rather misleading. The reason why our purchases from the United States have been high is that we need finished munitions, and they have finished munitions. The reason why their purchases in this country have not been as great is that, while they are quite willing to buy here, we have not the finished munitions to sell them. We have taken substantial orders, and they are coming in at an accelerating pace. Over a period I think there will be a reasonable balance. There is every will in the world to carry out the spirit of the agreement entered into some months ago. However, I think it would be unwise to give the figures on the orders that we have obtained from outside the country, or purchases from outside the country.

Mr. Green: The minister can give no figures either for United States contracts or from other countries?

Mr. Howe: There are practically no orders for munitions from other countries that involve payment. Of course other countries are buying raw materials and paying for them, but any munitions that are going to Europe are going as a part of our contribution to NATO. The cash purchases come from the United States. They amount to a very respectable sum, but I would not care to give a figure at the moment. I think it will be fairer to the United States to wait a few months until the impact of the negotiations now under way is fully realized.

Mr. Drew: With relation to that particular point, I wonder if the minister could give us some indication as to the extent to which there is agreement on certain types of equipment. Let me take as a specific example the walkie-talkie used for military service. I understand that orders have been placed in Canada for substantial numbers of these sets as the result of an accepted design which is regarded as a very favourable design for this type of military equipment, and that the order is on a scale that contemplates the disposal of a large quantity thereof in the United States. Can the minister say whether they have actually agreed to take this equipment from us or whether it is simply in the speculative stage at the moment?

Mr. Howe: Well, the walkie-talkie in question is really in the development stage now. The design has been discussed with a committee representing the ABC countries, and there is agreement that the design, which originated in Canada, will, if it can be brought from the development stage at a reasonable price, be standard equipment for the three countries. But we have not solicited orders for the time being. We placed an order ourselves for 50,000 sets, but we have not solicited orders from other countries nor would we be in a position to do so until we could show them a finished prototype.

Mr. Drew: Then I understand from the minister that 50,000 of these new sets have been ordered, and my information is that it is a highly efficient set, which has been developed by our own research organization. I think the minister will agree that Canada itself would not have use for more than 5,000 of these sets at the outside.

Mr. Howe: That is correct.

Mr. Drew: If we have placed an order for 50,000 and we could not use more than 5,000 ourselves, does this represent the absence of a sufficient measure of agreement as between the NATO countries, if we have placed a definite order for ten times what we can use without a commitment on the part of our associates to take the sets?

Mr. Howe: No, it does not represent that. It represents a belief on our part that the requirements of the three countries will run to 50,000 sets, and that if this set is all it is believed to be at the moment by the experts of the three countries those 50,000 sets will be in demand. If it is not up to the mark, if the set does not perform as the three countries believe it will, production will be stopped and Canada will absorb the development expense. Certainly Canada would not place a large order for walkie-talkie sets it could not use. The orders we have placed at the moment are tentative and will be confirmed if the set when actually produced lives up to its promises.

Mr. Drew: The information the minister has given confirms the information I had received, which prompted my question. This brings me back to certain remarks I made earlier in the day. The minister will correct me if I am wrong, but I understand the United States is actually proceeding with the construction of another walkie-talkie set.

Mr. Howe: That is right.

Mr. Drew: If that is the case then are we not seeing evidence here that even at this stage of the development of our defence program for this emergency we are not reaching agreement quickly enough in regard to vitally important questions of supply? Is that not right?

Mr. Howe: Well, I think the United States walkie-talkie now being developed is based on the same design as our own; but even with respect to walkie-talkie sets, which are fairly important pieces of war equipment, I do not think the United States would depend entirely upon a source of production outside the country. The United States usually follows the practice of having two sources of supply, even though both may be in their own country. I think everything being produced for the United States in Canada is a second source of supply to a source within the United States.

Mr. Drew: The minister has explained that the requirements of the NATO countries are estimated at 50,000 sets, which is the order already placed with a Canadian producer. If that is so and the United States is, as I understand and as it would seem the minister agrees, proceeding with the production of another type of walkie-talkie which has substantial differences to that we are producing, then it would seem that this would greatly affect the total number we might sell, having regard to the fact that obviously the United States would be the largest consumer of that type of equipment. I mention the walkie-talkie not because I am suggesting—

Mr. Howe: It is not a very typical example.

Mr. Drew: I think it is. I am not suggesting for a moment that the strength or weakness of the army is going to depend on a walkie-talkie. Nevertheless I do suggest that it is an important piece of equipment, and I also suggest that what is happening in this case is illustrative of a difficulty that is being encountered in getting decisions, and that in many cases certain jealousies as to who shall produce a certain article are entering into these decisions.

I come back to what I said earlier. The minister has indicated that Canada has been forced to delay the actual commencement of production of rifles and machine guns because of the failure of the governments of the United States and United Kingdom to standardize on one accepted pattern. I thought I made it clear this morning that I was not criticizing the Canadian government for any failure to achieve uniformity in that case, because this government could not do it. I was urging the Canadian government

to use its good offices to seek a further meeting, and to impress upon the other governments our feeling of urgency in regard to this aspect of the problem. The minister mentioned the fact that there had been agreement in regard to the standardization of some fourteen types of weapons.

Mr. Howe: I do not want to mislead my hon. friend. The Minister of National Defence says that about four hundred items have been agreed to, but of those fourteen are important and the others are minor.

Mr. Drew: There is a vast difference, of course, between the four hundred items and the weapons. We all know what the important weapons are. We know that as yet there is no agreement in regard to rifles and machine guns. When we speak of standardization, it has its primary effect upon the organization of the land forces. The next weapons we come to are the artillery weapons. Today the minister explained that we have decided to adopt the 105 millimetre and 155 millimetre howitzers in place of the 25-pounder and the 5·5 howitzer. I understand, and I would wish to be corrected if I am wrong, that there is not an agreed standard between the governments of the United States and the United Kingdom in regard to those weapons. Is that correct?

Mr. Howe: I had the other understanding, but I do not want to be too positive. I think at the moment we are discussing a good deal of classified material. I can tell my hon. friend, if it will comfort him, that we are making 155 millimetre howitzers for the United Kingdom, so I assume that is a standard.

Mr. Drew: Is that on a firm order?

Mr. Howe: Yes.

Mr. Drew: The reason I ask is because it might be on a firm order or it might be on the same basis as the walkie-talkies.

Mr. Howe: No.

Mr. Drew: Surely the minister must know whether in fact there has been agreement. After all, these are not merely decisions of two nations; they are decisions that affect NATO preparations. I know this has been under discussion, and I know there is agreement as to the desirability, but surely the minister is in a position to say whether in fact there is formal agreement between the government of the United States and the government of the United Kingdom that the 105 millimetre and 155 millimetre howitzers will be the standard weapons.

Mr. Howe: In the first place, I am speaking about a matter that my hon. friend will appreciate is not my concern. That is a matter for the armed services. If I said there was agreement, I would be saying what I believe. If the hon. member asked the source of my information, I could not tell him. I can only say that the army does not ask us to go into large scale production on an item which has not been agreed upon among the three countries, and we have been asked to go into large scale production on the 105 and 155 millimetre guns. So I am assuming that they are standard to the three countries. I think I am correct in the assumption, but I am not the man to answer that question. In fact, the whole matter of standardization is outside my province. It is a matter for the armed services.

Mr. Drew: Mr. Chairman, the Minister of Defence Production has indicated the very close association of these two departments in all that they do. The activities of these departments are closely interlocked by virtue of the fact that the Department of Defence Production is the department which interprets in terms of actually finished articles the requirements of the Department of National Defence. The Department of National Defence establishes its requirements, and the Department of Defence Production then takes steps to bring those requirements into production. It seems to me that in the discussion of defence production this is directly related to the effectiveness of what we are doing, and this is the appropriate time to emphasize the tremendous urgency of some decision in regard to standardization. Whatever minister is responsible, the government itself should be ready to take whatever steps are necessary to seek some conclusion in regard to standardization, if in fact the emergency is of the nature that has been explained to us and that justifies the tremendous sum of money we are called upon to approve.

I know that the Minister of Defence Production did not seek to convey the impression but unintentionally the suggestion was left that we have not achieved standardization in regard to only two of the weapon categories, rifles and machine guns, whereas we have achieved some measure of standardization in other fields. I would point out that the infantry is still the most important segment of the whole defence formation from the aspect of the occupation and holding of any area. To a large extent the character and ultimate form of all our defence forces is determined by the organization of the infantry and the other land forces. The characteristics of these land forces are largely decided by the type of weapons they possess. For that reason the rifle and the machine gun are, in fact, the basic equipment of the whole defence

system, although they may appear to be relatively unimportant weapons in themselves as compared with aerial bombs, mortars, field guns and equipment of that kind. The aircraft and even the ships are simply methods by which the power of any nation is asserted for the ultimate purpose of making it possible for the infantry to do its job. For that reason I suggest it is of critical importance that there should be standardization of these weapons.

The Minister of Defence Production has stated that we are not proceeding with the manufacture of rifles and machine guns, at a time when we have been told we face this great crisis. He has explained we are not proceeding with that because uniformity has not been established between the governments of the United States and the United Kingdom. I would ask the minister if he will give an undertaking that the Canadian government will take whatever steps can be taken to bring about a further meeting, in the hope that this may be achieved.

I hope I have demonstrated in my remarks today that I am seeking to aproach this subject conscious of what I regard as its vital importance. I have sought to divorce from the arguments I have presented on this subject some of the very strong views I hold in regard to detailed aspects of this whole problem. I have done it because I believe that if we could establish some measure of unanimity in our expression as to the immense importance of achieving these results, and if word went from here that the Canadian House of Commons had indicated fairly clearly that we felt that every conceivable step should be taken by the governments of the United Kingdom and the United States to achieve standardization now to the advantage of all members of the Atlantic community, that might produce extremely important results.

Mr. Claxton: Mr. Chairman, I should like to support the leader of the opposition in the plea he has just made. I said something about this in the house on May 9, and it appears on page 2867 of *Hansard*. Canada, more than any other country on the face of the earth of which I know, desires standardization. We have to work with Britain and the United States, and our work, either in war or peace, is made much easier if they work together; that is fundamental. We have worked on standardization committees over the last five years with the representatives of the armed forces and civilian industry of Britain and the United States. We hoped for success. We hoped that we might achieve common standards, not only with regard to screw threads and industrial materials but also a large number of weapons. Unfortunately, that was not achieved in respect to the fundamental weapon of all, the rifle.

We have now the announcement of a failure to agree between Britain and the United States. Britain has announced her intention to adopt the ·280 calibre for her rifle and related weapons and the United States is going to retain its present ·300 calibre round or adopt another. Meanwhile we have a large supply of ·303 rifles and ammunition. We believe that this is an exceedingly important crossroads. We believe that if the extreme claims made by the British for the ·280 are completely admitted, and if at the same time the claims by the United States for the ·300, or whatever other type they adopt, are completely admitted, all the combined advantages of the claims made by both will be more than outweighed by the loss of the advantage of agreeing on something together.

We believe that this is of extreme importance. On that account we have made representation at every level to try to bring the United Kingdom and the United States together. If this failure to agree continues, it not only affects the development programs of Britain and the United States and the countries of Europe, but far more it affects ourselves because we are a surplus producer. We can produce far more rifles or any type of equipment than we could use ourselves. We want to produce something that will be of the utmost use to all the North Atlantic treaty nations. All we ask is that there shall be agreement.

I believe the time has come when this vital matter of the rifle, and the calibre of ammunition, the type of arm common to all nations and essential in all forces, must be decided. A new approach must be made if necessary, and that is that General Eisenhower and the standing group should be asked to call into consultation the nations concerned to see if they cannot reconcile their differences. Agreement at this stage is of paramount importance. I am in full agreement with the leader of the opposition. But also I do recognize the difficulties that have been facing Britain and the United States in arriving at agreements for technical reasons, for reasons of the background behind all of their weapons. Now a fresh approach should be made, and on that account I addressed myself a communication to the minister of defence of Britain and the secretary of defence of the United States, asking them to try again to arrive at some means to an agreement. They, with the members of the other North Atlantic treaty nations, should now ask General Eisenhower himself to call into consultation at any level the required personnel to arrive at an agreement on something so that we shall stand together on this

fundamental weapon and show that we can agree on making progress through co-operation together.

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

77. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of treasury board, $50,000,000.

Mr. Green: This item provides for capital assistance to three groups of corporations. First of all there are the private contractors engaged in defence contracts, then the crown plants operated on a management-fee basis and, thirdly, crown companies under the direction of the Minister of Defence Production. What companies or crown plants will benefit from this vote?

Mr. Howe: It is practically all Canadian Arsenals.

Mr. Green: I would like the minister to include the three classes, namely the private contractors, the crown plants and the crown companies.

Mr. Howe: These are capital assistance projects:

Aviation Electric Limited; machinery for instruments, $119,055.

Canadair Limited; equipment for F-86 aircraft, $6,688,726.

Improved airport facilities, $95,304.

Light Alloys Limited; magnesium castings; building, $1,320,000; equipment, $932,960; housing, $200,000.

A. V. Roe; Orenda engines and air frames for CF-100, $9,350,000; equipment, $36,500.

Those are some of the principal capital expenditures which have been approved to date. There are others in the offing. A long list of items is under consideration. Does my hon. friend want to have the whole list?

Mr. Green: Would there be any objection to putting it on *Hansard*?

Mr. Howe: I think there would be, because a good many of these negotiations have not been finalized.

Mr. Green: The companies the minister has listed are all private companies, are they?

Mr. Howe: Yes.

[Mr. Claxton.]

Mr. Green: No crown companies included in that list?

Mr. Howe: That is right. The crown companies are:

Canadian Arsenals Limited; rehabilitation of hexachlorethane plant at Brownsburg, $150,000; rehabilitation of explosives plant, Valleyfield, $5,500,000; electronics division; $800,000 at St. Paul l'Ermite; $3,500,000 at Scarborough. Guns and ammunition division, $6,200,000. That is the list, I believe.

Mr. Green: Are they in the category of crown plants operated on a management-fee basis?

Mr. Howe: No. My hon. friend will understand that all the facilities created by capital assistance are the property of the crown. To that extent they are operated not on a management-fee basis but under the management of the plant in which the equipment is installed.

We have only one management-fee contract, and that is the Valleyfield explosives plant which is being operated by Defence Industries Limited on a management-fee basis. That is the former arsenal. It was not used for several years and had fallen into a state of disrepair. It is being put back into condition and operated by Defence Industries Limited.

Mr. Green: Would Emerald mine come under that category, also?

Mr. Howe: Yes, Emerald mine is being operated under a management-fee contract for the account of the crown. It is a cost-plus-10-per-cent contract.

Mr. Green: What company operates that mine?

Mr. Howe: I do not remember the name offhand, but it is the company of which Mr. Charles A. Banks of Victoria is president.

Mr. Green: The company which owns the rest of the property?

Mr. Howe: Yes.

Mr. Green: Yesterday a bill was introduced providing for an extension of the Canadian National Railways from Sherridon to Lynn lake, Manitoba. The explanation was given that the Department of Defence Production was providing $4,725,000 for that line. Would that amount come under this vote, or does it come out of the revolving fund of the department? If from neither of these sources, from what source does it come?

Mr. Howe: It is a capital assistance item, and the funds come from this vote. The situation there was that the government was

very anxious to bring in a nickel property at Lynn lake. The company who owned the discovery were able to finance the development of the mine and of the smelter to treat the ore, but they found it impossible to finance also any large part of the railway line. The estimated cost of the railway was about $14,800,000. It was decided, after a good deal of discussion, that the railway would provide $5 million, which they considered the amount which would be economical from the earnings point of view, and the company undertook to finance $5 million. The government undertook to finance the balance as capital assistance to the project.

Mr. Green: Apparently there is some provision for repayment by the company of at least part of the money advanced by the Canadian National Railways?

Mr. Howe: Yes.

Mr. Green: Is there a similar provision for money being advanced by the Department of Defence Production, or is that money to go into the line and, in effect, become part of the assets of the Canadian National Railways?

Mr. Howe: That is right. It is capital assistance to the project on an out-of-pocket basis. There is no recovery of that amount.

Mr. Harris (Danforth): The minister mentioned $3,500,000 for Scarborough. What is that?

Mr. Howe: That is a plant for the assembly of early warning radar sets. It is being constructed at Scarborough.

Mr. Harris (Danforth): In the township of Scarborough?

Mr. Howe: Yes. It is to be operated by Canadian Arsenals Limited.

Mr. Green: Do I understand that none of this $50 million will be recovered?

Mr. Howe: Oh yes; we own the properties we create, with the single exception of the railway to Lynn lake which will be owned by the Canadian National Railways. But in every other case the asset which is created by the $50 million is owned by the crown. I presume the procedure followed after the last war will be followed after this emergency, whereby the asset will be sold in the best market available.

Mr. Green: Are there any projects in contemplation similar to the extension of a railroad to Lynn lake. Mind you, I am not quarrelling with that extension.

Mr. Howe: No, that is an unusual project.

Mr. Green: There are no similar plans in mind?

Mr. Howe: No.

Mr. Knowles: The minister has answered in part the question I am going to ask, namely as to what would happen to the assets which the crown would own in cases where extensions to private plants are built at government expense. The minister says that presumably they would be sold as they were after world war II. Can he give us any figures as to the total amount that was expended in that way during world war II and what we got back when those assets were sold after the end of the war?

Mr. Howe: I do not remember the investment figure but I recall that the recovery was over $600 million. I think we recovered about 65 per cent of the amount invested.

Mr. Knowles: We are not now buying back any of those assets that we sold, are we?

Mr. Howe: The only case, I think, is the Emerald mine.

Mr. McLure: Will the money being spent on these properties be for the manufacture of shells, cartridges, small arms, as well as the other items needed in defence production?

Mr. Howe: The hon. member will appreciate that at present the demand for shells is not great. The army is not fighting where Canadian shells are used. However, we are setting up capacity for shell manufacture, largely in government arsenals. The actual production of shells will not commence on a full scale until war actually breaks out.

Mr. McLure: The father of Canadian munitions who was most successful in 1914 and the last war was Colonel Weatherby, whom the minister knows very well. I was hoping that when the government began to manufacture things of that kind he might be employed once more and consideration given to my province in that connection. There is no doubt about his success in getting out munitions.

I sincerely hope that the minister will consider my province in connection with defence contracts, and particularly Charlottetown where there are real mechanics, good labourers and fairly good machinery.

Mr. Howe: That has been attended to already. The great manufacturing firm in Charlottetown is Bruce Stewart and Company and they now have enough work modernizing frigates to keep them going for some time. I presume that after that there will be other work. I would point out also that there is an active air station on the island which is good for that particular locality.

Mr. Brooks: Before asking what questions I have to ask I should like to request that the minister do as much as he can for New Brunswick. This afternoon the minister said that some $81 million had been spent in Quebec, $87 million in Ontario and a little over $2 million in New Brunswick in a certain period of time. That has been our proportion for some time. According to population that would work out to about $4 per head, while in the central provinces it would be from $25 to $30 per head.

I know that this is a difficult problem but I know also that the minister has been accustomed to dealing with difficult problems. I am satisfied that if he gives this problem his full attention he can work out a solution. The location of defence industries in our provinces—I am speaking more particularly for my own province—would be of great assistance. I know that hundreds of young men are leaving every week for central Canada. They have to close up their homes. Anyone reading the reports of houses built in the different provinces during the last few months will have noted that fewer houses were constructed in New Brunswick than in any other part of Canada.

The last time I was home three young veterans, men with families, came to my office to see if I could help them sell their homes. They said that they were moving to Toronto with their families. They all had nice homes but they were being forced to sell them at only a fraction of what they had paid. They told me that they were having great difficulty in finding houses to live in in Toronto. I should like to read what the Toronto *Globe and Mail* had to say about the housing situation in Toronto and how it affected those who were moving in from New Brunswick and other outlying areas. I quote:

> Men ought to be moving from places like New Brunswick, where they aren't needed to places like Toronto, where they are. But, with this region's critical housing shortage, they shouldn't be family men.

According to the Toronto *Globe and Mail*, young unmarried men should be leaving our province to come to Toronto to get work, but family men should stay at home and do the best they can. The situation is serious in New Brunswick and I do hope the minister is giving it every attention he can. Speaking this morning the minister said that repair facilities for aeroplanes were being established everywhere across Canada. May I have the minister's attention?

Mr. Howe: I read that article some time ago and I do not think it has much to do with this debate. We are not discussing housing.

[Mr. Howe.]

Mr. Brooks: That is the attitude the minister always takes when this question of the distribution of industry is brought up. As a member coming from the maritime provinces I feel I should plead our case. We feel strongly about this situation and I feel sure that the minister can correct it if he will. I pay him that compliment. I said at the outset that he is accustomed to dealing with difficult problems, and this is a difficult problem. We in the maritime provinces have the same rights as people in any other part of Canada and it is up to the government of this country to see that the people in that part of Canada are treated in the same way as others. I do not intend to take any brush-off from the minister or anybody else in this connection. I would also like to have the minister listen to what I am saying.

Mr. Howe: When the hon. member speaks about housing conditions in Ontario I would remind him that I live right here in Ontario while he lives in New Brunswick.

Mr. Brooks: That is quite true, but you are the minister for Canada in this connection.

Mr. Howe: I am fully aware of that. Also, I was a maritimer before the hon. member was.

Mr. Brooks: You were also a United States citizen before you were a Canadian, but that has nothing at all to do with this. I should like to ask where repair facilities are being established across Canada, and whether any are being established in the maritime provinces? I should like to ask him where the $200 million is being spent for shipbuilding which the minister told us this morning was being spent in Canada. I should also like to ask him what assistance is being given to small industries in the province of New Brunswick and the other maritime provinces to assist them to become established. These are very important matters to us indeed, and I should like the minister to answer my questions and tell us what is being done in my own province so far as industries are concerned.

Mr. Lesage: We are on item 77.

Mr. Brooks: I know where we are.

Mr. Howe: Do you know where you are?

Mr. Brooks: Yes, I know where I am.

Mr. Howe: To correct the figure of $2 million that the hon. member used, contracts placed in New Brunswick by the Department of Defence Production in the year 1951 total $7,281,043.

Mr. Brooks: I was quoting the figures the minister gave this morning when he said

that $81 million had been spent in Quebec, $87 million in Ontario, and a little over $2 million in New Brunswick in a certain period of time. It was not the figure for 1950. It was concerning another period.

Mr. Howe: My hon. friend asked what we are doing in shipbuilding. Within the last week a contract has been placed for the repair and overhaul of five ships, two minesweepers and three frigates, with the Saint John Drydock Company.

Mr. Brooks: That is repair, but what about shipbuilding?

Mr. Howe: Certain ships are being built there. I have not the figures before me. I think one of them is a lighter. I do not remember what the others are, but my hon. friend should have some idea what is going on in his own province. Then he would not have to cross-examine me on it. I have to think of ten provinces, not just one.

Mr. Drew: Mr. Chairman—

Mr. Howe: Now we will have it.

Mr. Drew: That is the kind of remark that makes it difficult to deal with the minister in terms that produce the best results. It was an absolutely uncalled for affront to a member who is trying to get information from the man who is under an obligation to give it to this committee. It is not for the minister to tell any member that he should find out. It is for the minister to answer questions in committee.

Mr. Howe: Thank you very much for that instruction.

Mr. Drew: You need instruction.

Mr. Howe: That is the result of your long experience in this house.

Mr. Drew: If the minister—

The Deputy Chairman: Order. The leader of the opposition has contended that the remarks made by the Minister of Defence Production are tantamount to an affront to the hon. member for Royal. The words used by the minister were to this effect: The hon. member for Royal knows the situation in his province and therefore does not have to cross-examine me. Apparently the minister contended that the hon. member for Royal should know some of the facts himself. Alluding to that statement, the leader of the opposition said that it constituted an affront to the hon. member for Royal. Of course the words complained of should be complained of by the hon. member for Royal if they constitute a question of privilege. We are now dealing with an item and remarks must be relevant to the item.

Furthermore, I might add that in Beauchesne, third edition, citation 418 says that the ordinary function of a committee such as this one is deliberation and not inquiry. It has been the practice for inquiries to be made in the discussions that have taken place in these committees. However, if it is to be a debate and not inquiry, strictly speaking the word "cross-examine" is one that could be properly used by the minister. I do not want the matter to go much further. I want members to make their remarks relevant to the item under discussion. The hon. member for Montmagny-L'Islet reminded the hon. member for Royal that we were on item 77, and if I understood the hon. member for Royal correctly it may be that he may have thought we were still on item 76, which was carried before the recess.

Mr. Brooks: Mr. Chairman, I am merely seeking information from the minister. So far as the other item is concerned, I was attending the veterans affairs committee this afternoon, and I was not aware that the item had been carried. It is information that I should like to have. The minister says that I should know the situation in the province of New Brunswick. Let me tell him that I know it too well, and the situation in New Brunswick is exactly what I am complaining about. I am complaining because we have not the industries that we should have. I am complaining because thousands of our young people have to go to Ontario or Quebec for employment. These are things that I do know, and what I am asking the minister to do is to see if he cannot distribute industry in some way so that we can hold our people in our province. That is the situation so far as I am concerned.

Mr. Howe: I can tell my hon. friend to start with that the nature of the answer he gets from me is very liable to follow the pattern he sets in asking the question, and that applies to what has just happened. If he will be a gentleman in asking his questions I will try to be a gentleman in giving the replies.

Mr. Drew: Mr. Chairman—

Mr. Brooks: I rise on a point of order.

Mr. Howe: I am on my feet.

Mr. Drew: All right, you are on your feet. I ask, Mr. Chairman, that you demand the withdrawal of a statement which is absolutely inexcusable.

The Deputy Chairman: Order.

Mr. Brooks: The minister has accused me of being ungentlemanly in asking my question. I think that is unparliamentary and

unfair, and I would ask you, Mr. Chairman, to request the minister to withdraw that statement. I prefaced my remarks tonight by paying the minister a compliment, and it was only when he refused to answer my questions that I perhaps used a little more heat than I otherwise would have. I think it is unfair and ungentlemanly for him to make that statement, and I ask him to withdraw it.

Mr. Howe: I accept the apology and I withdraw anything I said that was offensive. I can now give my hon. friend the information he wishes. It is to be found in *Hansard* of June 4 in the statement made by the hon. member for Vancouver Centre in his capacity as parliamentary assistant to the Minister of National Defence. The announcement made at that time was that a steel crane lighter will be built by the Saint John Drydock Company, and that the Saint John Drydock Company will also build two Norton class tugs. That is in addition to the alteration work that I mentioned.

Mr. Brooks: I also asked the minister about repair facilities for aeroplanes. He said that they were being established across Canada, and I wanted to know if there were any in the maritimes and where they were.

Mr. Cote (Matapedia-Matane): Don't you know? I thought you came from there.

Mr. Brooks: I hope I know as much as you do.

Mr. Howe: I cannot say. I know that one contract has been placed with the Fairey Aircraft Company of Halifax and also with the Cossor Company of Halifax. I do not recall where facilities are set up in New Brunswick, but I will be glad to make inquiries and give my hon. friend the information at the first opportunity.

Mr. Brooks: I understood the minister to say that there was a representative for the maritime provinces in the office at Ottawa.

Mr. Howe: Yes, there will be.

Mr. Brooks: Can he tell me who that representative is?

Mr. Howe: The appointment has not been made. It will be made within the next week. Two names are under consideration, and I cannot tell my hon. friend which will be chosen.

Mr. Gillis: At the risk of getting into difficulties I am going to say a few words on this item. I too was out of the house this afternoon attending the veterans affairs committee; otherwise I would have made a general statement. I am not going to do that at this time; I will stick to item 77.

[Mr. Brooks.]

This item is for defence production, which covers a very broad field. I want to refer briefly to the statement by the minister this afternoon that in the allocation of contracts for the expenditure of money for the purposes of this vote the great potential for the manufacture of munitions was in Ontario and Quebec. If that is the thinking of the department, that is the way the money will be spent under this item. I disagree with that statement. While the minister indicated this afternoon that he has done some pretty broad and comprehensive planning in the mechanics he has set up in his department, that particular statement is not correct in the light of the defence program. The great potential for munition making under present circumstances, and as we see a potential war developing, is not in the centre of Canada. In my opinion the major portion of the armed force we are building today is designed for western Europe. The whole program of arming our north Atlantic pact countries means that the munitions and equipment necessary for that purpose will have to be shipped to Europe, so the logical place to do the manufacturing is the point closest to Europe. Even though you now have an overdeveloped fabricating organization in the two central provinces, the great bulk of the raw materials are being dragged here from the east coast. That seems pretty illogical, and it tends to great waste if you haul your raw materials all the way up here, manufacture them and then haul them all the way back to the east coast again and ship them overseas from Halifax or Sydney. If the minister is realistic, as I know he is—though he may have some bad advisers who have centralized minds—he will agree with me.

Then I am convinced that this is not a short range program. This program is going to last for a long time. I believe in connection with munitions and vehicles, if you like, the minister should think in terms of allocating a large plant as near basic steel as he can get it, and in an area where labour is available. The hon. member for Royal has indicated, and he is quite right, that the greatest export from the maritimes is our young people. We have all the ingredients necessary for an economic program in connection with munitions, vehicles and things of that kind, which will have to be shipped out of the country; and they should be produced as close to the sources of raw material and labour as you can get. If this were a war we would be getting over in three or four years and we had an emergency program it would be all right to throw up your plants anywhere, as was done during the last war; but that is not the case. In my opinion this is a long range, more or less permanent

program; and if the money of the taxpayers is to be fairly allocated in view of economic conditions the minister should give serious thought to the establishment of a plant or two in the area where both raw materials and shipping facilities are available.

I would like the minister to think of that, because as I see our program developing today the thinking is exactly the same as it was during the last war, when we overdeveloped industry in the central provinces, particularly in Ontario, to such an extent that a power shortage was created. That power shortage still exists, so that Ontario now is racing around the country asking for a billion dollar expenditure in the St. Lawrence so they can get more power to meet a potential industrial development in this province that is not warranted. I am leaving that thought with the minister, because certainly this is not an equitable development. I believe it is uneconomic and shortsighted, and it is not like the minister to carry on a program of that kind. I wish he would take that question under advisement. I do not believe it is good thinking to centralize everything in these two provinces, with the chance of an atomic bomb wiping out everything overnight. It is still early; this program is just getting started; it is still in the embryo stage. So I hope the minister and his advisers will sit down and seriously consider utilizing, in the part of the country where they are located, the raw materials that are being dragged across this country for fabrication.

Most of the stuff we are going to manufacture will be sent to Europe, as I have said. Having that in mind, the closest you can get to raw materials, shipping facilities and a labour supply is down on the east coast, so I leave that thought with the minister. If I had been here when the first item was called I might have developed a real argument, but I am rather restricted now. I suggest that the minister think over my observations and let us know what can be done.

Mr. Howe: I have given a good deal of thought to that situation. Last year we placed contracts in the maritimes to the extent of $28,596,000. That was direct defence purchasing by the department for which I am responsible, but there are defence supporting industries which are also very important. For instance, we regard the building of freight cars as an important defence supporting industry, and about 25 per cent of that work is carried out in the maritime provinces. The hon. member will also keep in mind that the production of coal is an important defence supporting industry. I have been very pleased at the progress made in locating industries in the maritime provinces during the past two or three years, and have tried to assist that development wherever possible. As my hon. friend knows, we have advanced a substantial sum for the mechanization of coal mines in an attempt to increase production there. We also allotted certain capital assistance to the Trenton steel works, and put in a very large press for pressing rotors for the new escort vessel program, at a cost of about two and a half million dollars. If at any time there should be an opportunity to place an industry in the maritime provinces my hon. friends both from Royal and from Cape Breton South may be sure that we will give every assistance possible.

Item agreed to.

78. To provide for research and development of jet engines and aircraft, $1,000,000.

Mr. Green: Would the minister explain this vote for research? I am wondering why it does not come under the defence department, where they have a research branch, or under the national research council. What is the reason that it is shown in a vote of the defence production department?

Mr. Howe: This was a civilian project undertaken some three years ago to assist the A. V. Roe Company Limited in developing a commercial jet transport. The transport was developed and is, I believe, a very creditable plane. Unfortunately, in times like these with the urgent need for war planes it has been decided to put that work aside. This million dollars is to settle accounts up to the time the work is put aside. If the opportunity offers a little later we hope to complete the work, and produce a Canadian-designed air transport plane powered by Canadian jet engines.

Mr. Green: It has not been carried along to the finished stage yet?

Mr. Howe: No, it is being dropped. The plane was finished and flown, as my hon. friend is probably aware. Certain improvements were suggested by the flights, and a second prototype was under way. When the need for factory space for war production became evident we decided to put the transport project aside.

Mr. Graydon: May I say a few words with respect to that. I believe the work which has been done by the A. V. Roe Company at Malton deserves a word, because in a sense they are the pioneers in the jet passenger plane field. The jet liner, which is a matter of great pride to the workmen and management at Malton, to the minister and to all of

us, has put Canada rather out in the lead so far as that type of machine is concerned. It is a beautiful machine. I should think there is nothing that looks quite as graceful in the air as the new jet liner. I would fancy that as time goes on perhaps the work that has been done will provide great benefits and advantages so far as Canadian leadership in the field of civil aviation is concerned, when the opportunity finally comes for it to blossom forth. I am glad to hear that the minister has at least settled up the accounts in connection with the Orenda research, because I think a magnificent job has been done at Malton, and I am sure the minister will agree with that.

Mr. Howe: I agree thoroughly. I am sorry that the work must be suspended, but we only have so much floor space and it is needed for war production.

Item agreed to.

79. To provide for the liquidation of contracts, including commitments of previous years related to the acquisition of assets operated by the departments of munitions and supply and reconstruction and supply or an agency of these departments; the liquidation of the assets and liabilities of closed crown companies and crown plants; and for miscellaneous and unforeseen expenses, $200,000.

Mr. Green: Is this a clean-up item to finish off various old contracts, or just what is the explanation of this $200,000?

Mr. Howe: There are certain long-standing lawsuits against the department for patent rights and so on. I cannot say this is a clean-up item. We began with a clean-up item of $500,000, and we have gradually reduced it to $200,000. We have claims at the moment for $3,064,000, and we estimate that of this amount there is payable this year $144,000 plus legal costs.

Item agreed to.

80. To authorize the transfer of funds from the Canadian Commercial Corporation employees' retirement fund to the retirement fund created by the Civil Service Superannuation and Retirement Act, in respect of past contributions and accumulated interest thereon of employees transferred from the corporation to the department, $1.

Mrs. Fairclough: Will the minister tell us if there are many employees affected by this item? Approximately what is the number of employees and the amount involved in this transfer?

Mr. Howe: The employees of the Canadian Commercial Corporation have only recently been taken into the civil service superannuation and retirement act. Prior to that time, however, five per cent was deducted from their salaries under a government retirement plan that was carried on with temporary employees during the last war.

That five per cent is now transferred to the retirement fund as a credit to back retirement for the employees that have now been taken in.

Mrs. Fairclough: Does this mean that these employees are now governed by the civil service commission?

Mr. Howe: That is right. I should say they are not all transferred. There are still some employees with Canadian Commercial Corporation but the major part of the staff have been blanketed into the civil service.

Mrs. Fairclough: This just covers those who have been transferred?

Mr. Howe: That is correct.

Item agreed to.

Crown companies—

81. To provide for expenses incurred by Defence Construction Limited, in procuring the construction of defence projects on behalf of the Department of National Defence, $3,000,000.

Mr. Thatcher: Will the minister state whether any of these defence projects are on the prairies?

Mr. Howe: Yes, a good many of them are on the prairies.

Mr. Thatcher: Would the minister indicate which ones are?

Mr. Howe: This is to provide for the cost of operating the company for the services of the Department of National Defence. In other words, it is really an operating fee.

Mr. Murphy: I believe I am in order, Mr. Chairman, in raising this subject under this item, but I want to meet the wishes of the minister. I wish to speak about the Polymer explosion, but perhaps the minister would rather answer under another item?

Mr. Howe: There is no vote here for the Polymer Corporation. I do not want to stop my hon. friend, but I am sorry he did not bring it up on the general item. Personally, I have no objection to his speaking on this item.

The Deputy Chairman: There may be a supplementary item later on which the member could speak.

Mr. Murphy: I shall not be very long.

The Deputy Chairman: Has the hon. member unanimous consent to speak on the Polymer Corporation under this item?

Some hon. Members: Agreed.

Mr. Murphy: I want to be quite fair in this, Mr. Chairman, and I know the minister will appreciate that. I am just hoping that after I am through the minister will promptly

make a statement to the house, and to the country, respecting this important industry at Sarnia where this blast occurred. It was perhaps a miracle in many ways that it did not do more damage. I have some questions to ask the minister concerning this particular explosion. I believe the public is rather unfortunately informed about what took place, because I am inclined to believe that some of the statements that were carried in the press and over the radio were exaggerated. Perhaps this was due to the fact that statements were not immediately forthcoming from either the minister or the top management at Sarnia.

Living on the border as I do, I know that our people listen to the United States radio stations. One of them thought that this was an atomic explosion. I believe the people in Sarnia are most fortunate that it was not worse than it was. It was disastrous enough. I noticed a statement made by the minister that the damage was from $50,000 to $100,000. He may revise that statement. I think it was made immediately after the explosion. What concerns me and the people in my area, which is a chemical valley, is an article which appeared in the magazine published by the Polymer employees. The minister in his statement after the explosion did say that there had been two previous explosions. I want the members of the committee to appreciate the fact that the minister did state at that time that this particular element, butadiene, is not one of the easiest elements to handle. What disturbs so many people, apparently, is the fact that there were not two but three previous explosions, I believe, in that particular area.

Hon. members may not realize it but this tank was made of steel seven-eighths of an inch thick. Of course all the plate glass windows in the neighbourhood were blown out, and fragments of steel pipe were found a mile or a mile and a half from the scene of the explosion. I am also informed—and I think this will impress upon the committee just how serious the explosion was—that one fitting or valve weighing 26½ pounds was found a little more than a mile and a half away from the explosion. I should now like to pay a tribute to those in Polymer and to the fire department who played such an heroic part in averting what could have been much more serious.

I am now going to quote an article which appeared in the official staff publication of the Polymer Corporation. The quotation I hold in my hand was taken from the *Canadian Observer*, which in turn took it from an article which appeared in the company publication. It is dated Monday, May 7, 1951. It refers to an explosion in March of this year, or an averted one. It says:

> A potentially serious fire at Polymer corporation's butadiene extraction unit was averted on March 29, through the bravery of an operating crew, according to a graphic story appearing in the latest edition of the "Polysphere," official staff publication of the crown company.

Then it goes on to speak about the heroes and says:

> With absolute disregard for their personal safety, these men prevented what could have been a serious fire March 29 by shutting off escaping butadiene which was being released to the atmosphere through a ruptured butadiene product line.

The article continues:

> At approximately 4.25 p.m. on March 29, a 6-inch steel line connecting three butadiene accumulators ruptured, releasing approximately 9,000 pounds of butadiene to the atmosphere. The line ruptured with considerable report, bringing the operating crew to the scene immediately.
>
> Because of the dense hydrocarbon fog which enveloped the area, it was impossible to determine where the leak was coming from.

Then it goes on to speak about how three of the employees shut off the plug valves, and how McEachran, Moore and Roberts entered the dense hydrocarbon fog and tried to shut off one 6-inch plug valve, but found that they could not.

That to me is disturbing, and it is also disturbing to the people in my area. It may be that an inquiry has been held to determine why that valve could not be shut off at that time. These are elements so peculiar in their nature that we can think of explosive qualities in many of the products coming from a chemical valley.

The article continues:

> They shut off the plug valve at a header which shut off the violently roaring hydrocarbon, thus stopping the leak and giving them a chance to see the source of the leak.

The last paragraph reads:

> Cause for the line rupturings was attributed to a formation of "popcorn" which develops when pure butadiene remains dormant in a line for long periods of time. It is a risk common to industries where butadiene is used.

In one of his previous statements the minister emphasized that. I have practically every article that appeared in the press at London, Windsor, Sarnia, Toronto and so on. I am not going to deal with them in detail. I think the committee is already impressed with what happened and with what was averted. If I were speaking on civil defence I would go into it in greater detail, and I will at a later time; for what happened that night was almost a calamity because of the thousands of cars which gathered in a very few minutes.

I am going to bring my remarks to a close with some questions which I should

like to have the minister answer, perhaps not tonight, but at any time that he feels so disposed. The people are entitled to it. I was hoping that an inquiry would have been held into this explosion immediately and the public properly informed of what actually happened. I was there for two days after the explosion. I did not want to bring it up at that time because I thought that I would give it more thought, and I did not want to create any commotion. Under these conditions perhaps we have to accept the unusual and take it in our stride.

There is another reference here by a former employee who dealt with an explosion earlier, and maybe at some later date I will go into it. There is some question about the statement of this particular employee who attended at a previous explosion. What alarms us down there is this. This plant is adjacent to the Imperial Oil Company refinery, which is the largest refinery in the British empire, and which is now increasing its production by about 25 per cent. Just on the other side of Polymer is the Dow chemical plant, another chemical industry. They all play an important part in our war potential.

Apparently the so-called "popcorn" is something that accumulates in a line. The minister can correct me if I am wrong, but I understand there were four explosions within eleven months, or three averted explosions. I should like to know what this so-called "popcorn" element is, and how it forms in this particular line. How rapidly does it build up? If it does build up, why is it not removed periodically? Can it form a plug in the line? It apparently did because there was notice to the people in that area that something serious was happening. A flare showed ten times as bright for two or three moments, and then shut off. Apparently the escape valve did not work. Could it form a plug in the line? Was the line failure caused by excessive pressure? Was the six-inch line of adequate strength to withstand anticipated pressure? Was the line seamless or welded? Could the line have been weakened by corrosion or other causes? If the line plugged up could the butadiene build up enough pressure to rupture the line? Are there safety valves which shut off the flow of butadiene when the pressure increases above normal operating pressure? Are those safety valves tested periodically to determine if they operate satisfactorily? There is evidence to which I have already referred that they do not operate.

[Mr. Murphy.]

Have there been other cases where similar failures have occurred in installations handling butadiene? If not, how have they been prevented?

The crew was unable to close the six-inch plugged valve. Was the plugged valve damaged by a line rupture or was it out of order because of failure to lubricate it, or for some other reason? Would a gate valve have been easier to close?

I am referring to the explosion on Sunday, May 6, 1951. I am asking if there was an investigation after the line rupture on March 29. Were any steps taken to instal safety devices and prevent further failure? Were the 30,000-gallon tanks and connecting lines of adequate strength for the anticipated pressure? Was this tank normally used for butadiene storage? Could popcorn have formed and plugged some of the equipment or the pressure release line? How did the butadiene ignite?

Those are the questions, Mr. Chairman. I doubt if the minister will be able to answer them immediately. However, I think that it may be that inquiries by those competent to make them could find some reason for this occurrence. It might have been a spark or flame in the area. Theories have been advanced. For instance, did butadiene in the line and tanks have oxygen mixed with it to form an inflammable mixture? What amount of oxygen or air is required to form an explosive mixture with butadiene?

I intended to be brief, and I hope I have been fair. I believe I would not do justice to the constituency I represent if, in the light of what took place, I failed to ask the minister for an explanation. I know some of these questions are technical, and if he is not prepared to answer them tonight it will be satisfactory if they are answered at a later date.

I should like hon. members to appreciate that those of us in that area were greatly concerned, and we were much relieved that the explosion did not do more damage. I am hopeful that we will not have three or four explosions in a year, and I am sure that with the able direction available in the Polymer Corporation management that will not take place.

I know they are working with a dangerous element. Hon. members will appreciate that in the chemical industry there is a constant fight with treacherous elements. I trust the minister will take my remarks in the spirit in which they are offered, and make some explanation to the committee.

Mr. Howe: Obviously I am not qualified to answer the questions asked by the hon. member. However, I shall be very glad to send them to Sarnia and obtain expert answers to them so that I may give them to my hon. friend at an early opportunity.

I never attempted to minimize the seriousness of the explosion which took place recently. But I think it is a remarkable tribute to the safety precautions taken at the plant that an explosion of that magnitude could happen without loss of a life, and with only very limited damage to property. I am told the damage has now all been repaired and that section of the plant is operating again at full capacity.

The plant was built by experienced chemical engineers, and it was designed in units to minimize damage from explosion. Every safety device known to man has been installed there—at least so I am informed. If as a result of this experience other safety devices are indicated, they will be installed. But I do hope that, with the experience gained from a misfortune of this kind, there may be no further difficulty.

Mr. Hosking: Mr. Chairman, I would suggest to the Minister of Defence Production that if he requires the building of any more plants, such as Polymer, we could supply him with suitable land which would not be in a densely populated area. I can assure him that we would be pleased to have them installed in the constituency of Wellington South.

The Deputy Chairman: I would remind the committee that we are discussing item 81, which is to provide for expenses incurred by Defence Construction Limited in procuring the construction of defence projects on behalf of the Department of National Defence. By unanimous consent the hon. member for Lambton West did make a brief statement concerning the explosion at the Polymer plant at Sarnia. I suggest now, however, since the minister has replied, that we return to a discussion of item 81.

Mr. Black (Cumberland): Mr. Chairman, up to this time I have not taken part in this discussion, but certainly not because this subject lacks interest in Nova Scotia. I have taken it for granted, from statements made at different times to me privately and otherwise by the minister, that it is his expectation and his purpose to give a fair share of industry to Nova Scotia and the other maritime provinces. A great many people there are keenly interested. I have strong views in the matter, and have expressed them many times in the house. I have directed attention to the unfairness to our province during the last war, and up to the present, and I shall not elaborate on it in detail tonight.

I can say that any war industry established there in the past gave good results, and any that will be established under the defence production appropriation we are now considering will also succeed.

On May 23, I asked the minister what progress was being made in the establishment of a chemical industry in Nova Scotia, based upon the presence of sodium chloride and other chemicals. He replied:

> Consideration is being given to the problem. However, the project has not advanced to the point where any announcement can be made at the present time. Serious consideration is being given to it.

Unless the minister is prepared to answer at this time, I shall not press for a further statement. I would point out again that there are salt deposits in the Malagash area which have been in operation for many years. There is a tremendous tonnage there of natural salt, as well as other chemicals. There is a large salt producing industry only a few miles from my home town of Amherst. Borings have indicated a thickness of thousands of feet.

There was also a large aeroplane industry which operated with great success in Amherst during the last war. We have been expecting an announcement of further developments under the estimates we are now considering. The minister has given us encouragement as to what may be done there shortly. If he is not prepared to make a statement about it now, I shall not press him.

A wooden ship building industry was established 150 years at Port Greville on the bay of Fundy and these is little employment there now, but they have been expecting some special work. Can the minister make any announcement in that regard? I have been informed that a special representative, I presume from his department, has been visiting the wooden ship building yards in Nova Scotia.

There is a great deal more I could say, but the minister knows my views and he knows also what can and should be done in the maritime provinces. I am taking it for granted that his department is going to extend industrial activities down there and give us a share of these large expenditures and improve employment and business conditions in our part of Canada. I shall be glad to hear any announcement in respect to these or other matters the minister has to make,

but I will not now press the minister any further. I will wait until he is able to state, either publicly or privately, or both, just what he is prepared to do for us in the maritimes.

Mr. Howe: I am sorry I cannot be too specific at the moment. There is great interest in our aircraft division in connection with subcontracting work at Amherst. Studies are still going ahead in the chemical field, but it takes a good deal of time to go through all the highways and byways involved in that industry. I can assure my hon. friend that the next time we are considering these estimates we shall have something worth-while to tell him.

Mr. Fulton: I should like to ask some questions about Defence Construction Limited. What is the relationship between Defence Construction Limited and Central Mortgage and Housing Corporation? Who actually administers Defence Construction Limited?

Mr. Howe: Defence Construction Limited is a corporation under the Department of Defence Production. Its president is R. G. Johnson, a very experienced man who was head of construction in the department of munitions and supply during the last war. He was with the department throughout the war, but was in charge of the branch during the last year.

The staff of Central Mortgage and Housing Corporation is retained by Defence Construction Limited to carry out certain duties. In other words, instead of setting up branches across Canada from a standing start we thought that it was better business to retain the staff of Central Mortgage and Housing Corporation, and have them provide additional staff when it was required. For that service we pay them a fee, which is represented in this item, of three per cent of the value of the work carried out within the period. That is supposed to represent the cost. If the fee proves to be too large it is adjusted, or a supplementary payment is made if it is found to be too small, but current balances are settled on the basis of three per cent.

Mr. Fulton: Central Mortgage and Housing Corporation is the agent of Defence Construction Limited rather than Defence Construction Limited being the agent of Central Mortgage and Housing Corporation. Can the minister tell us how many projects are under way under Defence Construction Limited for which this item is being provided?

Mr. Howe: I have not the number of projects, but the total value is $65,247,933.01.

[Mr. Black (Cumberland).]

Mr. Fulton: Is there an item elsewhere to provide for the payment of those projects because this item is only $3 million?

Mr. Howe: The projects are being carried out for the Department of National Defence and the money will come from the appropriations of that department.

Mr. Fulton: I think I see the picture now. This is purely to cover administrative costs?

Mr. Howe: That is correct.

Mr. Fulton: Has the minister information as to where the projects presently under way are located?

Mr. Howe: They are located I should think pretty well in every city in Canada. It would be a long list and I am sorry it is not available at the moment.

Mr. Fulton: Without going into particulars of that sort can the minister state the general nature of the projects? Is it housing or is it other types of construction?

Mr. Howe: Housing is handled by Central Mortgage and Housing Corporation for the Department of National Defence just as any other housing is handled, except that the bills are paid by the Department of National Defence. Housing is not included in this vote, but it covers almost every other kind of construction, such as fortifications, airport structures and the various types of buildings that the armed forces require.

Mr. Fulton: I was not thinking so much of housing in cities to accommodate workers in defence industry; I was thinking more of projects like radar stations. Is it not correct that in looking after the project Defence Construction Limited would provide housing accommodation?

Mr. Howe: That is correct, isolated housing.

Mr. Fulton: The minister gave me the total cost of the projects presently under way. Has he got that broken down by projects?

Mr. Howe: No. The figure of $65 million which I gave was for 1951, beginning January 1, but the projects taken over from Canadian Commercial Corporation as of December 31, 1950, totalled $51,100,000. They are in addition to the $65 million which have been placed subsequently, giving a total of $116 million.

Mr. Fulton: Is there a project being constructed by Defence Construction Limited at Falconbridge?

Mr. Howe: A radar station is being built in that area.

Mr. Fulton: I should like to have information with respect to one other project which I

understand is being constructed at Edgar near Orillia. Does the minister have particulars of those two projects there so that he can tell us how much the expenditure has been to date and what has been acquired for that expenditure?

Mr. Howe: I am afraid I am not in a position to do that. As my hon. friend knows, these are very secret projects. The security around them is very strict. I have not had a report on them recently. They were started some two months ago, and I do not imagine there has been very much building other than a road into the property at the moment. They are both rather inaccessible sites. I could get the information my hon. friend wants, but I would have to ask for it particularly.

Mr. Fulton: I do not want to hold up the item by suggesting that the information be produced first. However, the information I have is that for the amount of money expended already there is very little to show. As the minister says, there is not much more than a road into the project and some of the buildings in which the construction workers are residing for an expenditure of between $2 million and $3 million. That is the information I have. I am merely putting that forward. As I say, I do not want to hold up this estimate until the particulars are received and made available. Perhaps I can follow it up by correspondence, but on the basis of the information I have I would urge the minister to give these projects his personal attention and see how the money is being spent and whether value is being received for the money as it is spent. I should also like to ask whether Defence Construction Limited has appointed a firm of consulting engineers for all projects that they undertake or, if not, for all projects dealing with these radar installations?

Mr. Howe: As I remember it, the firm of Margison and Babcock made one design for all radar stations. I think I am correct in saying that they made a master design and it was adapted by the staff of Central Housing and Mortgage Corporation to the local conditions. As I remember it, that is the situation. I might explain that there may be off-site work being done on the radar stations. For instance, there may be structural steel made off the site. I would be surprised if the total spent so far has reached anything like $2 million for these two stations because the cost of each runs around $4 million. The estimate for each is about $4 million including the equipment, and the contracts have not been placed for more than two or three weeks.

Mr. Fulton: Can the minister tell us something about the firm of Margison and Babcock? What qualifications do they have for this type of work?

Mr. Howe: It is one of the oldest consulting engineering firms in the Toronto area. Mr. Margison has been a consulting engineer in that area for at least thirty years, and perhaps longer. I think he is perhaps the outstanding consulting engineer in Toronto.

Mr. Fulton: When the minister says "consulting engineer", is that in architecture, or what?

Mr. Howe: No, engineering.

Mr. Fulton: Professional engineering. Is that the main type of work on which this firm has been employed as consultants? I understand that a good deal of the work in connection with these stations is purely building, not so much engineering as simply the central building and the housing accommodation necessary to house the men. In what capacity is the firm of Margison and Babcock employed?

Mr. Howe: They are employed as general engineers. We had a problem there. We needed an engineering design and we retained Margison and Babcock to provide that design. There is nothing very mysterious. Is my hon. friend suggesting that a consulting engineer is not capable of building houses in a remote area if it is necessary to do so?

Mr. Fulton: I am not suggesting anything at the moment. I am trying to get some information. When these projects are to be built, are the contracts let by Defence Construction Limited for the construction of each individual project?

Mr. Howe: Yes, contracts are let by Defence Construction Limited. It is impossible to submit the plans for tender for the reason that they are very secret. They are kept under lock and key at all times, and it is quite ridiculous to think that they could be put out for tender. That would be like telling the world what a radar station looks like. The method of allocating tenders was that responsible contractors were chosen for their ability to carry out the job, and also chosen with an eye on the other work they do for the department. We chose contractors who we knew were capable and who had the available manpower and equipment to do the job.

Mr. Fulton: Are the contracts allocated on a cost-plus basis or a firm bid basis?

Mr. Howe: Cost-plus.

Mr. Fulton: Can the minister tell us the names of the contractors to whom the contracts have been allocated?

Mr. Howe: I have not the list in full. I could name some of them. I met them all in my office after the contracts were awarded and gave them a talk on the secret nature of the work they are carrying out, the necessity for speed and the importance of the project. I could name a good many of them. If my hon. friend is interested in a particular locality I can probably remember who the contractors were in that locality.

Mr. Fulton: I can perhaps follow this up by questions on the orders of the day. Is the minister in a position to give us an estimate of the average total cost of one of these projects? I do not suppose that the cost is the same for each one. That is why I am asking if he can give the average.

Mr. Howe: I am not in a position to give that at the moment. I think perhaps my hon. friend should not pursue this matter further. He is treading in the realm of security, and it is rather difficult for me. I should like to answer his questions as frankly as I can, but I do not wish to get in trouble with the security officers.

Mr. Fulton: I just have this to say. I have some information as to the cost on the basis of which I have asked the minister to look into two particular projects which I have named. I did not realize at the outset that they were all radar. It was not until the last few questions and answers that that emerged. On that basis I quite appreciate the minister's position, and for the time being I will not pursue the subject any further.

Mr. Hodgson: We have a dominion arsenal in my town of Lindsay, and I do not think it is running to full capacity at the present time. There is available space. There are also water mains and electricity available for enlargement of the plant. Has the minister had that drawn to his attention? We have a lot of good workmen who are anxious to get some work along that line. If the minister can increase the size of the plant or increase the work it will be much appreciated.

Mr. Howe: I shall be very glad to keep that in mind. I think there is work coming into the plant in considerable volume. I do not know whether or not it will be necessary to expand the plant.

Mr. Pearkes: Are we on item 82?

The Deputy Chairman: We are now on item 81.

[Mr. Fulton.]

Mr. Higgins: Can the minister tell me if any contracts have been awarded in Newfoundland under this item? I have not asked a question today. It may have been answered before.

Mr. Howe: Frankly I do not know whether Defence Construction Limited has work in Newfoundland. I presume it has. If I told you it had you would ask me where it was, and I would not know that; so we had better call it off.

Item agreed to.

Canadian Arsenals Limited—

82. Administration and operation, $3,300,000.

Mr. Pearkes: I wonder if the minister would outline for us the role of Canadian Arsenals Limited, and explain what arsenals are being operated in Canada by that corporation. A few weeks ago the minister announced that one of the arsenals near Montreal, I believe, had been leased to or was being operated by a private company making a certain type of gun. I would be very interested to know the general policy of Canadian Arsenals Limited and what other arsenals we have in addition to those at Quebec and Lindsay. The minister might also say whether they are being operated by Canadian Arsenals Limited solely or in conjunction with private firms.

Mr. Howe: The function of Canadian Arsenals Limited is to operate stand-by arsenal capacity in time of peace, and to keep the arsenals in readiness to expand in time of war; and the corporation has been carrying out that function. The purpose in establishing the arsenals after the war was to have in them capacity for making anything Canada made during the last war; and all the arts of the last war have been preserved in the arsenals.

The Quebec arsenal is making shell cases, filling shells, and making the various components of explosive charges. It is carrying out a pretty well rounded program in the field of ammunition. St. Paul l'Ermite was a shell filling plant in the last war and it is handling the same work at the present time. It is filling shells made at various arsenals other than the Quebec arsenal. The Longueuil plant was equipped with finishing machinery for artillery, horizontal boring machines and machinery taken from a number of gun plants built and operated by private firms during the last war. It was a well rounded plant in finishing capacity, but it had no primary capacity. On the other hand Sorel, a much larger plant, had primary capacity and some finishing capacity, but both were out of

balance if operated separately. After a good deal of study our officers decided to combine the two plants and use the excess primary capacity of Sorel with the finishing capacity of Longueuil. That seems to have worked out very well, and additional production will be possible as a result of the combination of the two plants.

Then we have Valleyfield, which was an explosives plant dealing with various kinds of nitrocellulose powder, TNT and various other explosives. That plant was kept in a standby position in peace. When defence production became necessary it required a good deal of rehabilitation, and Defence Industries Limited have been retained on a management contract to put the plant in shape and bring it back into production. The Lindsay arsenal is operating as it has always operated, making shell casings and shells of various calibres, mainly the larger ones. Then coming into the Toronto area a portion of the former Research Enterprises Limited is now a branch of Canadian Arsenals which is being expanded to take over a part of the radar program. It is the nucleus of the production of early warning radar sets. The small arms division in the Toronto area is the focal point for the production of small arms. At the moment it is tooling up for 50 millimetre aircraft guns, and as soon as we determine the type of rifle to be produced it will go back into the manufacture of rifles and automatic weapons.

Mr. Pearkes: Is the Longueuil plant owned by Canadian Arsenals and operated by them, or is it operated entirely by a separate company?

Mr. Howe: No. The Longueuil plant is owned by the government. It was built by the government during the last war. The plant has been leased to Sorel Industries Limited, and the operating staff of the arsenal is working with Sorel Industries at the moment. The purpose of the integration is to get the larger capacity for the heavy guns being made under contract by Sorel Industries Limited.

Mr. Pearkes: Are all those guns being made for Canada?

Mr. Howe: No.

Mr. Pearkes: Then under what terms has the Sorel company taken over the arsenal?

Mr. Howe: The rental has not been settled as yet, but it will be a commercial rental. The larger part of the gun contract at Sorel is for the United States government, though Canada is participating in all types of weapons being manufactured there. That is, Canada is getting a share of all those weapons.

Mr. Hatfield: During the last war there was a large shell filling plant outside Montreal. Is that plant still intact and operating?

Mr. Howe: Yes. That is the plant I was referring to as St. Paul l'Ermite.

Mr. Adamson: I do not know whether this question has been asked already; if it has I apologize for having been out of the house. I understand the plant of Light Alloys Limited has been taken over by this department to produce light castings and alloys of magnesium and other light metals.

Mr. Howe: The plant has not been taken over; it is being operated by its former owners. We have authorized capital assistance to the plant to expand the floor space available for the manufacture of castings. It has been very successful in making the type of castings used in the Orenda engine, and it is expected that the expanded capacity will be operated to manufacture castings for that purpose.

Mr. Adamson: The dominion arsenal was acting in conjunction with the plant of Canadian Acme Screw and Gear of Weston road in Toronto. Are they still in operation? During the war they made a vast number of highly technical fuses and other equipment. Is that arsenal still in operation?

Mr. Howe: It is not an arsenal; it is a privately owned establishment. Acme Screw and Gear is of course a very large supplier, and they are doing certain work for the government. Unfortunately the plant is on strike at the moment, so I cannot say it is operating just now.

Mr. Adamson: Yes; I know all about that unfortunate strike.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

449. Departmental administration, $513,280.

Mr. Charlton: Is the minister prepared to make a statement on our trade position now?

Mr. Howe: Yes, I shall be glad to make a statement. I will try to keep it a little shorter than the one on defence production. During this session there have been several opportunities to discuss the activities of the Department of Trade and Commerce. We have had a debate on the Torquay trade agreements. Legislation has been brought down amending the Weights and Measures Act, which is administered by this department. During the debate on the speech from the throne I also gave a review of the work of the department. The committee will recall that wheat policy,

and the activities of the Canadian wheat board, have come in for extensive discussion from time to time during the past few months. It is hardly necessary, therefore, for me to give a lengthy statement at this time.

I would like, however, to offer a few comments on Canadian trade policy. Since the end of the war very great efforts have been made by the government, and the Department of Trade and Commerce in particular, to enlarge the volume of Canadian trade. These efforts have taken many forms. The trade commissioner service abroad has been strengthened. Canada has supported international action to reduce trade barriers. When this country was suffering from a serious shortage of dollars, the government did everything possible to encourage exports to dollar areas and to encourage imports from soft currency countries. The establishment of the international trade fair in 1948 was another evidence of the government's interest in an expanding volume of trade, both import and export.

The efforts have borne fruit. Canada's trade has expanded to an extent that few thought possible. It is in better balance vis-à-vis the dollar and sterling areas. The position now, however, is very different from what it has been in these last few years. We are once again in a seller's market, faced with the fact or the prospect of shortages of certain materials because of the competing demands of the defence program. In the light of this change in the trade outlook, the government has reviewed its policy to see whether the emphasis on trade is misplaced.

We have come to the conclusion that while the needs of defence are paramount, Canada continues to have a vital interest in foreign trade. The defence program, and the high rate of consumer and business spending which accompanied it, have resulted in a high level of imports. These imports must be paid for. For that reason alone we cannot afford to neglect our export trade. But there is a longer-run reason as well. All of us hope and believe that the present emergency will pass. In so far as possible, therefore, trade contacts should be retained and developed, looking to the time when Canada will once again have to seek out buyers for its surpluses.

Accordingly, as I said at the opening of the international trade fair in Toronto this year:

> There is to be no general let-down in our efforts to promote export trade. That is the policy of the Department of Trade and Commerce and of the Canadian government. We are having special supply difficulties to meet in various lines of export business. We shall probably continue to have such difficulties. But the fact that we shall be giving first priority to defence production needs is not to be taken to mean that the servicing of our export business will be pushed into the background or left without the very closest attention that we can give it.

In May the United Kingdom-Canada continuing committee on trade and economic affairs met in Ottawa. As was announced at the time, the United Kingdom hopes to buy a very much increased volume of goods in Canada during the next year. We, for our part, are anxious that the United Kingdom and the sterling area generally should continue to ship as much as possible to Canada. The discussions were most useful, and it is our hope that they will result not only in a substantial increase in the volume of United Kingdom-Canada trade but in further progress towards the restoration of normal trading relationships between the sterling area and Canada, which is our ultimate goal.

The United Kingdom talks were immediately followed by discussions with the British West Indies. There have always been close commercial ties between Canada and the British West Indies, and the imposition of restrictions upon imports from Canada into these islands had undoubtedly been the cause of a good deal of inconvenience and disruption to both importers and exporters. The introduction of the trade liberalization plan at the beginning of this year was an important step forward, and we are hopeful that it will be followed in the near future by further progress in the same direction.

A French trade mission then met with Canadian officials. This is not the first time that such Franco-Canadian trade talks have been held. Indeed they may become a more or less regular event. While our trade with France is not very large, it is, I believe, capable of expansion and the discussions this year were concerned with how this could best be done. We have been particularly impressed by the growing interest of France in the Canadian market.

Finally came informal discussions with a New Zealand trade delegation led by Hon. C. M. Bowden. Like other sterling area countries, New Zealand has been imposing very strict limitations on imports from Canada and other dollar countries. During the talks with Mr. Bowden, it was evident that New Zealand shares our interest in the restoration of normal trade relationships, and that there is more likelihood of progress in that direction now than for some time.

Another evidence of the government's continuing interest in trade was the decision to hold the Canadian international trade fair again in 1952. In many respects the fair held this year was the most successful since

the first fair was held in 1948. But the extent of participation by Canadian manufacturers and industrialists is disappointing. Furthermore, there is a good deal of uncertainty about the effects of defence preparations upon trade. In deciding to hold a fair next year the government is taking some risks. But, on the other hand, to abandon the fair this year might have been taken as evidence that the government no longer attaches the same importance to the development of trade, which would have had unfortunate repercussions at home and abroad. Whether the fair will continue beyond 1952 depends upon the extent to which Canadian businessmen take advantage of the opportunity provided to sell their wares not only abroad but to their neighbours at home.

In brief, Mr. Chairman, the Department of Trade and Commerce is continuing to take an active interest in the promotion of Canada's trade.

Mr. Adamson: Mr. Chairman, I know that there was a good deal of disappointment over this year's Canadian international trade fair because of the lack of participation by Canadian manufacturers. I visited the fair on more than one occasion and was certainly distressed, to put it mildly, to see the lack of interest which our own manufacturers displayed in the fair. One would have hoped that this trade fair would have been the beginning of international trade with the rest of the world by Canada, and particularly those nations with whom we did not normally trade before the war. The pattern of trade that we are going to see in the years to come may be, and probably will be, very different from the old triangular pattern of trade that we saw prior to the war. At that time we were more or less the sterling broker for the United Kingdom and the United States.

I was surprised to find the lack of interest, and I may say rather disappointed, because I had hoped that this trade fair would have opened up an opportunity for the exhibition of the goods that we had to sell to the countries that are just emerging from the aftermath of the war and the currency and other restrictions imposed by war conditions. The foreign countries, particularly Holland, Italy, and to a degree Germany, had an excellent exhibit. The machine tool exhibit I thought was in every way admirable, but the fair this year seemed to be lacking something. Whether it was a disbelief in world trade, or whether it was some degree of disenchantment of the Canadian manufacturer with the outlook, I do not know. But certainly we have no cause for satisfaction over the present situation.

Things are difficult. The problem of currency, the problem of exchange, is a besetting evil that is destroying today all attempts at international trade, and I hope that will be the subject of debate in this house at another time; but it seemed to me, Mr. Chairman, that there was a lack of appreciation of Canada's opportunity at the present time to open out in new markets. I just wonder whether the minister would care to comment on what must be to him, and the officials who worked so hard at this fair, a rather disappointing situation.

Mr. Howe: I would not say that the fair this year was disappointing. In many ways I think it was the best fair that we have held. However, if the fair suffered from anything it suffered from the fact that it was being held in a seller's market. Practically everything that was on exhibit at the fair was sold on the first day of the fair, and anyone capable of taking orders had his order book filled very early.

The department is concerned about the lack of interest by Canadian exhibitors. Very serious consideration was given to making this year's fair the last, but we had such a strong protest from the Toronto board of trade and from other business organizations across Canada, particularly from people who did not exhibit in the fair itself, we decided to continue the fair for one more year with the distinct warning that if there is no increase in Canadian participation in 1952, 1952 will be the last trade fair.

Mr. Pearkes: The minister has spoken about trade with certain European countries. I want to raise a question regarding trade with China, because within the last few days I have received an air mail letter from what I believe to be a responsible organization in Hong Kong, known as the China Coast Navigating and Engineering Officers Guild. So far as I know it is an organization consisting of officers of the merchant marine of commonwealth countries.

In this letter the general secretary points out that there are certain vessels belonging to the Ming Sung Company, a company that I believe has its offices in Montreal, because I took the trouble to look up the directory and I found that it was registered there. It is claimed that certain ships of this company are trading between Hong Kong and Macao, where they are carrying passengers and cargo, between Hong Kong, Macao and

Canton, which would be of course a triangular line, again carrying passengers and cargo, and between Hong Kong and Canton, where they are carrying cargoes only.

I understand that these ships are ships which were built in Canada and were to be sold to the central Chinese government before that government fell, and that now they are operating out of Hong Kong under a Canadian flag, and still with Canadian registry, and that the government derives some revenue from this operation. Canton of course is a port which is under direct control of a government which has not been recognized by the Canadian government, and is to all intents and purposes a government with which we are in active warlike operations in Korea.

What cargoes are these vessels carrying? I ask that question because, according to the letter I have, and I quote:

> Eye witnesses state that included in the daily cargoes is essential war material.

Of course if that is a fact it is something which will be very distressing to a great many people in Canada. I am told that the merchant naval officers associations, both in Canada and in Hong Kong, are seriously perturbed over this situation. There is no doubt that the letter states that these vessels are trading under the Canadian flag and have it painted prominently on both sides. The letter says that they wear the Canadian ensign in Chinese communist ports. These vessels are officered and manned by Chinese, and in one case there is a Russian captain, according to the information. Without going into it in more detail at the present time I wonder whether the minister has any information about that situation, and if he can tell us whether there is any trade going on between Hong Kong and communist China by ships of Canadian registry or carrying the Canadian flag?

Mr. Howe: These ships were built in Canada by an arrangement that was current post-war, by which private transactions between Canadian firms and Chinese firms, or firms of other countries, could be carried out with the guarantee of both governments guaranteeing the loan. The Ming Sung Company came here and made a contract with two or three Canadian shipyards. They had a guarantee of the then government of China, and the loan was jointly guaranteed by the then government of China and the government of Canada. The ships were sold in the ordinary way through a commercial transaction, and the ships passed to the flag of China, subject to a mortgage held by the Canadian shipyard and deposited with the bank that lent the money.

All went well until the Chinese government, the government of Chiang Kai-shek, fell, and then the banks began to worry a little about their loan. In the uncertain situation that followed, it seemed wise to transfer the ships to the Canadian flag, which was done at the request of the Ming Sung Company, which expressed a desire to protect their loans in Canada. I may say that the loans in Canada are not in default at the moment. The payments have been made when due. I do not know the outstanding balance, but while there are substantial balances there is no default in the loan. However, it is a fact that the ships are operating under the Canadian flag. The government is not happy about it. The operation of the ships is supervised by the government of Hong Kong which, as my hon. friend knows, is also a British colony. Whether the ships are carrying contraband in their trips to Canton and up the Yangtze river I cannot say. I hope they are not. If they are—well, I do not know what we could do about it. While they are Canadian flag ships they are not in any way subject to the direction of the Canadian government.

They are not owned by the Canadian government. We can withdraw the flag, and that is about all we can do. But the government has no direct interest in the situation other than that they are guarantor to a Canadian bank for part of the money that built the ships for the Ming Sung Company.

Mr. Pearkes: If these ships are sailing under the Canadian flag would not the government of Canada be responsible for seeing that these ships were manned according to the Canada Shipping Act, that they had officers of Canadian nationality or at least carrying Canadian certificates? Could not the certificates be withdrawn from the ships' officers if they are not carrying out the other regulations?

Mr. Howe: I am sorry to say that is not the situation. When the flag was transferred the ships were exempted from the shipping regulations which required them to be officered by Canadians.

Mr. Pearkes: When they came back under the Canadian flag would they not then have to conform to the Canadian shipping regulations?

Mr. Howe: When they came back under the Canadian flag they were exempted from the requirements. This was the most disturbing condition to meet and, rather than let the ships go, which might have been

the wisest course, we did take what seemed to be the practical course, to bring the physical ships under the Canadian flag, but to exempt the ships from the requirements of the Canada Shipping Act as long as they operated in Chinese waters.

Mr. Pearkes: I had no idea that these ships were carrying out operations right into the heart of China, up the Yangtze river. That is the first time I had heard about it. I did not know they were still operating into the heart of Red China. It is inconceivable that they are not carrying material there which would be very useful for the prosecution of the war by Red China—and our Canadian boys today are fighting against Red China up in Korea. I cannot help thinking that the government must take some firmer action, even if it had to confiscate those ships. It seems to me an appalling situation.

Mr. Howe: How would we confiscate them? Would we send the army up the Yangtze to take them over? That is about the only way we could get our hands on them, I think.

Mr. Pearkes: No. If they are operating out of Hong Kong, that is a long way from the Yangtze river. We have Canadian destroyers in those waters now. Perhaps those Canadian destroyers could do something about it.

Mr. Howe: I am informed that the two on the Yangtze river have been seized by the communists, and they are operated by the communists. They may or may not carry the flag. I doubt very much if they carry the Canadian flag. I think those two ships that have been seized are carrying the communist flag. The others are operating out of Hong Kong and we are assured by the Hong Kong officials that they are not carrying contraband.

Mr. Pearkes: How many ships are there?

Mr. Howe: There are five ships, two others have been seized by the communists.

Mr. Pearkes: There are two up the Yangtze, making up the original seven?

Mr. Howe: Yes.

Mr. Pearkes: I think it is a pretty sorry situation.

Mr. Adamson: Where are they registered? What is their home port—Vancouver or Montreal?

Mr. Howe: I am sorry, but I cannot say.

An hon. Member: Toronto.

Mr. Howe: It might easily be Toronto.

Mr. Adamson: It might, at that.

Mr. Howe: And they are not my problem, I should say. I had nothing to do with them, except that when they got into difficulty I was called in to try to straighten out the trouble. But they have nothing to do with my department, I am happy to say.

Mr. Green: I think the minister said there are mortgages on the ships. Would it not be possible to have them seized and sold under those mortgages in Hong Kong, and in that way clean up this mess?

Mr. Howe: It might not be the right thing to do. The Department of External Affairs and the Department of Finance are struggling with the situation. I should not be talking about it at all, because I know very little about it, and I have nothing to do with it.

Mr. Pearkes: Have we any check on the cargoes taken out on these ships? We have a trade commissioner, have we not, in Hong Kong? Has he any responsibility in the matter?

Mr. Howe: The Hong Kong government is responsible for checking cargo in and out of Hong Kong, and I am sure they do it efficiently. As I say, with respect to the two ships up the Yangtze, I make no promises about them.

Mr. Knowles: The two ships up the Yangtze are down the river.

Mr. Hatfield: We have two good dollar markets, one in Cuba and one in Venezuela. What is being done to increase our trade with those two countries? We used to ship our maritime products to Cuba. We have lost most of that trade on account of the duties. Venezuela is the only South American country which is a dollar market. They have been taking a lot of produce, including potatoes, from the maritime provinces lately. I was wondering what is being done to increase trade with Venezuela.

Mr. Howe: We have a large and growing trade with Venezuela, of which I hope to have the figures in a moment. We are doing everything we can to give that market good service, and I think our relations are most cordial.

Mr. Hatfield: The trade is growing there?

Mr. Howe: The trade is growing every year, yes. Exports to Venezuela in 1947 were $12,988,625; in 1948, $16,934,563; 1949, $27,688,637; and 1950, $25,456,741.

Our imports from Venezuela in 1947 were $46 million; 1948, $94 million; 1949, $91 million and 1950, $87 million. The imports of course from Venezuela are chiefly of oil. So it should be a good market for Canada because the balance of trade is in favour of Venezuela.

So far as Cuba is concerned, our trade relations there should be considerably better because of our agreement to take 75,000 short tons of sugar annually from that country.

Mr. Blackmore: I have wondered whether it would be possible for me to get the general picture of the functions of the Department of Trade and Commerce. It is a department, we must admit, that does a good deal of work. I am wondering what its general aims are. I might commence questioning to obtain the information I want by asking the minister what was the purpose of holding the international trade fair in Toronto. Was it to enable Canadian producers to sell more Canadian goods abroad, or was it to enable Canada to buy more goods from abroad?

Mr. Howe: It was to set up a marketplace where goods from Canada and goods from abroad could be displayed and purchased either by Canadians or by foreign buyers, as the circumstances might permit. The purpose was to assist exports and to assist Canadian buyers in selecting imports. One distinct purpose it has achieved is in putting our manufacturers on their toes. They have seen displayed the best products of a great number of countries abroad and I think they are making better articles as a result of seeing what the competition is in foreign markets.

The difficulty in offering Canadian goods for sale abroad is the currency restrictions. We hope that they are moving toward the end of currency restrictions and if that should happen I am sure there will be greater Canadian participation in the fair. I believe the fair has served a useful purpose. When there was talk of closing it up this year we received protests in a volume that really surprised me. The future of the fair is not too definite. We will try it one more year and if we get greater Canadian participation we will try to make it a permanent feature. Otherwise I think perhaps we may wind it up.

Mr. Blackmore: Are there officials in the department whose duty it is to look over the broad field to decide what is best for Canada? We in Canada are capable of producing certain goods to our advantage, and it is to our advantage to sell certain goods abroad. What goods would it pay us to produce and sell abroad, and what goods would it not be in the best interests of the Canadian economy to produce and sell abroad? What goods could we buy advantageously from abroad? If questions like that were asked it seems to me that we would have an over-all purpose in mind.

In order to illustrate what I have in mind I shall refer to something which I have talked about in this house from time to time for fifteen years—beet sugar. I do not propose to discuss sugar beets, I simply refer to them as an illustration. It is well known that the production of beet sugar enriches the land and it enables us to feed livestock to advantage. It provides a number of advantages to Canadian economy which are not given by many manufactures.

Are there commodities which Canada could produce which would benefit the Canadian economy generally in the way much as the beet sugar industry does? Would it not be wise for us to single out such commodities and aim to sell them rather than to sell such commodities as zinc, copper, lead and other base metals which actually permanently deplete our resources? If we expand the sale of such commodities overmuch our grandchildren will find in this country a pile of rocks instead of a great heritage passed on to them.

It seems to me that we have reached the point in our national life where considerations of this sort ought to be rather prominent in our thinking. I am trying to bring matters down to a focus so that the minister will have some chance of answering. Are we going too far in exporting wood pulp, for instance? Are we selling so much wood pulp abroad that we are depleting our forests beyond the point to which we should deplete them? Are we selling fish abroad to the extent where we are tending to deplete our fish resources? Has the department consciously contemplated these things generally and, if so, what has been the result of the departmental thinking?

Have they decided what commodities we can afford to export? It is quite obvious that if we continue to produce wheat and sell it abroad, sooner or later we are going to deplete the fertility of our soil. If that goes on too far then the great-grandchildren of this generation will find themselves in a country no longer rich as it once was. That is what will happen unless we take some measures to restore the fertility of our soil now being exhausted by the production of crops like wheat, oats and barley for export abroad.

Has the minister's department given conscious thought to matters such as these? After the minister finishes with these questions I am going to ask if the department has given conscious thought to the things we ought to be importing rather than producing at home.

Mr. Howe: As I see it, the function of the Department of Trade and Commerce is to find markets for any surpluses Canada may have. It has never been the purpose of the

department to tell Canadians what they should produce. It is the function of the department to dispose of any production that is surplus over home requirements. For that purpose we maintain offices in almost every country of the world and have there aggressive representatives who find markets for anything that we have, as surplus.

My hon. friend has suggested that we should plan our economy, but as an illustration he chose a most unfortunate item. A great many countries of the world produce sugar from beets, but I do not know of any beet sugar from any country that moves into the export market. Sugar beets have the geographical advantage that they can be grown where the sugar is consumed. Their production is beneficial to the soil although I think my hon. friend will agree that it is hard on the labour that produces the beets. It is not an easy matter to grow sugar beets and harvest them. Nevertheless, it is a good domestic crop. This industry is being kept healthy by duties against cane sugar and by any other help the government can give.

I cannot agree that we should keep our metals in the ground. It is through the mining of metals that the waste spaces of Canada have been populated and made prosperous. I do not suppose there would be much of a settlement around Kimberley except for the mining that is carried on there, and I am sure that there would not be much of a settlement around Sudbury or Flin Flon were it not for the mines in those areas. Canada is a country of varying resources and each district is made possible by the exploitation of some natural resource that can be produced in surplus.

Mr. Blackmore: Apparently the Department of Trade and Commerce looks upon itself more or less as a clearing house; it does not aim to give leadership or guidance to the nation in respect of products which it would be valuable to the nation to produce or import. The department merely takes what is produced and endeavours to dispose of it to best advantage. I do not know whether it will be in order to ask the minister this question as it may be considered to be an unfair question. I wonder if the minister does not think that somewhere in Canada we ought to have an organization thinking in terms of the future. The minister says that we have to exploit our resources, and of course I know what he means. It would not benefit us to keep all our minerals in the ground, but nevertheless I think the minister will grant, without any argument at all, that it is an exceedingly unwise procedure to exhaust the minerals in any given area. For example, it is conceivable that Sudbury might become a ghost town in due time, and Kimberley might become a ghost town. The question will have to be raised some time before it is too late as to how many towns we can afford to build up and then allow to become ghosts.

Mr. Howe: I might suggest there are ministries that have the job to which my friend has referred. For instance, we have a Minister of Agriculture and the Department of Agriculture. Their duty is to keep the agricultural industry of Canada healthy, and each province has an agricultural department for the same purpose. The same is true of mining. We have a minister of mines and each province has a minister of mines, their duty being to make sure that the mineral assets of the country are properly harvested. In the same way the forests belong to the provinces, and each province has a minister of forests. We have a department of government that has general oversight over forests from the dominion's point of view. The work of planning the use of Canada's resources is handled, but it is not handled by the Department of Trade and Commerce. That is the point I am making. I would not like my hon. friend to think I was implying that the job was not being done.

Mr. Blackmore: That is what I wanted to know.

Mr. Higgins: I should like to ask the minister what significance he attaches to the present price war in the United States. Does he see it spreading to Canada?

Mr. Howe: As far as I understand the situation, they had fair trade laws in the United States which provided that if a contract was made between the producer of a proprietary article and one distributor, the price stated in that contract applied to all distributors in the area. That law was set aside by one of the high courts of the United States with the result that certain department stores undertook special sales of these proprietary articles that they were free to mark down for the first time. That developed into price competition. It was perhaps speeded up owing to the fact that department store sales were off anyway, and there was a desire to clear stock and speed up distribution through department stores. I hardly think it is a big enough affair to be called a war. It was a skirmish between four or five or six large department stores in the city of New York. I think it has hardly spread outside that area, and I think it has no great significance in the over-all economic situation.

Mr. Higgins: You do not see it approaching Canada at all?

Mr. Howe: No.

Mr. Murray (Cariboo): In view of the great industrial development of the west, would the minister consider staging the great trade fair in the west next year having in mind the manufacturing that takes place in Vancouver, Seattle, Los Angeles and elsewhere along the Pacific coast, and the fact that we are now reviving trade with Japan, South America, and so on? Perhaps by next year there may be peace in the Pacific, and the trade fair could be very well staged some place in British Columbia. It would give the mining people particularly an opportunity in the same way that the aluminum people have taken very good advantage of the opportunity to exhibit at Toronto. I want to congratulate the department on staging the fair. I have attended it on two occasions. I find it is a tremendous emporium, and I am sure the bringing together of these people from all these nations with their exhibits and merchandise is of tremendous assistance towards world peace. I should like to see it staged in Vancouver.

Mr. Howe: I am sure my officers will take note of the hon. member's remarks.

The Deputy Chairman: Could we not reserve our remarks on fairs and exhibitions until we reach items 455 and 456?

Mr. Green: Can the minister tell us the trend of Canada's trade balance in 1951? I was quite struck by a little publication entitled "Business Review" issued by the Bank of Montreal under date of May 23, 1951. They say in part:

> . . . a closer analysis of last year's external transactions, viewed in conjunction with trade trends thus far in 1951, reveals some significant changes that flash a light of warning against an overly complacent attitude toward this country's position on international account.

Dealing with the 1951 position in so far as merchandise trading between Canada and the United States is concerned they say:

> In merchandise trading transactions, the early months of 1951 have witnessed an abrupt reversal of the former welcome contraction of our deficit with the United States and a correspondingly sharp accentuation of the unfavourable trend in our overall balance. While average monthly shipments across the border in the first quarter of this year were about 5 per cent higher in value than throughout 1950, imports were up by 30 per cent. Thus the trade deficit with the U.S.A. in the three months to the end of March—

That is the present year.

> —was about $140 millions, as contrasted with only $47 millions for the whole of last year. The value of merchandise moving across the seas in both directions has shown little significant change. The consequence is that Canadian merchandise trade with all countries, which resulted in a reduced but still favourable balance of $10 millions in the full year 1950, has shown an unfavourable balance of $124 millions in the first quarter of 1951.

[Mr. Howe.]

The statement indicates that the unfavourable balance with the United States is a great deal higher in the first three months of 1951 than it was last year, and also that our unfavourable balance with regard to the world at large is a great deal higher than it was in 1950. Can the minister tell us whether or not these figures are correct and, if so, whether that trend has continued through April and May?

Mr. Howe: The figures are quite correct. Our trade with the United States is out of balance through abnormal imports from the United States. Our exports to the United States are running at a record level, considerably higher than at any former time in history. But with the purchase of war materials from that country, which have been coming in in volume, and the tremendous capital investment program going on in Canada, which exceeds by far any previous record, we have been buying materials from the United States in excess of normal purchases. Aside from that the balance has not changed greatly. Our trade with Great Britain is in about the same balance as it was last year, and also our trade with the sterling area. Trade with South America has grown greatly but it is in fair balance. The balance has not changed much. Any change that has taken place is in our trade with the United States and is the result of greatly expanded imports from that country. I believe that this situation is abnormal. We are in a strong financial position to stand it, and I think it can be straightened out when our building boom settles down. The economic measures we have taken to check capital expansion in the country are designed to check the very circumstances my friend has called to my attention.

Mr. Green: Does the minister think that on merchandising transactions between Canada and the United States there will be a greater deficit this year than in 1950?

Mr. Howe: Oh, yes; very much greater.

Mr. Green: Canada's position will be a great deal worse this year than it was last year, on those transactions?

Mr. Howe: It will be further out of balance; in other words there will be a greater deficit in our account with the United States, and probably a deficit in our account with the world. The reason for that, of course, is our large investment program. My hon. friend will appreciate that as more of Canada's production is invested at home less becomes available for export, and the greater the pressure for increased imports.

Mr. Adamson: I am interested in this because our adverse balance of trade at the present time with all countries is running about half a billion dollars a year. I would like the minister to enlarge on that. He has said this is largely due to capital expenditures. I gather, from talking with manufacturers I know and from the press, that up to the present time defence orders placed in Canada by the United States have been extremely disappointing, and that so far there has been very little reciprocal business in defence equipment and defence material as between the two countries. I wonder if the minister would care to comment on that.

Then I have seen members of his department at work in various fields. I saw some of his trade commissioners in Germany, and I believe the work our trade commissioners are doing, under great difficulties, deserves the highest commendation. But each man I spoke to told me in one way or another that his principal difficulty and in fact his only difficulty in selling Canadian goods was currency control. There was no question that the goods we were producing in Canada, whether raw materials or finished products, were desirable and of the type required, but in country after country they could not import them over the barrier of currency control. Perhaps the minister would say a word on those two points, first the lack of reciprocal business in defence purchases by the United States and the difficulties in regard to currency restrictions.

Mr. Howe: I have no particular complaint to make as far as defence purchasing is concerned. The Americans were able to sell us certain war materials off the shelf, you might say, or out of stock; and those materials have been moving. We have had nothing to sell back in the way of war materials off the shelf, though we have taken contracts which will be productive as our production steps up and the goods are delivered. The contracts on both sides are not in balance, but there is a tendency for them to come into balance. I am not particularly worried about the upset in exchange due to war business between the two countries; I believe that situation will straighten out if there is the will to straighten it out, and I think everyone is doing his best along that line. I was just looking at the trade figures for the first three months, and in our account with the United States there was a deficit of $100 million, which is very close to the amount of our deficit with the world. Well, that is not too serious. If it continues at that rate during the year we will have a deficit of $400 million, and that is not anything to worry about. We have had far greater deficits. In 1947 we were losing a billion dollars a year to the United States. However, that is a trend we do not like, but we think it is a trend that can be reversed whenever we are willing to curtail our investment program and cut down on abnormal purchasing in the United States.

Mr. Adamson: Would the minister care to say anything about currency difficulties?

Mr. Howe: The currency difficulties are improving. Every time we bring trade with any country into balance we make it possible for them to relax the restrictions. In most countries with which Canada is accustomed to trade, restrictions are being relaxed to some extent. They are not being relaxed as quickly as we think they should be, but we are constantly pressing for the relaxation of restrictive measures. Some progress is being made, and we think the trend is in the right direction.

Mr. Blackmore: It seems to me a number of hon. members speak of these currency restrictions as though they had been imposed as a sort of punitive measure, instead of being something imposed through necessity. If a nation finds itself importing more goods than it is exporting, one of the most effective devices to prevent that sort of thing is to control foreign exchange, which means currency restrictions. It is quite idle to talk about removing currency restrictions unless first we do as the minister says; that is, unless we manage to enable the country concerned to sell us as much goods as it buys, or to balance its trade in a three-way arrangement. So it seems to me we are rather more optimistic than we should be if we think this matter of currency restrictions will more or less iron itself out. As long as we do not buy enough goods from Britain, for example, to enable her to buy the goods we wish to sell her, Britain will have to use quotas or currency restrictions against us in defence of her own economy.

I would like to hear a little discussion along that line. This was all involved at the time of the Bretton Woods discussion. Many hon. members seemed to think all we had to do was clamp on the restrictions envisaged by Bretton Woods and all difficulties would right themselves. That has not happened, however; now we find that they had the cart before the horse, and there seems to be quite a bit of uncertainty as to what should be done. This was one of the considerations that caused me to ask the minister the questions I put to him in the beginning. I was wondering whether it would be wise to manage the Canadian economy in such a way that we could buy from Britain the goods we need to buy in order to enable her to purchase the wheat and other commodities we desire to sell, or whether it would be wise

for us to envisage a more or less closed economy, or a balanced economy, or a self-sufficient economy in Canada and use some other means to enable Britain to buy the goods we want her to buy from us, something similar to the mutual aid device we used during the war.

Mr. Howe: I am happy to say that we finished 1950 with an adverse trade balance with the rest of the sterling area. In other words the rest of the sterling area sold us more goods than we sold them. There was a slight balance in our favour with the United Kingdom, as between the two countries, but it was very much smaller than ever before and showed a gap that presents no particular problem. As far as the balance of trade between Canada and any sterling area country is concerned, however, there is no good reason why the barriers cannot be taken down, and we think they should be taken down much faster than that is being done.

Mr. Blackmore: That is, the barriers between the various countries of the sterling area, but not the barriers between the sterling area and the dollar area?

Mr. Howe: The sterling area and Canada. As I say, the sterling area sold us more than we sold to the sterling area, that is including England as part of the sterling area.

Mr. Quelch: I think the minister is to be congratulated now on bringing about this dollar situation. A few years ago we used to hear a lot in this house about our trade being on a triangular basis. We bought far more from the United States than we sold, and consequently we had to sell more to Europe and insist upon payment in dollars in order to use those dollars to make up our deficit with the United States. Consequently, as a result of that policy Europe did try to impose heavy restrictions upon trade with us in order to prevent having an unfavourable balance of trade with this country. I think the situation is far more satisfactory now. We are balancing our trade with the sterling area and trying, at the same time, to balance our trade with the United States. In other words, we are trying to increase our sales to the United States and increase our imports from the sterling area. I believe that is as it should be. If we continue that policy, I believe Europe will be willing to give up the restrictions against this country.

Item agreed to.

450. Commodities and allocations, including assistance in the development of markets and new industry, the procurement of supplies, and contributions as detailed in the estimates, $596,973.

[Mr. Blackmore.]

Mr. Blackmore: This item 450 is an item that puts a question into my mind. It contains the phrase, "including assistance in the development of markets and new industry . . ." That is the phrase which a while ago made me ask the minister if he actually was consciously endeavouring to develop new industry in Canada. If he is not, then what is the purpose of having that phrase in that item? If the purpose is to develop new industry, what new industry and why?

Mr. Howe: The commodities and allocation branch is the office which indirectly supports the trade commissioners in the field. For instance, we have specialists in almost every type of production and raw materials. We have textile specialists, livestock specialists and so on, specialists in almost every product that Canada produces in surplus. These men meet the producers in Canada, and work out their problems with them. They communicate the instructions to our trade commissioners abroad. It is the Canadian end of the trade commissioners' service. I think that is a fair way of putting it.

Mr. Blackmore: I do not wish to be critical of the minister. I believe the minister has done a magnificent job ever since he began being a minister in this country. I have told him that several times before now. But I was wondering whether or not the minister was doing the same thing for civilian production that he obviously is doing for defence production. In his fine report earlier today, he indicated quite clearly that if he finds a deficiency of any particular commodity in Canada, he goes out consciously and gets that commodity. If he has to arrange to lend money to a company to produce the commodity or give the company special depreciation, he does it.

Now then, is the minister doing a similar thing with respect to civilian production? If he is, then I should like to know what civilian production he has in mind; what he is doing, and what success he is attaining. All these matters, as the minister fully knows, are involved in Canada's supply position. If we do not keep up and improve the supply position of Canada with respect to civilian consumer goods, then we are likely to be in a bad way.

Mr. Howe: We do perhaps the job my hon. friend has in mind for industry. We point out opportunities abroad for a certain type of manufacture, and we send over the specifications to be filled. For instance, we point out to them there is an opportunity for long-sleeved underwear in China or Japan or some part of the world. We send over the specifications, and find a market for the goods produced accordingly. We give industry all

the guidance that they will accept as to the the manufacture of goods suitable for certain specific markets.

I pointed out that it is not the duty of the department to do the same job for other types of production because they have separate ministries responsible for that chore, such as agriculture, fisheries, mines and other resources of the country. They have other ministries doing the same job.

Mr. Blackmore: That is about as it should be, but I am wondering if the Department of Trade and Commerce takes leadership over the other departments. Wheat is an example. I do not desire to discuss wheat, but wheat is primarily an agricultural matter. At the same time, it comes under the Department of Trade and Commerce, which has a considerable voice in respect of the wheat situation in Canada. I would think it would have a voice in any agreement to be negotiated.

Now then, when it comes to developing agricultural or forest products, is there an understanding or co-ordination between the Minister of Trade and Commerce and the other ministers so as to obtain an over-all picture of what we ought to get, and a decision as to what ought to be done?

Mr. Howe: I may point out that wheat is a good example. The Department of Trade and Commerce has the job of marketing surplus Canadian wheat. The department has nothing to do with the amount of wheat that is grown; the variety that is grown or how it is planted or harvested; that is a matter for the Department of Agriculture. The marketing of the surplus is the job of the Department of Trade and Commerce, and it is because wheat is a surplus commodity that the marketing of wheat is in the Department of Trade and Commerce.

Mr. Blackmore: May I ask one more question about that long-sleeved underwear? The minister has said he will point out to the producers of underwear in Canada that there is a market in China or Japan for long-sleeved underwear. I wonder whether or not he will go so far as to give financial support to a company which would enable it to produce long-sleeved underwear, much as he would give financial support to a company producing a particular kind of ship for defence. Would he give accelerated depreciation to a company to enable it to go into the production of this particular commodity for which he found a market?

Mr. Howe: The Department of Trade and Commerce has very little to do with money. We have no money. If anyone wants money, we send him to the Department of Finance. Trade and commerce is simply a service department with particular responsibility for exports and imports.

Mr. Blackmore: But trade and commerce, in seeking to obtain a particular item of defence production, does have the determining voice as to whether or not financial assistance will be rendered to the company engaged in the production of that commodity, does it not?

Mr. Howe: No; the Department of Trade and Commerce is out of the defence business—it should never have been in it. Today defence business is the duty of the Department of Defence Production, which is quite different from the Department of Trade and Commerce.

Mr. Blackmore: Then the Department of Defence Production does have a determining voice as to whether financial assistance shall be offered to a company that would be engaged in producing commodities.

Mr. Howe: Producing defence products.

Mr. Blackmore: What I am probing for is to see whether or not there is something resembling a department of civilian production.

Mr. Howe: No.

Mr. Blackmore: It is not any part of the function of the Department of Trade and Commerce to engage in that sort of activity?

Mr. Howe: No.

Mr. Blackmore: It looks as if we ought to have an organization that should do something like that before long in Canada.

Mr. MacInnis: The minister mentioned that wheat was a surplus commodity. Can he tell the committee how much surplus of the various grades of wheat we have at the present time?

Mr. Howe: At the present time we have sold all that we dare to sell of grades one to five. We have a fair quantity of No. 6 wheat, and a fair quantity of feed wheat, but not too good. We hope that the whole situation will clear up shortly after the end of the crop year.

The Deputy Chairman: May I point out that there will be ample opportunity to discuss wheat when we reach items 464 and 465. Shall this item carry?

Item agreed to.

451. Trade commissioner service, including payment of compensation to trade commissioners for damage to and loss of furniture and effects, under regulations approved by the governor in council, $1,963,751.

Mr. Charlton: Can the minister give us any idea as to how our trade position is with the South American countries? Has it improved or deteriorated?

Mr. Howe: The volume of our trade has gone up very greatly, both exports and imports, and the improvement in the balance is favourable to Canada.

Mr. Adamson: Have the trade commissioners abroad diplomatic privileges or not? I mention this because it is rather a sore point with some of them. The employees of the department of immigration, who in many cases are doing a great deal of extremely hard work under very difficult circumstances, do not enjoy diplomatic privileges, but some trade commissioners do enjoy diplomatic privileges. One or two suggested to me they wished that they all did have them. Is there any general agreement on this, or is there any general rule about whether they enjoy diplomatic privileges or not?

Mr. Howe: If a trade commissioner is attached to an embassy he does enjoy diplomatic privileges. If there is no embassy in the country he is serving he does not have diplomatic privileges. Sometimes we try to get external affairs to give him consular status, which carries with it diplomatic privileges, but there are trade commissioners who do not have diplomatic privileges, and there seems to be no way in which diplomatic privileges can be obtained for them.

Mr. Adamson: I must say that the granting of diplomatic privileges to a trade commissioner is of tremendous advantage to him and is of tremendous advantage to the country. If the minister could persuade his colleague, the Secretary of State for External Affairs, to grant diplomatic privileges to these trade commissioners it would be of great advantage to all concerned.

Mr. Drew: Under the details of the trade commissioner service the figures are given as to the expenses of each of the various offices. I realize that there are bound to be substantial differences in regard to these offices, but would the minister explain why, for instance, the trade commissioner service at Caracas is $77,877, and the trade commissioner's office at Melbourne is $24,335? I would like to have some indication as to what considerations result in so much larger expenditure in the office at Caracas than in the office at Melbourne. I simply take them as an illustration.

[The Deputy Chairman.]

Mr. Howe: The trade commissioners are paid a basic pay, as though they lived in Ottawa, and there are supplements, depending on the cost of living in the posts to which they are assigned. Caracas has the highest cost of living in the world, as far as I know. It has that record in the trade commissioners' service. On the other hand, the cost of living in Melbourne is probably no higher than the cost of living in Ottawa. It may be a bit, but I would believe that it was not much higher than in Ottawa.

Mr. Drew: I am taking such places as Wellington and Melbourne as places within the commonwealth where one would think the activities would be important, and then comparing them with such a place as Caracas, and for instance Manila, where the expenditures are $49,542, as compared with $20,466 in Wellington. Are the activities of these offices in the cities in the commonwealth not more important than they are in Manila or Caracas?

Mr. Howe: Well, the trade commissioners in these areas cover many countries. I suppose the trade commissioner in Caracas covers three or four other countries. He may have a larger office than the office in Melbourne. The office in the Philippines has been newly established and a drive has been made, a very successful drive, to get a share of the Philippine business. We have done big business there. I dare say some extra pressure has been put on that office, and perhaps extra expenses incurred. The very fact that it is set up new may have something to do with it. There are three offices in Australia. The work is divided.

Mr. McLure: What are the qualifications for appointment of trade commissioners? To my mind he should be a man who can sell Canada and Canada's products.

Mr. Knowles: Eleven o'clock.

Mr. Howe: They must be university graduates with some trade experience. Trade commissioners are taken into the service in a junior capacity, and put through a course of training which takes at least a year. The trade commissioner is sent to all parts of Canada. The first requirement is that he must know Canada and Canadian industry thoroughly. Then he is put in a junior position abroad, and gradually given the experience required to be a trade commissioner.

The Deputy Chairman: Shall the item carry?

Mr. Drew: No.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Hughes Cleaver (Halton): Mr. Speaker, may I ask you to revert to motions in order to present a report of the committee on banking and commerce?

The Acting Speaker (Mr. Beaudoin): Is it the pleasure of the house to revert to motions?

Some hon. Members: Agreed.

BANKING AND COMMERCE

Seventh report of standing committee on banking and commerce.—Mr. Cleaver.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will move adoption of the amendments made by the Senate to Bill No. 198, to amend the Customs Act, and Bill No. 355, respecting weights and measures. I understand the government agrees to those amendments.

Mr. Knowles: Does the minister know what they are?

Mr. Fournier (Hull): One is the debate on the six months question; they have extended it to twelve. I do not know what the other amendment is.

Mr. Howe: A typographical error.

Mr. Fournier (Hull): Perhaps a clerical error—the absence of a few commas. Then tomorrow we will go into supply to consider the estimates of the Department of External Affairs and the Department of Citizenship and Immigration. Then we will proceed with Bill No. 375, to amend the Prairie Farm Rehabilitation Act, before taking up the estimates of the Department of Agriculture.

Mr. Fleming: What position does the government take on the amendments made by the Senate?

Mr. Fournier (Hull): I said the government would agree to or accept the amendments.

Mr. McLure: When will we have the pleasure of going over the estimates of the Minister of Public Works?

Mr. Fournier (Hull): I am aways at the disposal of the hon. gentleman. It will be a real pleasure when I can find a moment to discuss my own estimates. However, if the hon. member needs any information preceding the estimates, I am ready to give explanations.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF DEFENCE PRODUCTION

Department—

76. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $5,000,000.

77. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of treasury board, $50,000,000.

78. To provide for research and development of jet engines and aircraft, $1,000,000.

79. To provide for the liquidation of contracts, including commitments of previous years related to the acquisition of assets operated by the departments of munitions and supply and reconstruction and supply or an agency of these departments; the liquidation of the assets and liabilities of closed crown companies and crown plants; and for miscellaneous and unforeseen expenses, $200,000.

80. To authorize the transfer of funds from the Canadian Commercial Corporation Employees' Retirement Fund to the retirement fund created by the Civil Service Superannuation and Retirement Act, in respect of past contributions and accumulated interest thereon of employees transferred from the corporation to the department, $1.

Crown companies—

81. To provide for expenses incurred by Defence Construction Limited in procuring the construction of defence projects on behalf of the Department of National Defence, $3,000,000.

Canadian Arsenals Limited—

82. Administration and operation, $3,300,000.

83. Construction, improvements and new equipment, $1,700,000.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

449. Departmental administration, $513,280.

450. Commodities and allocations, including assistance in the development of markets and new industry, the procurement of supplies, and contributions as detailed in the estimates, $596,973.

HOUSE OF COMMONS

Friday, June 15, 1951

The house met at eleven o'clock.

EXTERNAL AFFAIRS

Third report of standing committee on external affairs.—Mr. Bradette.

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PROCEDURE—APPOINTMENT OF STRIKING COMMITTEE

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That a special committee consisting of Messrs.: Weir, Tremblay, Casselman, Knowles and Shaw be appointed to confer with Mr. Speaker and, with his assistance, to prepare and report a list of members to compose a select committee of the house to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business, with power to send for persons and papers and to report from time to time its findings and recommendations to the house.

He said: Mr. Speaker, the leader of the opposition (Mr. Drew) has kindly consented to be the seconder of this motion.

Motion agreed to.

OLD AGE ASSISTANCE ACT

PROVISION FOR AGREEMENTS WITH PROVINCES—PAYMENTS AT AGE 65

Hon. Paul Martin (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure respecting old age assistance and to provide for the payment to the provinces out of the consolidated revenue fund of amounts in respect of old age assistance paid by the provinces, to certain persons who have attained the age of sixty-five years and who are in need of such assistance, not exceeding, in respect of any recipient, fifty per centum of forty dollars monthly or of the amount of old age assistance paid by the provinces monthly to the recipients, whichever is the lesser; and to provide for the making of agreements with the provinces in relation thereto and for the conditions and duration of such agreements.

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

Mr. Knowles: Good for the Administrator.

Motion agreed to.

BLIND PERSONS ACT

PROVISION FOR AGREEMENTS WITH PROVINCES—PAYMENTS AT AGE 21

Hon. Paul Martin (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure respecting allowances for blind persons and to provide for the payment to the provinces out of the consolidated revenue fund of amounts in respect of allowances for blind persons paid by the provinces, to certain persons who have attained the age of twenty-one years, and who are blind and in need of such allowances, not exceeding in respect of any recipient, seventy-five per centum of forty dollars monthly or of the amount of the allowance paid by the provinces monthly to the recipients, whichever is the lesser; and to provide for the making of agreements with the provinces in relation thereto and for the conditions and duration of such agreements.

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

Motion agreed to.

FINANCIAL ADMINISTRATION ACT

PROVISION FOR AUDIT OF PUBLIC ACCOUNTS, FINANCIAL CONTROL OF CROWN CORPORATIONS, ETC.

Hon. Douglas Abbott (Minister of Finance) 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 consolidate and revise the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931, and certain other acts; to provide for the organization and functions of the treasury board and the Department of Finance, and the appointment and functions of the comptroller of the treasury; to regulate the collection, management and disbursement of public money, public borrowing, the management of the public debt, and the acquisition, recording and issue of public stores; to provide for the keeping of adequate public accounts, the audit thereof, and the appointment, salary and functions of the Auditor General of Canada; to provide for the control of the financial affairs of the crown corporations; to regulate the terms and conditions upon which contracts may be made on behalf of His Majesty; to provide a procedure for the write-off of debts owing to His Majesty that have become uncollectible; and to provide for the management of the consolidated revenue fund and for the making of certain payments therefrom.

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

Motion agreed to.

WESTERN GERMANY

ARRANGEMENTS FOR PEACETIME RELATIONS—ESTABLISHMENT OF CANADIAN EMBASSY

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I should like to direct three brief questions to the Secretary of State for External Affairs (Mr. Pearson). As I have not previously given notice of these questions, I shall be quite satisfied to have him answer them later on.

First, would the minister tell the house what Canada is doing and has done to get upon something like a peacetime basis with western Germany? Second, would the minister consider it feasible and desirable to provide for such a state of cordiality of relations as would warrant the establishment in western Germany of a Canadian embassy? Third, have any steps already been taken in contemplation of such a move?

Mr. Speaker: I understand that the house is going into committee of supply almost immediately and will consider the estimates of the Department of External Affairs. If that is so, I think these questions should be reserved until that time.

VETERANS AFFAIRS

BURNT-OUT PENSIONERS—EFFECT OF APPLICATION OF OLD AGE PENSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Is the Minister of Veterans Affairs yet in position to answer the question I asked on Tuesday with regard to the relationship between the War Veterans Allowance Act and the new old age pension legislation?

Hon. Hugues Lapointe (Minister of Veterans Affairs): The matter referred to in the question asked on Tuesday by my hon. friend is being reviewed and considered at the present time. I can assure my hon. friend that no veteran is going to suffer from the introduction of the old age security legislation.

HOUSING

QUESTION AS TO AGREEMENT FOR PROJECT IN ESTEVAN, SASK.

On the orders of the day:

Mr. J. J. Smith (Moose Mountain): I should like to direct a question to the Minister of Resources and Development. Has the government of Saskatchewan requested the federal government to enter into an agreement for housing in Estevan under section 35 of the National Housing Act? If so, is the federal government prepared to enter into an agreement for this purpose?

Hon. Robert H. Winters (Minister of Resources and Development): Section 35 of the National Housing Act has to do with dominion-provincial projects. Having in mind the difficulties attendant upon house building at this time, and the great interest of my hon. friend in housing in Estevan, a matter which he has kept before me since he entered the house, I think perhaps I should answer his question in a little more detail than I might otherwise do.

In a letter dated June 5, 1951, the minister of social welfare and rehabilitation asked for our approval of housing in a number of municipalities, including Estevan. No specific project was submitted. In my discussion with Mr. Sturdy and in my correspondence with him I pointed out the difficulties involved in building houses at this time, and stated that we must see to it that of the houses built in Canada, as many as possible are located in defence production areas. We discussed the high costs of housing, the desirability of contemplating economic rentals, and the need to build houses only in projects sufficiently large to enable us to realize all possible construction and operating economies. It was considered that projects under section 35 should not be smaller than forty or fifty units. That is why in our discussion we talked in terms of applying section 35 only in the larger municipalities.

We have not yet received details from the government of Saskatchewan about costs and consequent rental levels, and are therefore unable to form an opinion as to whether or not housing can be produced in small projects in the smaller municipalities which will be within the range of the local rental scale. However, with due regard to the above factors, we doubt that it is practical for any of the levels of government concerned to contemplate at this time housing under this section for municipalities having populations as small as Estevan.

I would suggest to my hon. friend that there are other sections which might more appropriately be considered if operations within the scope of the National Housing Act are contemplated for Estevan.

DOUKHOBORS

QUESTION AS TO SONS OF FREEDOM MOVING FROM KOOTENAY WEST, B.C., TO DISTRICT NORTH OF KAMLOOPS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Citizenship and Immigration. In view of the expressed desire of the Sons of Freedom to be moved from the district of Kootenay West to the Adams lake district north of Kamloops, and in view of the fact that their request has been referred to the federal and British Columbia governments, will the minister inform the house whether the federal government intends to facilitate the movement of these people from Kootenay West to the Kamloops district?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, I am not familiar with the problem that has been raised by the hon. member, although I well understand his desire to facilitate this movement. I understand that our estimates will be discussed perhaps later today, and in the meantime I shall be glad to look into this matter and advise my hon. friend when the estimates are under consideration.

COST OF LIVING

INQUIRY AS TO ACTION WITH RESPECT TO INCREASE IN PRICES OF MEAT

On the orders of the day:

Mr. Wilfrid LaCroix (Quebec-Montmorency): May I ask the Minister of Trade and Commerce if it is the intention of the government to take immediate necessary steps to slow down the rapidly rising prices of meat in Canada which are contributing so much to the high cost of living?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The officers of my department are studying the situation of rising meat prices which are due to abnormal demand from the United States at this time. No conclusion has been reached as yet as to what can be done about it, but we will do our best to prevent meat prices from reaching too high a peak.

CUSTOMS ACT

AMENDMENTS TO CLARIFY ACT AND TO FACILITATE ADMINISTRATION AND ENFORCEMENT—CONCURRENCE IN SENATE AMENDMENTS

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 198, to amend the Customs Act.

Mr. Knowles: What are the amendments?

Mr. McCann: One amendment has to do with grammatical construction, and the other has to do with the time within which an appeal may be made for the remission of taxes. It was six months in the bill which was passed here, and it has been extended to twelve months.

Mr. Fleming: It is obvious that the Senate has made an amendment which should have been made in this house. I think the house will welcome the amendment.

Motion agreed to, amendments read the second time and concurred in.

WEIGHTS AND MEASURES ACT

GENERAL REVISION—AUTHORITY FOR CLASSIFYING WEIGHING AND MEASURING DEVICES, ETC.—CONCURRENCE IN SENATE AMENDMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 355, respecting weights and measures.

Mr. Knowles: Will the minister say what the amendment is?

Mr. McIlraith: The amendment is to schedule II. It corrects a typographical omission of the words "the pound, which is". These were left out of the schedule in describing the standard unit of weight. It was purely a clerical omission of the words.

Mr. Knowles: Like leaving out a comma.

Mr. McIlraith: Very much.

Mr. Graydon: Is not a clerical omission a mistake?

Motion agreed to, amendment read the second time and concurred in.

SUPPLY

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

DEPARTMENT OF EXTERNAL AFFAIRS

Department and missions abroad—

84. Departmental administration, $2,272,597.

Mr. Graydon: Does the minister intend to make a statement prior to the discussion of his estimates?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have no intention of making a general statement at this time, but I shall be glad to deal with questions that may arise during the discussion of my estimates.

Mr. Graydon: Mr. Chairman, I desire to make a few remarks with respect to the

estimates of the Department of External Affairs. As you know, they have just been returned to committee of supply after consideration by the standing committee on external affairs. I want to deal with only one or two matters which perhaps should be enlarged upon and emphasized at this time.

My first reference will be to the question of the proposed Japanese peace treaty and rearmament plan. I have no desire to discuss the Japanese peace treaty at this time, except to suggest to the minister that, when he is replying to the various questions that will be raised in committee of supply, he should deal with the matter of Canada's position in that regard. There must be a good deal of confusion in the public mind as to what is going on with respect to the negotiations leading up to the proposed agreement. First of all we have Mr. Dulles going to Japan and then to Great Britain. Press reports from time to time have indicated that agreements have been reached. There is one this morning from London indicating that, on the question of representation of Red China as opposed to nationalist China, some agreement has been arrived at between the United States and Great Britain, a very familiar kind of agreement in diplomatic circles—that no decision will be made with respect to that matter until later.

I think a problem must be arising in people's minds as to where Canada fits into these unilateral or bilateral negotiations which are being carried on by the United States of America and their representatives. We have not had a call from Mr. Dulles in Ottawa. We would like to know whether or not we have been kept in touch with all the developments, whether or not in his various travels abroad he has carried with him some implied or express authority from Canada with respect to our stand, and what the reaction of this country may be expected to be after the agreements have been finally drafted and put into a form satisfactory to these other countries. We have a say with respect to the Japanese treaty, and I think the minister should advise the committee what method we have employed to make our voice heard in these negotiations.

I also want to raise another question, and it is also one that I think is in the minds of the public. While the military and political aspects of the Japanese negotiations are of immense importance, and I think no one would desire to minimize their importance in any way, there is a problem concerning economics, finance and trade which I trust the government will not allow to be disregarded when the final negotiations are in progress. We must be certain that not only the political and military situations are given due consideration by the powers involved, but also the economics and trade effects of this treaty. That question should be dealt with by the minister during the course of this debate. We would be interested to learn how we fit into the picture so far as any arrangements for peace with Japan are concerned. As the minister well knows, some of the main markets of Japan are now cut off by virtue of Red Chinese domination of the great mainland of China. That in itself raises an obvious question which should not be disregarded in any consideration of a peace treaty with Japan.

I also want to mention another matter which was regarded as of sufficient importance to occupy a place in the report of the external affairs committee. I refer to the recommendation concerning the actions of future Canadian delegations at the general assembly of the United Nations. It is a recommendation with which I am thoroughly in accord. It gained unanimity in the committee, and is worth while mentioning. It reads as follows:

> Your committee also recommends that future Canadian delegations to the United Nations general assembly continue to urge that the budgetary contribution which the Soviet union and associated countries make be increased to figures which more closely correspond to their capacities to pay.

As the committee is aware, there has been a scandalous disproportion between other countries and the Soviet union with respect to their assessments and contributions to the cause of peace as represented by the United Nations organization. The budget of the United Nations of course calls for a certain percentage from each country as its share of the upkeep of that organization for the preservation and maintenance of peace. Russia has 180 million people, and Canada 14 million or thereabouts; naturally that disproportion in population causes the raising of eyebrows when we realize that the 180 million people pay a little less than seven per cent of the entire United Nations budget, while Canada, with only 14 million people, pays 3·3 per cent.

I want to commend the delegation from this country for the stand they have taken on this matter. It is not Canada's fault that we have not had a better deal with relation to the Soviet union. I think the standing committee was the place to initiate such a recommendation, and we should tell the United Nations we are not satisfied to allow a nation like the Soviet union, which calls itself a great power and shows all evidence of being a great power, to pay only a little less than seven per cent of the total budget of the whole United Nations organization. A country that can boast of 178 armed

divisions and 30,000 aeroplanes, all poised for any eventuality of war, is not a nation that should be arguing that it should make a small contribution to this organization which would preserve peace. It does not make sense.

In addition, I think attention should be drawn to the fact that if the contribution is determined on the basis of the amount expended for war, then the Soviet union should make a corresponding contribution in the interests of peace. To some extent at least that would balance their activities in the international field. Moreover, they should pay more to the United Nations because they do more to sabotage that organization, and it seems to me there is no justification for the present arrangement.

I was amazed, as I suppose everyone in Canada was, at the last meeting of the United Nations to find a huge budget for the rehabilitation of Korea. That was somewhat premature, as events have developed; nevertheless something like $350 million was being set aside for that purpose, a committee was being set up, and all arrangements were being made under which we would play our part together with the other peace-loving nations in rehabilitating that war-stricken country. But of that $350 million the Soviet union were not putting up a single cent, nor was there any suggestion that they should put up any money. In other words, the people who were not to blame for the Korean problem were having to pay for the intervention of other people.

The whole picture is sordid; but by concurring in that part of the report we will tell the world that Canada is not satisfied with the way the Soviet union is meeting its obligations. It is bad enough to have them disturbing world peace as they are, without our having to pay more as our share of the cost of maintaining it. That, in simple terms, is what I wish to convey to the house—to say how strongly I endorse that part of the committee's report.

In addition I wanted to make one or two references to the recommendation with respect to the international service of the Canadian Broadcasting Corporation. On this subject some evidence was adduced, though perhaps not as much as the committee might have liked. This question, of course, has a dual significance, and the matter may be said to be under dual jurisdiction. Some of these recommendations might have gone further had it not been for the fact that the committee was anxious not to tread upon the toes of another committee which might be dealing with the Canadian Broadcasting Corporation, which of course has jurisdiction over the international service. Nevertheless it was made crystal clear that for geographical reasons, with the international service in Montreal and the external affairs department in Ottawa, questions of clearance concerning policy, details and the programs beamed to these other countries make for an unmanageable situation. That was one reason why we in the committee felt we could not go further than simply to call for closer liaison between the department and the international service with respect to policy.

However, I think most committee members have come to the conclusion that we have reached the end of the era of just trying to speak to our free-power friends through the international service. I believe the day has come when we must change our approach and try to reach some of those behind the famous iron curtain who may wish to become our friends. We are told by those who ought to know that there are millions upon millions of prospective listeners in those countries, behind the border between freedom and slavery, who are anxious to hear the message from this country, and there is a very good reason why Canada is in perhaps a much better position than any other nation in the world to speak to those people. We are not suspect as being a great power. We are not suspect as having any international axe to grind. Our reputation and prestige as a people are high, and for those reasons a message from this country would carry more weight.

I was amazed to find that only a very small percentage of our broadcasts is directed to those people. For instance, no broadcasts at all are being beamed to that great section of the Soviet union known as the Ukraine, though some of the most democratic and freedom-loving Ukrainians in the world are to be found in Canada. I mention that to suggest that the percentage of our short-wave broadcasts beamed to countries behind the iron curtain should be increased, and our whole approach to this question changed in view of the fact that we are in the twilight stage between peace and war. No longer can we be said to be in a definite period of peace. I had not intended to elaborate on that point, but I did want to suggest that there is a need, perhaps not for additional facilities, but for a change in the use of the present facilities.

Then I wanted to mention a matter having to do with questions of unanimity and unity at top levels among the major free powers. I suppose nothing has disturbed our people more than the fact that from time to time there have been superficial difficulties, particularly between the United Kingdom and the United States, at high international levels.

I have heard it suggested from time to time, as indeed it was suggested by the hon. member for Winnipeg North during a debate in this house on a resolution which was later withdrawn, that consideration should be given the setting up of an Atlantic union. I believe most people understand my views in that respect. I think the objective is good; but I agree with what the minister said during that debate, that there is a time and season for all things, and I am not at all sure we have arrived at either the time or the season to proceed along those lines. I do agree that it is an objective we must always keep in view, to which this generation may properly look as a plan for the future.

I have been greatly impressed, as I think every member of this committee must have been—and particularly my learned colleague from Lake Centre—with the fact that at its various meetings the commonwealth parliamentary association has done an immense amount of good in acting as a clearing house for the exchange of views not only among governments but among those who have been elected to office, regardless of their political opinions. That is one of the great advantages of the commonwealth parliamentary association, and I believe those advantages are being realized more and more as the years go by. I believe there is a need for an expansion of that type of endeavour. I throw out this suggestion to the committee: I am wondering if we should not have, as an experiment, some kind of informal meeting of representatives of the United Kingdom, Canada, and the United States, in which there could be frequent clearances of opinions as between men and women of the various political parties who have been elected to the parliaments of those countries. I am not so sure that that would not result in our finding some common denominator for understanding between the peoples of these nations.

It seems to me it is not good enough always to have governments meeting and deciding things, because all governments are not like this one in that they have not such a large majority in the legislature. A good example of this is found in the congress of the United States, and in the slim majority of the Attlee government in Britain. These are factors which might properly be considered. Personally, I should like to see some move made whereby selected representatives from this parliament, from the congress of the United States and the parliament of the United Kingdom, could get together in frequent meetings something similar to that of the commonwealth parliamentary association—not anything in the nature of a strait-jacket organization, but simply with a view to having informal discussions from time to time for the purpose of clearing up misunderstandings which arise between the peoples of those countries. There would be the additional advantage that the representatives would bring back to their respective legislative bodies, just as they do from the commonwealth parliamentary association, an appreciation of the other person's point of view, which is essential if the free peoples of the world are to march together in common understanding and with common objectives. It is only a personal proposal that I put forward, but I suggest that it is at least worthy of consideration.

I wish to refer now to a project which has been approved by every political party in Canada. It has been approved by governments, and it has been endorsed by the party to which I have the honour to belong. It has not yet, however, been the subject of the action which I believe should be taken. I should like to have seen in the report of the external affairs committee some recommendation in connection with the St. Lawrence waterway. Such a reference would have afforded the committee, for the first time since the agreement was made in 1941, an opportunity to discuss the matter and record its position. I believe this should have been done some time ago. The agreement was made on March 19, 1941. So far as Canada is concerned, the treaty that was signed at that time, and endorsed by the government, is awaiting approval by the Senate and House of Representatives of the United States.

In 1895 the first move with respect to this matter was made when the United States and Canada set up a committee of inquiry. In 1932 the St. Lawrence deep waterway treaty was signed by both countries, but it failed to achieve a two-thirds majority in the United States Senate, so the matter was dropped again. In 1941 the St. Lawrence basin agreement was entered into. At the instance of the United States Senate some changes were made in it in 1949 in order to make it more acceptable to both countries.

In order to show how this matter comes within the purview of the Department of External Affairs, I might say that in between those periods the permanent joint board of defence for Canada and the United States more than once urged that this waterway ought to be completed as a defence measure. From the strait of Belle isle to the lakehead cities of Fort William and Port Arthur is a distance by water of 2,225 miles. It is perhaps the most important inland waterway in the whole world, yet in between those points there is a forty-mile bottleneck which ought to be removed. In this enlightened day and age, when the needs of trade and

commerce, defence and power are all calling for the removal of that bottleneck, it does not make sense that we should delay the construction of this short protected route through the heart of a continent. There is a need for it in time of war as well as in time of peace, particularly in view of the high transshipment costs which the present undeepened waterway causes.

So far as my own part of the country is concerned we are perhaps more keenly interested in this project than some other parts of Canada. For that reason I hesitate to speak on behalf of anyone else in connection with it. On behalf of my part of the province of Ontario I want to say that we have enough power to care for our needs up to the end of 1956. Beyond that we are faced with a bottleneck so far as power is concerned, unless the 1,100,000 horsepower available in connection with the St. Lawrence river project are brought into being. In that forty miles there are 2,200,000 horsepower available to both countries. In addition to that, farther up the waterway there is another estimated two and a quarter million horsepower, but nothing has been planned yet with respect to its development.

This problem was emphasized by a recent visit to the Canadian international trade fair by representatives of the great lakes states bordering this country. Of course, they are interested in the project just as we are. They are just as much concerned as we are about the lobby which is going on now in congress. They point out that the Mesabi iron range in the state of Minnesota is rapidly petering out and that the ore which normally would come from there is being depleted. That situation, of course, creates a special need, in time of defence preparations, for the necessary raw material which is available in Canada from time to time but which needs a waterway for its transportation. Representatives of Ohio, Michigan, Illinois, Wisconsin and Minnesota have not only expressed their great anxiety, just as we have done, for a movement towards the St. Lawrence waterway development on a basis of immediate urgency, but have welcomed Canada's challenge to build this waterway alone.

I suggest to you, Mr. Chairman, that these states are so anxious—as we are—to have the waterway built that some discussion has taken place in their various legislatures or among their state officials with regard to finding some way, under international law, by which they could assume some portion of the cost of a joint undertaking. I want to say this—and when I do so, I speak personally; but as a matter of fact all the party platforms have called for a joint undertaking of the St. Lawrence development. Frankly, sir, I think that perhaps in the end the best thing that could happen to Canada and to Canadians would be for us to start now to build the St. Lawrence seaway on our own. There are a great number of reasons why that should be done. More than that, even if the present congressional committee makes a favourable decision—and there seems to be a good deal of doubt as to its decision—and recommends a joint undertaking on the St. Lawrence deep waterway, our experience has shown—and perhaps it is indicated in our own parliament as well—that there are a great many ways in which congressional delays can occur. Once that committee has endorsed the undertaking, some other committee or some other body through which it must go for final ratification and approval can block it in its course. One of our real problems is this: Are we now running into a long period of indecision from which Canadians may find it difficult to extricate themselves? Americans may say: Of course we are studying the matter, and we are still dealing with it; while we are still dealing with it Canadians would, of course not want to make any move with regard to it.

It seems to me that we as a nation should not delay any longer in saying to the United States government that Canada is now proposing to proceed with the great lakes-St. Lawrence waterway on its own, and that in the years ahead we shall look forward to the completion of this great project as a matter of national pride. In the past we have done great things as a nation, both in peace and in war. Let us do this one other great thing and show the United States people and the United States government, as well as our own people, that after all we have the capacity and the desire to see to it that this mid-continent waterway, the greatest of its kind in the world, shall no longer be bottlenecked by forty miles of unnavigable water.

In my opinion that is the course which should be pursued. I say it is my own personal opinion, because I do not want to bind members in any part of the house with respect to the matter. But it is my view that we should not delay a moment longer in arriving at our decision, making it known, and starting upon what would be one of the most beneficial ventures in the field of transportation, commerce and business that Canada has thus far undertaken.

Mr. Coldwell: Mr. Chairman, perhaps the minister will permit me also to ask him some questions, so that he may answer them when he is answering others that have been asked.

May I just say to him that if I am obliged to leave before he speaks, I hope he will understand that it is because of a firm appointment I have made, and that I must leave on that account.

First of all, I think the standing committee on external affairs performs an extremely useful function indeed. Those of us who were privileged to be members of it, both this year and in past years, I think understand how valuable this committee is to the house, since we can have before us the officials as well as the minister, and can not only ask questions about the broad outlines of our external policy, but can get many of the details that it would perhaps be difficult for us to obtain in the house.

May I also say this, Mr. Chairman, because one likes to do these things once in a while. As one who has attended a number of international conferences with officials of the external affairs department and has sat with them at the meetings of the external affairs committee, may I express my tribute to the work that the officials of that department are doing. I think the minister is to be congratulated on having around him the able officials, both in the country and outside of it, that we have in that department.

I now wish to refer briefly to what the hon. member for Peel has said in one or two connections. I agree with him that, in spite of the failure of the Canadian delegation to obtain a fairer distribution of the assessments made by the United Nations, we should not give up the struggle; we should continue to press continuously for a fairer apportionment of the costs of running the United Nations. It is perfectly true that the Soviet union is paying a relatively small amount, namely, about twice what we are paying. That amount, it seems to me, is out of all proportion to the influence and power that that great country assumes and exercises in the councils of the United Nations and of the world generally.

I should also like to say that I agree with the views expressed by the hon. member, and which have been expressed by others in this chamber, with regard to an Atlantic union. The hon. member for Winnipeg North is performing a useful service to this country—and indeed to the nations associated in the North Atlantic alliance and to other nations that might be brought into the organization,—in promoting this idea. True, it involves a surrender to a greater organization of some of the sovereignties we now possess, but in the interests of peace that course probably will have to be taken sooner or later when public opinion and world conditions are ripe for it.

I wish also to refer especially to the news reports of the proposed Japanese treaty. I quite agree with those who think that western Germany and Japan cannot be kept permanently out of the family of nations. It is now nearly six years since the war ended, and, under ordinary circumstances, history would show that by this time peace treaties should have been written. They have not been written. It is essential that those countries should now, after six years, be brought into the relationships which are normal in peacetime between nations. I just want to say this, however. As the committee knows, we thoroughly approved Canada's support of the United Nations in resisting the aggression of the North Koreans. We shared with other hon. members—and with the government, I believe—the hesitation that was felt when the 38th parallel was crossed. We certainly feared the effects of the approach of the United Nations armies to the Yalu river and the provocation that might be felt by the government of China. I view with considerable misgiving the proposal to write a treaty with Japan, leaving out nations which are involved in the Far East, at a time when, to say the very least, there is some uncertainty about the future relationships of China. I fear that what we are doing, step by step, is to push China, the new China, more completely into the Russian orbit. And I believe the new China as it exists today is the China of the future.

Mr. MacInnis: It is here to stay.

Mr. Coldwell: As my hon. friend says, it is here to stay. The government of the China of the future might not have the same attributes as the government of the China of today, but at least the revolution has occurred; the revolutionary government is in power and is going to remain in power. The future of the world depends very largely upon the manner in which we can bring about a better understanding between the revolutionary government of China—and the governments that will follow it, arising out of this revolution—and the democratic world. It was with a good deal of misgiving that one read in the newspapers this morning and heard over the radio last night of the proposal for the signing of a peace treaty to which a government of China later on will be invited to attach its signature, and, as I understand the proposal to be, to co-operate in the terms of the treaty.

There is no question in my mind that Chiang Kai-shek and the group of reactionaries, as they have been described by the hon. member for Lambton-Kent, are permanently eliminated as a factor in China. Any attempt to restore that government on the mainland of China will be, I believe, a tragedy for Asia and a tragedy for the world. We know pretty well the opinions of most members of the commonwealth of nations, including India and Pakistan. While Burma is outside the commonwealth, we hope that country will remain on the friendliest of relations with the commonwealth; and we know what their views are on this matter.

I do not know what part has been taken by the Department of External Affairs, the government or the minister in regard to these discussions; but I ask the minister very pointedly if he will indicate exactly what is the position of Canada and the policy of the government in regard to this agreement that is reported to have been made between the United Kingdom and the United States.

After all, we are a Pacific nation. Our borders are washed by the Pacific ocean on the west, and we cannot be negligent of or oblivious to what happens in the Pacific area. It would be well for the minister to tell the House of Commons and the country categorically just where we stand in connection with this matter, involving, as it does, what may be a fateful agreement or understanding.

I want to see communism stopped everywhere. I believe that totalitarian communism menaces the world, but I also believe that if we adopt policies that throw great masses of the people, whether because of their poverty and misery and want or because of situations similar to those in China today, into the orbit of the Soviet union, we are bringing about a situation which will mean a third world war and, in all probability, the destruction of the type of civilization to which we aspire. Certainly it will restrict the freedom we all wish so wholeheartedly to expand.

I know of no announcement in recent weeks that has caused me so much disturbance as the announcement made last night and repeated in the newspapers this morning. We were happy indeed when it seemed that the United States, in removing MacArthur, was endeavouring to reach the point where a negotiated settlement of the Korean conflict could be achieved.

China has unlimited manpower, and the suggestion that we can fight her successfully, that we can bomb her cities, and so on, into submission, seems to me to be quite unrealistic. With her manpower and resources she would ultimately swallow the forces of occupation of the nations that are associated together in what we call the democratic or free world. Success does not lie that way.

I would ask the minister to tell us as nearly as he can what part, if any, Canada has taken in connection with the agreement that has been reached; what the views of the government are in this regard, and what the policy of Canada is to be in connection with it. I am sure many people in this country will be anxious to have that information, and I suggest this is the opportunity for the minister to give that information.

That is the only point I am going to make this morning. I do hope we shall have a clear statement from the minister about the proposed Japanese treaty.

Mr. Pearson: Mr. Chairman, the hon. member for Peel and the hon. member for Rosetown-Biggar have brought up for discussion some very important questions. Most of them, if not all, were given careful consideration by the committee on external affairs, which has now reported to the house.

Possibly at this point I might be permitted to pay tribute to the work of that committee, and especially to its chairman, who has the respect, and indeed the affection, of all of us.

I hope I shall not be expected to repeat on questions of general policy statements I have made in the house and before the committee. But there are some specific questions which have been raised, and of course I shall do my best to deal with them.

The first, and possibly the most important, which has arisen in the discussion so far is that of the proposed Japanese peace treaty. Our position as a government in this matter has been made pretty clear to the house: we are in favour—and I am sure the house is in favour—of the earliest possible conclusion of such a treaty—

Mr. Coldwell: Hear, hear.

Mr. Pearson: —so that Japan may be brought back into the family of nations and play her part as a strong democratic country, especially in Asian affairs. So we have welcomed the discussions which have taken place to that end. When we were consulted, as we were some months ago, as to the form which these discussions should take, we agreed with our friends in Washington and London that possibly diplomatic talks initiated by the United States with other governments interested, rather than a general conference, would be the best way to proceed in the present circumstances. As the committee knows, these talks have been proceeding and are now reaching finality.

In all this process of consultation we have played our part and have been informed of

developments as they occur. We certainly have no complaint to make in regard to the methods that have been adopted to keep us informed. Mr. Dulles has consulted with our representative in Washington and our representative in Tokyo. I was in Washington yesterday and had a discussion with the assistant secretary of state in charge of Far Eastern affairs. There was an official discussion in Washington between United States, United Kingdom and Canadian officials a few weeks ago, which discussions were resumed in Ottawa a few days after they had finished in Washington. This question has also been discussed in London. I think it is true to say that we have been kept informed and have played a reasonably active part in the negotiations leading up to the present position.

In the early days of these negotiations a draft was circulated by the United States to the governments more particularly concerned. We made comments on that draft on May 1 and May 21 and gave our views in some detail on every single clause. Having received the United States draft, at that time the United Kingdom made certain counter-proposals of its own, and we also made known in London our views on those counter-proposals. In recent days there have been discussions in London between Mr. Dulles and the United Kingdom government designed to remove the differences which had developed in the preliminary discussions between the United States and the United Kingdom approaches to certain of these questions. Those discussions have resulted in an almost complete measure of agreement between London and Washington, and I understand that as a result a combined United States-United Kingdom draft will now be submitted to the other governments concerned for their observations. Once those observations are received it is hoped that a peace treaty may then be speedily concluded.

I am in some difficulty in making known at this particular time our final views in respect of the agreement, if it is a formal agreement, reached in London. We have not yet received any final text of the discussions in London, and I do not think it would be wise for me to express any final view in regard to this matter until that text is received. Of course the committee and parliament know that there have been one or two contentious points in these discussions. They have been mentioned here this morning. One concerns the association of China with the peace treaty, and the other is the disposition of the island of Formosa.

Our position in regard to the former is that this question of Chinese signature on a Japanese peace treaty should be postponed without prejudice to any eventual solution. I think the reason for that is obvious. I think it is known to all members of the committee that the United States has recognized one Chinese government while the United Kingdom has recognized another Chinese government. Obviously it would be difficult indeed for them to agree at this time on a Chinese signature to a formal Japanese treaty. Therefore this device has been adopted which I presume will result in a postponement of this issue for the time being, I hope without prejudice to a final and satisfactory solution.

Similarly, with regard to the question of Formosa I think we are all agreed that Japanese sovereignty in Formosa must be brought to an end. I have no doubt that that will be done in the peace treaty. I think it is also pretty clear that the eventual disposition of Formosa cannot be made in any draft treaty at this time. I do not think I can say anything more at this time on this matter.

There were one or two other points that were raised in connection with the proposed Japanese treaty. The hon. member for Peel called attention to the difficulty that we had had in pre-war times in trading with Japan, and stated that he hoped the treaty would take those difficulties into consideration. I can assure him that we have been much alive to the problem. We realize that in pre-war times there were certain difficulties in regard to Japanese trade, and I hope that the treaty will make that situation easier in the future. We have been particularly interested in the fisheries clauses of the treaty. In order to discuss those clauses the Minister of Fisheries, accompanied by some of his officials, visited Washington to take up the matter there with the United States and United Kingdom people. We hope that as a result the fisheries clauses of the treaty will be satisfactory to Canada.

Perhaps I can now deal with one or two other questions that have arisen during the course of the discussion. Both the hon. member for Peel and the hon. member for Rosetown-Biggar stressed the desirability of continuing the struggle in the United Nations to increase the proportion of the cost of that organization to be borne by the U.S.S.R. We have taken a most active part in that agitation, as the hon. member for Peel pointed out, and will continue to do so. The present proportions are most unfair to other members of the organization, and we hope we shall be able to make further progress during the next assembly in the direction of increasing the proportion of the cost to be borne by the U.S.S.R. and its satellite states. We made some progress in that direction in

the last assembly, but not sufficient. We will not give up that struggle. If hon. members are interested in this particular question they will find it dealt with at some length at page 150 of the report of the department on "Canada and the United Nations".

Incidentally I should like to point out that the hon. member for Peel was mistaken when he said the United Nations had set aside $350 million for Korean relief. The objective which has been agreed upon is $250 million, but of course that amount has not been set aside as yet

Mr. Graydon: If I said $350 million I meant $250 million, because that was my recollection of the amount.

Mr. Pearson: I thought the hon. member said $350 million.

Mr. Graydon: I do not like to be careless with a hundred million.

Mr. Pearson: Some reference was made by both speakers who preceded me to the international service of the Canadian Broadcasting Corporation. This subject was dealt with at considerable length before the committee, and I made quite a lengthy statement on the matter, which will be found at page 85 of the proceedings. We are attempting to improve and develop our liaison with the C.B.C. international service. I think it is generally recognized by the two departments concerned that that liaison is working effectively. So far as we in external affairs are concerned, we have no complaint on that score. We are responsible for policy guidance in connection with the broadcasts, and our contact on policy matters is close and continuous. I hope it will continue that way.

The hon. member for Peel suggested that we extend our coverage behind the iron curtain. In view of the circumstances with which we are faced at the present I think the importance of that will be recognized by all hon. members. However, it would necessitate a considerable expenditure. It could not be done simply by transferring facilities now used for broadcasting, say to Latin America, for use for broadcasting to the Ukraine or Poland. An additional organization would have to be brought into the international service which would be familiar with this particular kind of broadcasting. The broadcasting now carried on to Latin America is to create a background for an increase in and development of our trade. The persons engaged in that work would not be satisfactory for the kind of broadcasting which would be directed behind the iron curtain.

The hon. member for Peel also made a very interesting suggestion—and he only threw it out as a suggestion—that possibly meetings of representatives of the parliaments of the United Kingdom, United States and Canada might be useful, and of course I think most members of the committee would agree. I am inclined to think, however, that that kind of interparliamentary consultation could be even more effectively carried on, if it is desirable in itself—and I think it is—if it were based somewhat more broadly than on the parliamentary institutions of the three countries. Steps toward that end are already being taken. I understand that the Council of Europe, which, as members of the committee know, represents not governments but parliaments, legislatures and all parties, has already invited observers from the United States and Canada to attend its next session at Strasbourg. The decision in that regard as to whether the Canadian parliament should be represented of course is not a decision for the government but would be a decision for parliament itself.

Mr. Graydon: I should like to ask the minister one question. He has brought up the question of the Strasbourg meeting. Has the minister any information as to whether or not representatives are to be sent from the Canadian parliament to the Strasbourg meeting? Has any decision been made?

Mr. Pearson: I do not think so. That would be a decision made by parliament, and I assume the matter would be brought to the attention of parliament by the Speaker, to whom the invitation would be addressed, if indeed it has not already been so addressed.

Mr. Adamson: Does the minister know whether or not it has?

Mr. Pearson: I think the invitation was sent a short time ago to the Speaker, but I am not certain whether he has received it yet. It would be quite simple to find out, and I should be glad to do so during the luncheon recess.

The hon. member for Peel made some reference to the St. Lawrence waterway. I listened to his remarks with great interest, and all I should like to say about it now is that the government still hopes that this great undertaking, which should be of benefit to both countries economically, and indeed politically and in other ways, can be carried out as the result of co-operative arrangements between the two countries. That is still our hope, and that is our objective. We shall be disappointed indeed if that cannot be achieved. I am inclined to agree with the hon. member that it is desirable for the Canadian parliament and the Canadian

government to know as soon as possible if it can be done that way. It would be unfortunate if we were kept in a state of indecision indefinitely; therefore I hope our friends in Washington will be able to come to a decision on this matter before very long. What should be the proper course for Canada will depend no doubt on the nature of the decision reached in Washington, and I do not think it would be very wise on my part to anticipate that decision now by making suggestions for alternative courses of action. Therefore I would prefer to leave the matter at that.

Mr. Diefenbaker: What did the minister mean by political benefits? He referred to economic benefits, and I should like to know what he meant by political benefits.

Mr. Pearson: I have in mind that it would possibly bring the two countries even closer together than they are now, because I think a co-operative undertaking of that kind, carried out by two peoples, should have some beneficial result on the general political relationships of those two peoples.

Mr. Pouliot: Not of narrow significance.

Mr. Pearson: I think I have dealt with the points that have been raised, and possibly I might postpone any further observations until new points are brought up in the course of the discussion.

Mr. Pouliot: Mr. Chairman, I will be serious, but you will excuse me, sir, if I am not solemn. A number of years ago Theodore Roosevelt used to say that to be successful in any discussion one had to use a sweet voice and carry a big stick.

An hon. Member: Talk softly.

Mr. Pouliot: Unfortunately from the end of the war until last December the United Nations had a big voice and no stick at all. There were provocative speeches at each meeting of the United Nations, and it was impossible to come to any peaceful agreement. In 1947 it was decided that Canada was to become a member of the security council. In an article entitled, "Do We Want Peace or War", which I wrote after having read a series of remarkable articles published in *L'Action Catholique* by Mr. Lorenzo Pare, then president of the press gallery, and who is just as modest as he is well informed, I wrote as follows:

> Let Marshall, Bevin, Bidault and the others remain silent to listen to St. Laurent speaking to Molotov. If he is listened to, the peace effort of Canada will be greater than its war effort.

Unfortunately the prime minister of the time did not accept that suggestion, and Canada was represented on the security council by a bellicose gentleman who did absolutely nothing to promote peace.

[Mr. Pearson.]

An hon. Member: Who was that?

Mr. Pouliot: If my hon. friend does not know, he should not sit here.

Mr. Hansell: It is the description we do not recognize.

Mr. Ferguson: We do not recognize him from the description.

Mr. Pouliot: That is unfortunate, but I refer my friend to the files of newspapers of the time. I must express my appreciation to the Secretary of State for External Affairs who has twice vindicated me. The first time was on June 11, 1950, in the Cartier by-election, when he repeated what I had said a long time before, that the United Nations could not guarantee the security of any country. The second time was after my remarks of June 29, 1950, about the Korean situation. I do not refer to his ironical and uncalled for comparison of the same day to Neville Chamberlain, as found at page 4392 of *Hansard*, but to his trans-Canada broadcast of five months later, on December 5, 1950, when he stated that an attempt through diplomacy to reach a *modus vivendi* with the Asian communist world is not appeasement. That is to be found at page 439 of the external affairs bulletin for December, 1950.

Well, for political reasons the prime minister of the time did not permit his secretary of state for external affairs to be in continuous attendance during the meetings at Lake Success; but the present minister had the honour to represent the whole white race on the cease-fire committee which was appointed not so long ago. His two fellow members were the president of the security council, the representative of Iran, Mr. Entezam, and Sir Benegal Rau of India. That was the first time, since Senator Dandurand presided over the league of nations and played an important part in the drafting of the treaty of Locarno, that a Canadian had been given such responsibilities, by unanimous consent of a majority of the members of the United Nations. This also was in line with what I said in the house on June 29 of last year.

I am not to go back at length over the past, but you know, Mr. Chairman, that truth is eternal and the right to express it as one finds it cannot be questioned. I spoke on June 29, 1950. The session was prorogued the next day. On July 1 a self-appointed technician in international affairs, who is just that, wrote in the editorial page of one of the Ottawa newspapers that I was not a good Canadian just because I had expressed sincerely my views. He said, "That man Pouliot is not a good Canadian." It did not impress me. No one has yet succeeded

in terrorizing me, and I am completely indifferent to what is said about me by any journalist. But following the line of the United Nations some years ago, after having been abused in another newspaper by another swelled-headed editor, I went to the human rights committee of the House of Commons. There I lodged my complaint and asked for redress of the wrongs. The committee did nothing.

Some people may be concerned about what is said of them by some self-complacent members of the press gallery. I do not care. I find them bigoted and ignorant. I find them just as intolerant as anyone can be. It may have happened after a luncheon at the Rideau club; I do not know and I do not care. I just mention that to suggest to my fellow members not to pay any attention to any unpleasant remark that is made about them by any member of the press gallery.

Strange to say, after that young man went on a long trip to Colombo he stopped in Egypt and Turkey. There he went to the legislative buildings, and he was haunted by the souvenir of the hon. member for Rosetown-Biggar and, believe it or not, by my own. I do not know if it was in Ankara or in Cairo, but he said, "Here we see also the Coldwells and Pouliots who sit here." Then after the minister had spoken as he did on December 5, that journalist repeated exactly what I had said on June 29; I did not refer to him as "that man so and so." It was of no importance at all.

I am not to speak any longer. I am going home today to refresh myself, and I thank the committee for being so attentive to the remarks I have made.

Mr. Pearkes: Last evening when the house was in committee of supply a sordid story of a disgraceful international episode was revealed, reminiscent of the dark days of the middle ages when fortresses were betrayed and commanders were sold for a bag of gold. A few years ago the Canadian government underwrote the sale of some seven ships to the nationalist government of China. I understand the loan was jointly guaranteed by the then government of China and the Canadian government. Those seven ships were operating in Chinese waters until the fall of the nationalist government. At that time the banks and other interests concerned became somewhat alarmed as to whether the Canadian shipyards would ever be paid for those vessels.

We learned last night that the Canadian government then took back those ships under Canadian registry and the Canadian flag. Since then the payments have been made to the banks because of the fact that some of those ships have carried on a disgraceful trade between the British port of Hong Kong and the communist ports on the mainland of China. We were told last night that two of the ships have been captured and taken over by the communists. Those ships were operating up the Yangtze river; but the other five ships were still permitted to ply between Hong Kong and the communist ports on the south coast of China. Apparently the communists are making no attempt whatever to seize the other five ships. No doubt the two ships on the Yangtze were seized because if they had left the mouth of the river and gone across the sea of Formosa the United States naval vessels blockading the entrance to the Yangtze river might have seized them, and they would not have been able to bring to China the commodities they were carrying in their cargoes. But no attempt was made to seize those other vessels which are operated by the Ming Sung Industrial Company, because, had they seized the vessels in the communist port, obviously they would not have been able to enter Hong Kong and take again and again to the communist ports the materials which the communists were so anxious to obtain. Eyewitnesses in Hong Kong report that essential war materials are daily included in those cargoes carried by those ships of Canadian registry and flying the Canadian flag. This happens at a time when Canadian destroyers are in the China seas; when Canadian men are fighting in Korea for democracy and are opposed by Chinese formations helping the North Koreans; at a time when not many miles away from these ports of southern China, Canadian missionary nuns have been imprisoned without just cause and have been submitted to treatment which comes quite close to being torture.

When I asked questions as to the nature of the cargo which was being carried, the Minister of Trade and Commerce informed this committee that he could not say whether the ships were carrying contraband on their trips to Canton and up the Yangtze river, but he hoped that they were not. If they were, he did not know what could be done about it. I suggest to the minister, through you, that the Canadian people expect this government will do something about it, and do it without any further delay.

I received my information direct from Hong Kong in a letter dated June 4, 1951, and sent to me personally by the general secretary of the China coast navigating and engineer officers guild. This is an organization of merchant marine officers sailing the China seas. It is a responsible organization. The

communication reaches me over the signature of Mr. George T. Lloyd, general secretary of that guild. I propose to read this letter, as it contains information, and will draw the attention of this committee to the situation which I believe exists in Hong Kong today. It reads:

I am directed to draw your earnest attention to what is regarded here as a scandal exploited by a few Canadian speculative Shylocks, and which has been considered in Hong Kong to be nothing less than a profitable evasion of commonwealth maritime laws. Then there is the larger and human aspect: Canadian (?) vessels carrying war materials to Red China to murder Canadian soldiers who espouse the democratic cause and risk their lives for love of country.

The points we desire to emphasize in order to arouse public interest are the following:

1. The vessels of the Ming Sung Industrial Company (of Canada) are at the time of writing employed in the following trades: Hong Kong-Macao, passengers and cargo; Hong Kong-Macao-Canton, passengers and cargo: Hong Kong-Canton, cargo only.

2. Canton is a port under the direct control of a government with which the government of the Dominion of Canada has no relations nor political contact.

3. What are the vessels carrying? Eye witnesses state that included in the daily cargoes is essential war materials. This is cold, concrete fact.

4. These vessels are trading under the Canadian flag, and have it painted prominently on both sides. They wear the Canadian ensign in Chinese communist ports we know.

5. These Canadian (sic.) vessels are officered and manned by Chinese (one has a Russian captain), who naturally have to bow and bend to the whims of the governing authority in Canton. The manning, of course, is contrary to the manning regulations of Canada and the British commonwealth. All this is officially sanctioned and tolerated, so that speculators may profit in gold.

6. The Ming Sung Industrial Company trades in China under the flag of the "People's Republic of China"—a government not as yet recognized by the Dominion of Canada. Chinese vessels, manned by Chinese, carrying war materials to Chinese Reds.

7. Canadian vessels are required to carry officers holding certificates issued within the commonwealth. Yet the seven vessels referred to have been trading under the flag of the Dominion of Canada since July 1, 1950, with the full consent of the government of the Dominion of Canada and the Hong Kong government acting on behalf of the United Kingdom. Regulations have been evaded.

8. The merchant navy officers organizations, both in Canada and Hong Kong, have earnestly and repeatedly taken up the matter with the various governments concerned, with no result, nor has a satisfactory reason ever been furnished by the various governments as to why such a grotesque state of affairs is permitted to be perpetuated in spite of legitimate protest.

In conclusion, it must be emphasized that cargoes are arriving in Canton in Canadian (?) bottoms to the disgust and discomfort of Canadians serving overseas. Can you for one moment imagine Canadian vessels conveying war materials to communist China to be used against men and youths of our own blood and breed? If your imagination cannot rise to that level, let anyone of an inquiring mind travel to Hong Kong and see what has been described as unchallengeable fact.

The scandal exists!

[Mr. Pearkes.]

If the gold profits are being made in Canada, are blood-dipped dollars worth the lives of Canadian men and youths?

Conscience revolts and rebels at the thought of it all.

Yours faithfully,

George T. Lloyd,
General Secretary

I indicated earlier that the Minister of Trade and Commerce knew of these facts, or many of them, as is disclosed in the remarks that he made last night. I think the people of Canada would much prefer to see those ships sink to the bottom of the ocean than to feel that they are carrying war supplies to a country whose armies are engaged against the personnel of Canada. They would much prefer to write off that loss, whatever it may be. I believe that the shareholders of the banks and of the trading companies concerned would rather lose that money than feel that it is tainted with the blood of Canadian soldiers.

I should therefore like to ask the Secretary of State for External Affairs a few questions on this point. When were the two ships that are reported by the Minister of Trade and Commerce to have been seized in the Yangtze, seized or taken over by the communists or people's republic of China? Did the Canadian government make any protest at the time that those two ships were seized? Are these ships still being operated by the Ming Sung Industrial Company? Does that company operate or maintain agencies or have connections throughout communist China at the present time?

It will be noted that in the letter I read it was claimed that ships of the Ming Sung Industrial Company were now operating under the flag of the people's republic of China in Chinese ports. I should like to know whether this Ming Sung company, which I believe is a big organization with many ramifications, operates in communist China at the present time. Then I should like to ask this question: On whose authority were those ships, their officers and crews, given exception from the marine laws passed by this parliament?

Mr. Diefenbaker: And was it under order in council?

Mr. Pearkes: That was another point I had noted. Was it by order in council? Has some secret order in council been passed, or was it just on the written authority of some minister? Finally, I should like to know how much money has still to be paid for these vessels; and if so, what payments have been made to date, and by whom.

I feel that these are points upon which the country deserves enlightenment. If the Minister of Trade and Commerce does not know how this problem can be solved, I think we must rely upon the Secretary of State for External Affairs to find a solution. The Minister of Trade and Commerce said that it was not his baby. He passed it over to external affairs, to transport, to finance, or to somebody else. But the people of Canada will not tolerate this sort of thing. Appeals are being made today for the youth of Canada to serve in Korea. The people of Canada are, I think, ashamed—and certainly I am—to think that this government has any part or parcel of any transaction which will enable supplies to be sent to the enemy. If it is a matter of money—if this government would have to pay money if the payments were not made to the shipyards—then I say: Let us pay that money and let our hands be clean. We do not want to have any money that is tainted with the blood of our soldiers.

Mr. Pearson: Mr. Chairman, the hon. gentleman who has just spoken has asked for certain information. He also has put a question on the order paper dealing with this point. He will get that information; and when he gets it, I think he will be sorry that he made some of the statements he made this morning. He bases those statements on a letter, on evidence which he had with him; and from his remarks I assume that he associates himself with the accuracy of those statements, or their inaccuracy. He has called them, I think—to use his own words—"cold, concrete facts."

Mr. Pearkes: Those were the words which were used in the letter. I was quoting the letter.

Mr. Pearson: Yes; that is what I am suggesting. The hon. member has based his serious allegations against the government on a letter which he has quoted to the committee, and with which, I assume, he associates himself as to its accuracy. I want to say now, Mr. Chairman, that when he gets the information which we shall be extremely glad indeed to give him, I think he will not be so happy about the source of his information. In his remarks this morning he talked about scandals, about disgraceful trade, about eyewitnesses in Hong Kong testifying that these ships are loading war materials daily for the Chinese communists; and he has made other statements of that kind which do not correspond with the information which we have and which, I can assure him, is at least as authoritative; I think it is much more authoritative than is the letter which he has just read to the committee. When the information is given, however, the committee will itself be able to judge as to the validity of my statement.

What I want to say now is that this matter came to our attention, as it did a short time ago—

Mr. Diefenbaker: When was that?

Mr. Pearson: When we received a letter from the same organization to which the hon. gentleman has referred. We received that letter, I think, last week. That was the first time, to my knowledge—and I am speaking only for myself at this moment—that any suggestion had been made that these ships were being improperly used. As soon as that letter was received, I at once took the matter up with my colleagues in the cabinet, and we sent a telegram at once to the Canadian official representative at Hong Kong requesting him to check up on those allegations and to give us all the information that it was possible for him to give. We have also taken the matter up with the United Kingdom authorities at Hong Kong. So far, although our information is not complete, we have not received any information which would justify the allegations made in the letter to which my hon. friend has referred. On the contrary, we have received specific information challenging those allegations and stating that they could not be supported by evidence.

There will be an opportunity to discuss this matter in detail. It concerns the Department of Finance as well as the Department of Trade and Commerce and the Department of Transport. But I want to assure the committee now that we have had the charge which has been levelled against this company —that of transporting war material to China —denied flatly by representatives of the company—

Some hon. Members: Oh, oh.

Mr. Fournier (Hull): Just wait a minute until the minister completes the sentence.

Mr. Pearson: —and the evidence we have received from other sources also supports that denial. It must be remembered that before the ships can leave Hong Kong, they have to get customs clearance from the government of Hong Kong. It must also be remembered that regulations are in effect in Hong Kong to prevent strategic material of any kind from going to communist China. It must also be remembered that the Canadian government has regulations to that end, and those regulations have been in effect for many months. And we have done what we can to make sure that nothing of a strategic nature can get to China at this time. I am not going to say anything further about it at this time. But

we will have all the information, and I hope when we get the information it will be quite clear that this government has not connived in any way at shipments of any strategic materials to the Red government of China.

The hon. member in the early part of his speech talked about two of our ships operating in the Yangtze river. There are no ships of Canadian registry or flying the Canadian flag that we know of operating in the Yangtze river at all.

Mr. Fleming: The Minister of Trade and Commerce said so last night.

Mr. Pearson: There are two ships of this company operating on the Yangtze river, but they are not of Canadian registry, or flying the Canadian flag—and that is our latest information.

Mr. Drew: Let me ask if the minister questions the accuracy of the statement made last night by the Minister of Trade and Commerce.

Mr. Pearson: I tried to tell the committee we are getting as complete and up-to-date information as possible in the matter. We have been in touch with Hong Kong, and that information today is that no Canadian ship of this company or any other company was operating on the Yangtze river.

Mr. Pearkes: But they have been.

Mr. Drew: I have asked a proper question, as to whether the Secretary of State for External Affairs questions the accuracy of the statement made by the minister last night.

Mr. Pearson: I will reply when I have had an opportunity to read exactly what the Minister of Trade and Commerce said, and not until then, and not merely to satisfy the curiosity of the hon. member at this time.

Mr. Drew: Mr. Chairman, I hope the Secretary of State for External Affairs will retain his usual composure. It is not a matter of curiosity. We are dealing with a statement made by the Minister of Trade and Commerce, and I would hope that the Secretary of State for External Affairs does support the proposition we have had put forward so frequently, that the statements of the Minister of Trade and Commerce are to be taken seriously.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Diefenbaker: I had intended to make some general remarks with regard to the subject before the committee, and I hope to do this a little later on. What happened just before the luncheon recess aroused my curiosity, and there are a number of questions I should like to ask the responsible ministers of the crown in connection with the remarkable conditions revealed by the hon. member for Nanaimo when he read from a letter which he had received some days ago. The more one considers the answers given by ministers, the more one wonders just what are the facts.

Last evening the Minister of Trade and Commerce, with his knowledge of matters that affect all departments, went into considerable detail in connection with this curious situation which has arisen as a result of the use made of ships bearing the Canadian ensign and sailing in waters that are certainly not friendly. One cannot say that they are enemy waters; for what is taking place in Korea is not war, but rather the punishment of an international aggressor by the combined conscience of mankind.

This is a curious situation, and one which cannot be answered merely by brushing aside what has been said and making the general observation that when the facts are made available and when the government finally speaks, everything will be proper and everyone will be satisfied. Either the minister has the facts, in which case he can say that the letter read by the hon. member for Nanaimo is not correct, or he has not the facts and is merely drawing upon the hope that when the facts are available there will not be a great deal of foundation to the allegations contained in the letter read by the hon. member for Nanaimo.

Last evening the Minister of Trade and Commerce gave some information. The interesting thing in connection with this matter is that both ministers who have spoken have begun to make excuses. The attitude of the minister of external affairs was that he did not know anything about this until about a week ago. I think the letter was dated June 4. Last evening the Minister of Trade and Commerce indicated that he knew quite a bit about it, but apparently he was glad that he did not know as much as what he was asked to give information on; for he is reported on page 4125 of *Hansard,* speaking about these ships, as saying:

> And they are not my problem, I should say. I had nothing to do with them, except that when they got into difficulty I was called in to try to straighten out the trouble. But they have nothing to do with my department, I am happy to say.

A little later the hon. member for Vancouver-Quadra made a suggestion with regard to the mortgages, and the Minister of Trade and Commerce replied as follows:

> It might not be the right thing to do. The Department of External Affairs and the Department of Finance are struggling with the situation. I should not be talking about it at all, because I know very little about it, and I have nothing to do with it.

You see the tremendous struggle that is taking place as to who has the responsibility and what are the facts. The Minister of Trade and Commerce went into details, as he usually does, but this was one time when he said that he had nothing to do with the thing at all, that it was a matter in which the Department of External Affairs and the Department of Finance were engaged in a tremendous struggle. What is all the struggle about? Why all the struggle in this matter? If the facts are known, let us know them.

I am going to ask a number of questions of the minister of external affairs arising out of the glimpse given by the Minister of Trade and Commerce last evening. Last evening the Minister of Trade and Commerce gave a number of facts, but apparently in this struggle the minister of external affairs does not know all the facts that were known to the Minister of Trade and Commerce. I want to get some information from the minister of external affairs in regard to this matter. I read what the Minister of Trade and Commerce said last evening, and I shall now ask a number of questions. The answers are there, because the Minister of Trade and Commerce made it clear last evening.

Who were the two or three Canadian shipyards with which the Ming Sung Company made agreements? On what dates were those agreements made? What was the amount of indebtedness that was guaranteed by the government of Canada in reference to the sale of these ships to the Chinese government or the guarantee by the Chinese government? Who were the banks who started to worry? Last evening the minister said, as reported on page 4124 of *Hansard*:

> All went well until the Chinese government, the government of Chiang Kai-shek, fell, and then the banks began to worry a little about their loan. In the uncertain situation that followed, it seemed wise to transfer the ships to the Canadian flag, which was done at the request of the Ming Sung Company, which expressed a desire to protect their loans in Canada.

Who were the banks? What were they worrying about? How much were they worrying about? This could be cleared up if the minister would just produce the correspondence with the Ming Sung Company which revealed the desire of that company to protect their loan.

Then we go on from there and we find that the minister said:

> Whether the ships are carrying contraband in their trips to Canton and up the Yangtze river I cannot say. I hope they are not.

A little later last evening the minister did say that he was assured that they were not by someone in Hong Kong. Yesterday one minister of the crown did not know whether these ships were carrying contraband. He hoped they were not. Today a minister with less information is able to say that they were not. Was that information received within the last twenty-four hours, since the matter was brought before the house? A little further on the Minister of Trade and Commerce said:

> But the government has no direct interest in the situation other than that they are guarantor to a Canadian bank for part of the money that built the ships for the Ming Sung Company.

Further on the Minister of Trade and Commerce said:

> When the flag was transferred the ships were exempted from the shipping regulations which required them to be officered by Canadians.

When did this take place? Has this ever been done in other cases? Has a special regulation ever been passed before to permit ships under Canadian registry or flying the Canadian ensign to operate, if not in hostile waters, certainly not in friendly waters?

The minister went on to say:

> When they came back under the Canadian flag they were exempted from the requirements.

The question that must be answered for the Canadian people is why that was done. What purpose was there in having these ships flying the Canadian flag under Canadian registry, and exempted from the regulations and requirements applying to Canadian shipping waters as long as they operated in Chinese waters? This cannot be answered by merely expressing the pious hope that some time when the information is available it will be given, and that when it is given it will be information that will be acceptable. This information is available. Remember that the Minister of Trade and Commerce said that one of the two departments having the information, the Department of External Affairs, was struggling with the Department of Finance to find a solution to this matter. When was the order in council passed to do what is most unusual, namely, to allow the Canadian flag to be flown on a ship that is not subject to the Canada Shipping Act? When the minister replies I ask him to say whether this was done by regulation; because he has brought another department into the struggle.

Last night the Minister of Trade and Commerce mentioned only the Department of Finance and the Department of External Affairs, but this morning the Secretary of State for External Affairs brought the Department of Transport into it; so that is another department. Of course they are not engaged in the struggle, because the Minister of Trade and Commerce did not mention them last evening.

Mr. Graydon: This is no longer a limited war.

Mr. Diefenbaker: This is a case of each minister limiting his responsibility to some other department, and what we are trying to find out is which is responsible. Was an order in council passed? If so, then it is one of those that I must have missed as they were tabled from time to time by the Prime Minister.

Remember that the Minister of Trade and Commerce said in effect in a very straightforward way last evening: I do not know whether they are carrying contraband; I hope not. The Secretary of State for External Affairs today, in quite a show of annoyance at the hon. member for Nanaimo, said in effect: Of course they are not. We want to get the information from the minister today through his setting out the facts, tabling the documents and making the true situation known and not obscuring it by scattering the responsibility to some other department.

This is a most serious matter. The situation in Asia is such that nothing but care and consideration must be given to the end that things will not be done that will be unjustly provocative. Surely we have not come to a situation where a ship flying the Canadian ensign operates in waters that are far from friendly at a time when we are engaged in a struggle against the onward rush of communism, and one minister can say: I hope Canadian ships are not being used to carry contraband, and another minister says: Of course they are not, but we will tell you some time later when we get full information as to what the facts are.

I rise at this time merely for the purpose of suggesting to the Secretary of State for External Affairs that he answer these questions, that he should not endeavour to brush aside the search for information of the hon. member for Nanaimo, but that he place the cards on the table and let the Canadian people know why this has happened, why even today, while we sit here, ships flying the Canadian ensign are operating into communist waters apparently for the purpose of ensuring that certain Canadian creditors will receive their money. That is not a sufficient excuse for this situation.

The minister may have his explanation available now. The one he gave this morning was not in keeping with that given last evening by the Minister of Trade and Commerce, and was one that will far from satisfy anyone, regardless of political persuasion, that all is well when in June of 1951, with the Korean situation what it was, the government should follow the course of action it has followed in this matter—a course of action which, if not calamitous, was certainly indiscreet. The only explanation given as to the reason why we are doing this unusual thing is the fact that creditors under a mortgage were to be assured of payment. That is not sufficient.

I hope the minister will now be in a position, reinforced as he must be since this morning by further information, to answer some of these pertinent questions. We do not intend to pass by this matter until complete and concrete answers are given to the questions raised by the hon. member for Nanaimo. You cannot get away from the fact that the Minister of Trade and Commerce used these words.

An hon. Member: Again?

Mr. Diefenbaker: He said, as recorded at page 4125 of *Hansard*:

> It might not be the right thing to do.

He was referring to a suggestion of the hon. member for Vancouver-Quadra.

> The Department of External Affairs and the Department of Finance are struggling with the situation. I should not be talking about it at all, because I know very little about it . . .

Mr. Howe: I should have said that first.

An hon. Member: The pleading lawyer.

Mr. Diefenbaker: That is a jovial and frank answer on the part of the Minister of Trade and Commerce. If he would follow that course in other cases, how much disagreement would be prevented in the house! There is no doubt about that. You will notice that the minister did not make that modest statement until after he had given an answer that is so far out of line with what the Secretary of State for External Affairs said this morning that it demands an explanation; for after all, parliament would never have known.

Everything that was happening would have been kept from parliament and the country if the hon. member for Nanaimo had not discovered a situation which demanded and still demands action. The Secretary of State for External Affairs may laugh, but this situation is too serious to be treated in a frivolous manner. This morning he was annoyed when the matter was brought up. I hope this afternoon he is in a position to give a serious, considered answer to what was a reasonable request on the part of the hon. member for Nanaimo.

Mr. Pearson: Mr. Chairman, the hon. gentleman who has just taken his seat saw fit to say that I was annoyed this morning when this matter was brought up.

Mr. Diefenbaker: Just from what you showed.

Mr. Pearson: I was not at all annoyed at this matter being brought up. To use the words of the leader of the opposition, I will admit that I lost my normal composure for a moment, and I did so for two reasons. In the first place the leader of the opposition tried to make it appear that something I was saying flatly contradicted what the Minister of Trade and Commerce said last night. During the noon recess I read the remarks of the Minister of Trade and Commerce in *Hansard* very carefully, and nothing he said last night was contradicted by anything I said this morning. I suggest that if hon. members compare the two statements when they appear in print, that observation will be borne out. I lost my composure also because I felt the hon. member for Nanaimo was suggesting or leaving the implication—and if I do him an injustice in this I shall be glad to withdraw it—that in some way or other the Canadian government was conniving at a course of action which had resulted in arms being shipped to communist China which might be used against our men in Korea.

Mr. Pearkes: On a question of privilege, Mr. Chairman, I never used the word "arms" in the course of my remarks, nor did I use the word "connive".

Mr. Pearson: Well, I made a pretty careful note of some of the observations of the hon. member and he said, quoting his words, "This disgraceful trade between the British port of Hong Kong and the communist ports, being carried on by this company through ships under Canadian registry." He also spoke of the people of Canada not tolerating this sort of thing. He talked of eyewitnesses in Hong Kong reporting that essential war materials were being included in those cargoes daily. From those observations I got the impression that he accepted as a matter of cold fact, to use his own expression, the contents of a circular letter—

Mr. Pearkes: Those were not my words; they were the words of the circular letter.

Mr. Pearson: —which was mailed to him and a good many other people by an interested party, which dealt with this matter and made some damning and serious charges against the Canadian authorities. If those charges were correct, Mr. Chairman, everything that was suggested by the hon. member for Nanaimo would be justified. But may I tell him that we in the government received those charges also and we have not accepted them as being correct, as he seems to have done. In his statement this morning, and I copied this down, he said: "I will draw the attention of this committee to the situation which I believe exists in Hong Kong today". The situation he believes exists in Hong Kong today is that which is outlined in the letter.

My loss of composure on this score was due to the fact that the hon. member was willing, as I understood it, to accept those allegations. When we received that circular letter, as I said this morning, I took it up at once with my colleagues in the cabinet. We came to the conclusion that if this sort of conduct was going on; if any ship under Canadian registry was engaged in this kind of trade; if these charges could be substantiated, we would take action at once to see that it was stopped and the ships taken off Canadian registry or, as the hon. member himself said, perhaps it would be better if they were sunk. No condemnation could be too severe if that sort of action was in fact being taken by this company using ships under Canadian registry. But before we took that action we felt it would be only fair to investigate these charges and see if we could get more substantial evidence than that appearing in a circular letter. So we communicated, as I said this morning, both with the United Kingdom authorities and with our own Canadian official representative in Hong Kong. Already we have received an interim reply from the Canadian trade commissioner casting very grave doubt indeed upon these allegations. We will be receiving full information very shortly, I hope. We have asked him to make a complete investigation. We have been in touch with the officers of the company and have received from them an authoritative denial that any such practice is going on.

Mr. Diefenbaker: What are they shipping?

Mr. Pearson: As a matter which bears on their denial and as an argument in favour of the validity of their case, it should be pointed out that ships cannot leave Hong Kong for communist China which have not been cleared by the Hong Kong authorities.

Mr. Diefenbaker: What are they carrying?

Mr. Pearson: The regulations also prevent the shipment from Hong Kong of any strategic materials on a list we have drawn up with the governments of the United States, the United Kingdom and others of the United Nations. We have also been offered copies of the manifests of the cargoes leaving Hong Kong on these ships, those that have left in the past or those that may be leaving in the future, as an evidence of their good faith in this matter. We are not accepting that as a complete investigation. We want

to make an independent investigation ourselves, and we are trying to do that. But I suggest that until that investigation is completed it is not fair to accept the charges in this circular letter; and we do not yet accept them.

The hon. member for Lake Centre, who wants the facts on this matter—and he is entitled to them—said, and I assume he stated this as a fact, that this morning I said these ships were not carrying contraband and thereby contradicted some of the remarks made last evening by my colleague the Minister of Trade and Commerce. I did not say this morning that these ships were not carrying contraband. This is what I said, and I quote from the report:

> So far, although our information is not complete, we have not received any information which would justify the allegations made in the letter to which my hon. friend has referred.

And I went on:

> On the contrary, we have received specific information challenging those allegations and stating that they could not be supported by evidence.

That is as far as I am willing to go now. When we receive further authoritative information it will be submitted to the house. On the basis of that information the government will know what action should be taken and will take that action. I suggest that is a proper course to follow in this matter. We are not trying to hide anything at all from the house. The hon. member for Lake Centre referred to a struggle between my department and trade and commerce regarding this matter.

Mr. Diefenbaker: No; a struggle between external affairs and finance.

Mr. Pearson: Well, he referred to a struggle between some of the departments of the government.

Mr. Diefenbaker: That is what the minister said.

Mr. Pearson: If there is any struggle between government departments in this matter it is merely that we wish to vie with each other to give the most complete, authoritative, and unbiased information. Four departments of government are involved. There is the Department of Finance, the Department of Trade and Commerce, the Department of Transport, and the Department of External Affairs, all of which have a legitimate and very real interest in this question, and from all of which information will have to be obtained to answer, in the way they should be answered, the eleven questions which have now been addressed to me on this subject. Before the completion of the discussion today I hope to have answers to most of those questions, if not all. During the lunch hour, or what should have been the lunch hour, I did manage to secure some information in regard to the questions asked by the hon. member for Nanaimo. I have not got the complete information concerning the additional questions asked this afternoon. I hope to have it soon, and when I do I shall be very glad to submit it to the committee.

Mr. Diefenbaker: This does not require any intensive mental struggle in order to get the information. At this stage I ask the minister if he can produce the regulation or order in council that must have been passed at the time these ships came under Canadian registry and after the transfer, which exempted them from the requirements of the Canada Shipping Act so long as they operated in Chinese waters. That is information which he must have available at the moment. I am not saying he has the other information now, but that would start to clear up the situation.

Mr. Pearson: Well, Mr. Chairman, that is information which should of course be given to the house by my colleague the Minister of Transport. That is one of the things we have been looking into, and in a sense it was included in the questions asked this morning by the member for Nanaimo. If the committee so desires, I shall give all the information I have been able to acquire within the fairly limited time I have had to deal with these questions which were asked before lunch.

These questions, as I took them down, were as follows: The first one was, when were the two ships on the Yangtze delivered to the Ming Sung Industrial Company? As has been brought out in the discussion, two of the Ming Sung ships have been operating on the Yangtze, and five have been operating out of Hong Kong. The two ships now on the Yangtze river were delivered to the Ming Sung Industrial Company, and were moved to that river some time ago. At that time the Chinese civil war had not reached that area. During 1949 the communist forces overran that part of China which included the Yangtze river, and the vessels have since been in the area administered by the communist authorities in Peking.

The second question—

Mr. Pearkes: May I ask whether they are still operated by the Ming Sung Company?

Mr. Pearson: As I understand it, Mr. Chairman, those ships are still operated by the Ming Sung Company, but they are not operated under Canadian laws or flying the

Canadian flag, nor have they any association with Canada at all. They are operated now by the Chinese as Chinese ships.

Mr. Pearkes: It is the same comapny as bought the vessels earlier?

Mr. Pearson: I am informed that is correct, it is the same company.

Mr. Pearkes: Then this company trades not only between Hong Kong and Canton but within communist China itself?

Mr. Pearson: This company, as I understand, has ships operating on the Yangtze river which is now under communist control.

The second question was, did the Canadian government make any protest at the taking over of these ships? My answer to that would be, Mr. Chairman, that Canada had no ground upon which to make a protest because the ships were not Canadian property, nor were they of Canadian registry.

The third question was, are they still being operated by the Ming Sung Industrial Company? I have already answered that in the affirmative. The fourth question, does that company maintain agencies throughout communist China? My information is that it does. The fifth question, on what authority were these ships' officers and crews given exemption from merchant shipping regulations, was it ministerial or by order in council? This deals with a point raised by the member for Lake Centre. By "these ships" of course are meant the five ships operating out of Hong Kong which are under Canadian registry. It is meant to apply to those ships only, and not the ships on the Yangtze as they are not under Canadian registry. The answer would be in part as follows, although I would ask permission, Mr. Chairman, of the committee to add further details to this answer as I receive those details, if they add anything to this answer.

My tentative answer would be that two separate exemptions are involved in this matter, one granted by the Canadian government to exempt the ships from the requirements of the Canada Shipping Act that they must have British certificated officers and crew. I believe that exemption was given by the Minister of Transport under authority conferred on him by statute. I believe I am correct in saying that.

Mr. Green: By which?

Mr. Pearson: By statute. The second exemption was granted to these ships by means of an order of the governor of Hong Kong in council under section 19 (a) of the merchant shipping act of 1899.

Mr. Diefenbaker: What is the date of the Canadian exemption?

Mr. Pearson: I have not the date of the Canadian exemption, but I shall be glad to get that as soon as I can.

The sixth question was, how much money is still to be paid? The answer to that is the total amount of the principal of the loan is still to be paid, namely, $12,750,000, and interest payments of about $90,000 per quarter. The seventh question was, what payments have been made to date, and by whom? I have not been able as yet to secure that information from the Department of Finance. I give those answers at this time to show the committee I am anxious to get all the information I can, and give it to the committee as quickly as possible. I shall add to this information as soon as I am able to do so.

Mr. Pearkes: I appreciate the information which has been given by the Secretary of State for External Affairs. I am sorry that my questions caused him to miss his lunch today. There is still one question which has not been answered. I do not know whether the minister is in a position to do so, but the fact has now been established that these vessels, flying the Canadian flag and under Canadian registry, are conveying passengers and cargo between the British port of Hong Kong and communist ports like Canton and others. The question as to whether there is contraband of war, arms, equipment or other materials or supplies on board cannot be solved. The report from a person whom I believe to be a reliable officer of a guild of ships' officers is contained in the letter which I quoted, and is to the effect that eyewitnesses state there are essential war materials in the cargoes. It is uncertain whether or not that is so. The advice received by the minister from the officials of the Ming Sung Company is, I presume, that they are not carrying any. I should expect them to say that. I am not surprised at that denial at all.

The Canadian government officials there have not been able to advise the minister definitely as to what supplies are being carried. If the minister has any information as to the type of cargo which is being carried to communist China by these Canadian vessels I should be pleased to receive the information.

Mr. Green: Mr. Chairman, in his remarks a few minutes ago the minister intimated that there had been some certificate of exemption given by the Minister of Transport. I wonder if it would be possible for the

minister to get further details of that certificate, not only the date upon which it was given but also under what sections of the Canada Shipping Act? There are certain powers given under the Canada Shipping Act to the minister, but there are also powers which must be exercised by the governor in council. I should like to know whether this particular power is under the one or the other category. It would appear that what was given was a blanket exemption, something which, I submit, was never the intention of the Canada Shipping Act. I am quite positive that it was never intended that any minister of transport could exempt all the officers of five ships belonging to a company, as would appear to have been done in this case.

May I also ask the Secretary of State for External Affairs if he can tell the committee what control the Canadian government now has over these five ships plying out of Hong Kong? They apparently are flying the Canadian flag; they also have it painted on the sides of the ships; and they are no doubt getting special treatment because of the fact that they are so doing. Yet it would appear that Canada has absolutely no control over these ships. Last night the Minister of Trade and Commerce, speaking on that point, as reported at page 4124 of *Hansard*, said as follows:

> While they are Canadian flag ships they are not in any way subject to the direction of the Canadian government.
>
> They are not owned by the Canadian government. We can withdraw the flag, and that is about all we can do. But the government has no direct interest in the situation other than that they are guarantor to a Canadian bank for part of the money that built the ships for the Ming Sung company.

If that statement by the Minister of Trade and Commerce is correct, we have the situation that here are these five ships in Chinese waters using the Canadian flag, having officers and crew completely non-Canadian, and under no control whatever by the Canadian government. Surely that is an extremely unwise position for Canada to permit to arise. We should certainly withdraw from that company the use of the Canadian flag, if the facts are as indicated by the Minister of Trade and Commerce. I would ask the Secretary of State for External Affairs to let us know whether or not that will be the policy of the Canadian government if those are the facts, namely to withdraw the use of the Canadian flag from that company. If the Canadian flag is not to be withdrawn, why can this situation not be cleared up, as I suggested last night, by having the five ships seized and sold under the mortgage? Apparently there are ships' mortgages on each one of these ships. They are operating out of a British port, namely Hong Kong.

Mr. Howe: The mortgages are not in default.

Mr. Graydon: They certainly would be if they are working for the communists.

Mr. Green: That would, of course, depend on the terms of the mortgages. But I would think that if this company is breaking any of the terms of the mortgages, the ships could be seized and sold. But surely we cannot allow this situation to continue if the Canadian government has any authority over these ships.

There is a power which was given under the amendment to the Canada Shipping Act, by chapter 26 of the statutes of 1938, which enables the Canadian government to prohibit the shipment of articles of war. I understand that, under that particular provision—if they are Canadian ships—and we know that they are registered as Canadian ships—this government has not only the power but also the responsibility to step in and prohibit the carrying of articles of war on any of these ships. I would ask the minister to have this particular amendment checked. I feel confident that he will find that what I have said is correct, namely that Canada is given the power to prevent the shipment of articles of war on a Canadian vessel, even though that vessel may be in a port on the other side of the world.

Mr. Lesage: You must prove that it carries materials of war.

Mr. Green: That would not have to be proved to carry out my suggestion. The government could prohibit the carrying of articles of war on those particular ships.

Mr. Pearson: We have done that.

Mr. Green: There is no evidence that that has been done. If it has been done, let the minister tell the committee when it was done and in what way.

Mr. Pearson: Mr. Chairman, as to the information that the hon. gentleman asks for in regard to the action taken by the Minister of Transport, may I say that we can of course get that. He raised the question of what control we had over these ships. The Minister of Trade and Commerce said last night, of course, that we have no physical control over those ships any more than we would have physical control over any Canadian ship operating out of non-Canadian ports. I am not, of course, a lawyer, Mr. Chairman, but we have legal control over those ships at all times. If they break our regulations the government can and will take the necessary action by seizing the ships or

allowing them to be surrendered; and no financial considerations will stand in the way of that action. But I suggest, Mr. Chairman, that we have to get evidence first to the effect that they are breaking our regulations; and no such evidence has yet reached us which we have been able to verify. Under our export regulations—and my colleague the Minister of Trade and Commerce will be able to confirm this—it would be an offence to ship to communist China strategic materials on a list which has been agreed on. If these ships were breaking those regulations, we would be in a position to take action which would stop that sort of thing, and would indeed desire to do so.

Mr. Diefenbaker: What would be the action?

Mr. Pearson: We could seize the ships.

Mr. Green: Is it the intention to allow those ships to continue under Canadian registry, operating, in one case it is said, with a Russian master and in all cases with a Chinese crew? Is it the intention to continue to allow that? The Minister of Transport may have granted a certificate some time ago, but now that this case has come to light I suggest that any such certificate should be cancelled. If these are to be Canadian ships, they should be manned by Canadian officers and Canadian crews. Then the Canadian government will have some control over what they do. The minister has said that once a Canadian ship is in a foreign port, we have no control over it.

Mr. Pearson: No physical control.

Mr. Green: Under the terms of the Canada Shipping Act the Department of Transport has extensive control over a Canadian ship, no matter where it may be in any port in the world. The foolish part of this whole situation is in allowing five ships to operate into communist China under a Canadian flag but with a crew made up of people, of whom I think some at least can be taken as being on the other side in this present international trouble. That is a very unsound policy for Canada to adopt. It is quite evident it has only been done in an attempt to save the Canadian government from having to pay some money under a guarantee pursuant to which these ships were originally built. I do urge upon the minister to give the whole situation further consideration. It should not be allowed to drift along in its present form.

Mr. Graydon: May I say to the minister that I think it will be a very startling shock to most people in Canada to know that by some act of the government we now have this scandalous spectacle if this is true: by some relaxation of the regulations with respect to the shipping act we now have a Russian captain on a Canadian ship flying the red ensign.

Mr. Diefenbaker: And something more by reason of the fact that the United States may be patrolling those areas. I would like to ask the minister this question: What difference does it make to the security of the Canadian government for the recovery of $12 million that is owing, that it keeps this ship under Canadian registry and flies the Canadian flag? What is the advantage? A while ago he said in effect "We have no physical control over that boat when it is in the east".

Mr. Green: Five boats.

Mr. Diefenbaker: Yes, five boats. "We have no control". What was the reason for the Ming Company asking the privilege of using the Canadian flag on that boat—because it was the Ming Company that did so, according to the Minister of Trade and Commerce. He said last night:

> It seemed wise to transfer the ships to the Canadian flag, which was done at the request of the Ming Sung Company, which expressed a desire to protect their loans in Canada.

What difference to the protection of their loans in Canada, whether it was flying one flag or another? You see, the difficulty about the whole thing is that we have no information as to what they carried. I asked the minister what they carried, but we have no information as to why these ships operated in those waters. Why did these ships operate under the Canadian flag? What was the reason for that? It certainly did not give security to the Canadian government or for the bank getting the money. Surely we have not reached the position internationally where we are going to allow communists—these Chinese would be communists operating in that part—and with a Russian captain in one case, to enjoy the privilege of operating under the Canadian flag. We have come to an awful situation when we place our flag in the position of being the protector of such people. What justification is there for this kind of conduct?

I wish to see the Canadian flag flown on Canadian ships, but I certainly do not want to see it flown on a ship operated by a crew of communists, enjoying the protection of the Canadian flag and all it means.

After all, our flag means more than that. I ask the minister this specific question: What method of mental gymnastics was followed for the government to arrive at the conclusion that the request of the company to be allowed to use the Canadian flag should be finally acceded to? Will the minister answer that?

Mr. Pearson: Well, Mr. Chairman, the hon. member has made some statements which no doubt he can verify by facts at his disposal, but they are not at my disposal—the fact that one of these ships was under a Russian communist captain and that the crews are communist crews.

Mr. Diefenbaker: I said that was the evidence given.

Mr. Pearson: That is the statement the hon. member made. On the basis of that he has asked a question. My information does not verify that there is a Russian communist captain in control of a ship.

Mr. Diefenbaker: Is a Russian captain on one of the ships?

Mr. Pearson: I do not know.

An hon. Member: You should know.

Mr. Pearson: The hon. member has been getting a lot of information in the last hour. I hope to have even more in the next hour or two. This committee should realize, and no doubt hon. members do realize, that trade with China under present circumstances, if it was ordinary trade, is not unlawful, if that trade does not involve the carrying of strategic materials. The ships of a great many countries of the world are carrying on Chinese trade at the present time. There is no embargo upon trade with China. Whether there should be or should not be such an embargo is a question of policy. But at the present time there is no such embargo.

Therefore when the hon. member conjures up a picture, which is not a very pretty one, of action taken by the use of these ships to protect those ships from United States naval patrol, which was the expression he used, that is not a very accurate picture.

Mr. Diefenbaker: What is the reason for it?

Mr. Pearson: The United States naval patrol could not have any concern with ships carrying goods to China which were not on the strategic list; and we have been told that these ships were not carrying such goods.

Mr. Diefenbaker: I ask the minister this question: Why was it agreed to by the Canadian government that these five ships should carry the Canadian flag? What was the advantage to Canada or to anyone else to grant that permit, under the circumstances? That is a question I wish to have answered.

Mr. Pearson: Well—

Mr. Diefenbaker: And when was it done?

Mr. Pearson: The only answer I can give, and I will pass it on to my colleague the Minister of Finance, is that the action was taken at the time it was taken to protect the interests of the Canadian taxpayers in respect of this loan.

Mr. Drew: Mr. Chairman—

Some hon. Members: Oh, oh.

Mr. Drew: —the minister has given the most conclusive evidence in support of the suggestion that has already been made that the government should announce without further delay that they are withdrawing the right to use the Canadian flag on these ships. The minister has said that he does not know whether there is a Russian officer or not. If the minister does not know, then that means that the government has accorded this special exemption for ships flying the Canadian flag without knowing who the officers are. If that is not the most severe condemnation of the manner in which this government has dealt with this important subject, then I find it difficult to know what more conclusive evidence could be given.

But there is an important aspect to the matter to which the minister seems to attach great importance. It has come up several times, along with the question as to whether war materials are being shipped. It is a question as to the accuracy of the statement that was read into the record. Now, in so far as that statement is concerned, apart from any expression of opinion contained in that statement, which came from Hong Kong, evidently the only things in doubt are as to whether the captain of one ship is a Russian and as to whether or not they are carrying war materials.

But I submit that those are only incidental details. What has been admitted, and admitted without reservation, is that the Ming Sung Company is trading in communist China. The Secretary of State for External Affairs has stated it has agencies throughout China. It is doing business in communist China, and for all practical purposes it is a company acceptable to the communist government. And that is the company to which, without any knowledge as to who the officers are, we have accorded the special privilege of flying the Canadian flag for the protection of their nefarious business.

Mr. Diefenbaker: And at their request.

Mr. Drew: And at their request, without sufficient evidence even to inform this house as to one justifiable cause for the most unusual exception they have made in this instance—and this at a particular time when, to the regret of all thinking Canadians, the number of ships under Canadian registry is diminishing. At a time like that we find that

this government has accorded this privilege of having those ships under Canadian registry, but under officers not even known by name or nationality to the Canadian government, and according them that special privilege. The Secretary of State for External Affairs could end this debate by simply assuring the committee without further delay that the government will withdraw immediately the right to fly the Canadian flag and will take appropriate steps to recover possession of these ships which they know they can take once that flag is withdrawn because the ships will then not be able to operate in the way they are now under the protection of the flag.

There is a perfectly obvious reason why they have made the request. It is to the advantage of this company with agencies throughout communist China. The conduct of the government in this case displays a strange willingness to afford additional opportunities to communist China to obtain supplies over which we have no supervision beyond the certificate that is given at the time of departure from Hong Kong.

There is another point in regard to this. When the minister says that there is an agreed list of things which may be shipped he is well aware that there has been considerable discussion in connection with supplies that are being run from Hong Kong to communist China. There has been a certain amount of disagreement between some of the governments associated with us in this common cause as to the things which should be permitted to go to communist China. Rubber is certainly one material, and yet we know that rubber has been going to communist China along with other materials that are of assistance to a country engaged in war activities. Whether or not those things are on the list, we know from discussions that have taken place that there is great concern about the delivery of things to communist China which might assist them at the very time they are sending troops to Korea to fight troops that we along with other nations of the United Nations are sending there.

Without the necessity of waiting to find out what is actually being shipped, without the necessity of checking in every detail, I submit that the evidence before this committee demonstrates that no matter what the circumstances were that led the government to this decision, the decision was unwise and should be withdrawn. I am sure that the minister would find agreement on both sides of the house if he would announce this afternoon that without further delay that will be done. I urge him, with the facts before him, not to wait longer to give that statement, and then to take the appropriate steps to obtain the security which will be obtained by the possession of the ships themselves.

Mr. Adamson: I should like to ask the minister just two questions in this regard. During the last war the false flag device was used extensively. When the United States was still neutral and the neutrality act still in force there was a desire on the part of many United States shipping interests to help the cause of Great Britain. They re-registered a great number of their ships under the Panamanian flag. This was purely and simply a device to get around, not only international law but the United States law which had been passed specifically to prevent trading with any belligerent.

I suggest that the reason these ships are under Canadian registry is the same as that which caused United States ships to be placed under Panamanian registry during a certain period of the last war. That reason was simply to carry on trade which would be illegal flying the flag of the nationals who were running the ships. On the evidence we have heard and on the facts as admitted this trade must be carried out under the protection of the Canadian flag. To carry it out under the flag of communist China, of nationalist China or of any other country would be dangerous and undesirable in some ways. The use of a false flag is well known. Every rum-runner and contraband runner has used it from time immemorial. It is a shock that the Canadian flag should be used in this way.

The cargoes leaving Hong Kong on these ships can be screened; they may be essential foodstuffs or other materials not on the contraband list, but once a ship has cleared Hong Kong there is nothing to prevent it visiting a neutral port such as Portuguese Macao and picking up contraband material and then running along the coast, almost in the protection of the coastal waters, to a communist port. I do not say that that has happened, but that is the sort of thing that the old pirates used to do along the China coast. Coastal waters are particularly difficult to search. For many years the running of arms up and down the China coast reached tremendous proportions. During the civil war in China ships had to be specially protected to prevent seizure when avelling along the China coast by means of grille work to separate the crew from the passengers and prevent the passengers seizing the ship. It has happened over and over again. Once a ship has cleared Hong Kong under the protection of the Canadian flag there is practically nothing to prevent that ship visiting a neutral

or other port along the China coast, picking up contraband arms and running them into a communist port.

These are things that we would like to know from the minister of external affairs. Surely we have agents in Macao and elsewhere who could discover these facts. The thing is extremely suspicious, to place the very kindest interpretation upon it. Were we in the position of the Chinese communists and could use the flag of our enemy for our own purposes, I am sure we would do so. It was done during the last war by using the Panamanian flag, and this seems to be a similar device used to trade with countries where normal trade is restricted or prohibited by national or international law.

Mr. Fulton: There is one thing about this matter that puzzles me very much. When the minister was referring to one of the statements made by the hon. member for Lake Centre, he said that the member had made an assumption concerning which the minister did not have evidence that in his opinion would support it, and that on the other hand he did not have evidence at the moment to refute it. It had reference to the statement made in the letter read earlier that one of these ships at least has a Russian captain. My understanding is that the Canada Shipping Act—and these ships are under Canadian registry—makes it obligatory upon the owner of a ship under Canadian registry to furnish a register showing amongst other things the name of the master of the ship. I believe that is section 22 of the Canada Shipping Act.

The minister himself may not have that, but I really cannot understand why, inasmuch as this discussion has been going on since before lunch and the minister has told us he has asked the Department of Transport for certain information, that information is not available and is not given to the house. It would be so easy not to leave it on the basis of supposition. As the minister says, he has no evidence that would establish it, but it should be so easy to produce evidence that would refute it if the statement is not correct. I would ask that steps be taken immediately to obtain that information which must be on file in the Department of Transport. Can the minister not let us have that information immediately?

Mr. Pearkes: Can the minister give me some information as to the date when the Ming Sung Industrial Company of Canada was set up? I believe it was only granted federal letters patent in March of 1950. If that is so it would appear that it was set up solely for the purpose of assisting in the repayment of the money from the Ming Sung industrialists of China, that it is merely an affiliated company established for that one purpose. So far as I know—and I think this was established by the statement made earlier this afternoon by the minister—none of the principal on the original loan of $12,750,000 obtained by the company under the Export Credits Insurance Act has been repaid, and only the interest on the principal has been paid. I hope that the minister will be able to correct me if that is not so.

I should like to know when the letters patent were issued for the Ming Sung Industrial Company of Canada, whether it is a fact that they were issued in March of 1950 at the time the Korean trouble was first beginning, and whether there is nothing paid on the principal. I should like to endorse what has been said by the hon. member for York West in this respect. I believe the triangular trade between Hong Kong, Macao and Canton was only established by the Ming Sung Company after the trouble in Korea started. That would suggest that they were able to leave Hong Kong and go to Macao. What check would there then be, other than possibly through the Portuguese authorities, as to whether there was contraband taken on these vessels and carried by them to Canton?

Mr. Pearson: As to the information asked for by my hon. friend, I have already asked the Department of Finance for all relevant information on that point. I will give it to the committee as soon as I get it from the department.

Mr. Pearkes: That will include when the company was established?

Mr. Pearson: That is right.

Mr. Fulton: What about the information as to the name of the master? Is that information not immediately available from the Department of Transport?

Mr. Pearson: The matter of the information as to the name of the master and the officers is also being looked into, and I hope very much that the Minister of Transport will be here shortly.

Mr. Stewart (Winnipeg North): I should like to get into the act but not in this particular scene. If anyone has anything else to ask about the Ming Sung Company I will take my seat.

Mr. Green: I should like to ask the minister to find out at the same time where these five ships are registered and the dates upon which they were registered.

Mr. Harkness: There are two or three questions I should like to ask arising out of some of the answers the minister has given.

He said that the Canadian trade commissioner in Hong Kong had been ordered to make a full investigation. When was he ordered to make a full investigation? As to the principal sum of $12,750,000 still to be paid, has the Canadian government guaranteed the whole of that? I think the Minister of Trade and Commerce said it was guaranteed jointly by the Chiang Kai-shek government and our own government. What I should like to know is whether Canada is responsible for the whole $12,750,000 if it is not paid, and to whom we are responsible, what banks, commercial shipping companies, and so on?

Mr. Pearson: All this financial information, including the point that has been raised by the hon. member for Calgary East, will be secured very shortly. On the first question I can assure him that within twenty-four hours of the receipt of the first charges against this company a telegram had reached Hong Kong asking for a complete investigation, but before that telegram reached the trade commissioner in Hong Kong we had already received a telegram from him on his own initiative giving us certain information concerning this matter because he had already heard that this letter was coming to us from Hong Kong.

Mr. Browne (St. John's West): Does the minister intend to give the history of the ships since they left Canada, when delivery was taken of them, the names of the ships, when they reached Hong Kong and when they went up the Yangtze? I think we already have some information on that point. Did we receive any report from the Canadian trade commissioner in Hong Kong as to the activities of these ships very much before this letter was written on June 4?

Mr. Pearson: I will have to look into that. I have not that information, but it is information that can be secured.

Mr. Green: The Minister of Transport is now in the house. Perhaps he could deal with the questions that have been raised affecting his department.

Mr. Chevrier: I have just been told that the questions were raised, and I do not know exactly what they are. Perhaps I could get them from the Secretary of State for External Affairs and deal with them in a moment.

Mr. Drew: Would it not be best to allow this item to stand in view of the fact that the minister has certain further information to obtain? The other items could be dealt with, and then it would be possible to return to this general item at which time any discussion regarding this matter or further general discussion could then take place.

Mr. Pearson: I would be grateful for that consideration, but possibly we could go on with the general discussion except for this particular subject and return to it when I am able to give the information that has been asked for. The first item is a general item which covers almost anything under external affairs.

Mr. Stewart (Winnipeg North): If we have finished with this Ming Sung business I should like to refer to the question of the peace treaty with Japan. I agree with those who have said that it is just as well to get this treaty signed and sealed, even though the circumstances may be somewhat unsatisfactory. We have reached the stage where, if it is to be done at all, it should be done quickly. Obviously the position of Russia is the same old argument disguised in different words, and if we should accept their views we would find ourselves in the same mess we have in Europe. It is quite obvious that certain basic differences between the United Kingdom and the United States have not been removed, but a very interesting formula has been adopted under which there is an apparent compromise. I cannot recall a case in recorded history, however, in which a defeated country has been able to name the government with which it will negotiate a peace treaty. That is a precedent which offers some very interesting possibilities.

I have just a word to say on the situation in Japan itself and what may be the effect of a peace treaty. Some time ago a well known general said that what had happened to Japan was the greatest reformation recorded in modern history. I may have some regard for the military ability of that general, but I have not very much regard for his political sagacity. He has fallen into the error common to many of us. We simply cannot take our democratic customs and habits and impose them upon other peple in a matter of a few short years. We can make no greater blunder than to believe we can do that. What has happened is that in Japan today there is a veneer of democracy. I am certain the situation is better than it was under the authoritarian state of 1939, but I am quite sure that once Japan regains her sovereignty even such measure of democracy as she has now will be appreciably lessened.

The question which interests me is this. There are in Japan at this moment about six million workers organized in trade unions, with more or less the same rights which we accept as normal in this country. The indications now are that many of these rights will be taken away, and many of the democratic practices which have been thrust upon the Japanese will disappear once that treaty is

signed. I should like to know whether the treaty contains any safeguard to assure that at least some of these rights will be retained by the Japanese.

Mr. Pearson: I do not think I can say very much more about the contents of the proposed Japanese peace treaty than I have said already. The final draft has not yet been submitted to us. We have had a report from London that some of the differences between the United Kingdom and the United States have been resolved. Whether or not they have been resolved in a satisfactory way I am not in a position to say at the moment. As I said this morning, we have also been informed that a composite report will be submitted, and we will be asked for our observations on that preparatory to the signing of a Japanese treaty. I appreciate the point made by my hon. friend about the inclusion in the draft of certain safeguards which would guarantee democratic rights, freedom of assembly and that sort of thing; and while I do not want to go into the details now for obvious reasons I think I can say that matter has been taken into consideration in the discussions that have taken place.

Mr. Fulton: I noticed in the press last evening a dispatch concerning the forthcoming conference of defence ministers in London. I am reading from the Ottawa *Journal* of last evening; and the dispatch states:

> Canada is naming her top diplomatic and military representatives in London to attend the commonwealth defence conference to be held there late this month, it was learned today. Dana Wilgress, high commissioner, and Major General S. F. Clark, head of the military mission, assisted by S. F. Rae, first secretary under Mr. Wilgress, will attend the conference as observers.

I wish to inquire first whether the report is accurate as to the persons who will attend, and second, whether there is any particular significance attached to the words "will attend the conference as observers". Does that mean, as it would appear at first sight, that Canada is not going to participate fully in the conference but is merely going to be there in the role of an observer?

Mr. Pearson: I think a statement on this matter was made in the house not long ago by the Prime Minister. The conference in question, which I believe is opening in London next week, is a conference of certain commonwealth governments who in the past have been especially interested in Middle East defence questions. This matter came up at the conference of prime ministers last January, I think. It was discussed there, and at that time it was agreed that the discussion should be continued at a special meeting of the defence ministers of the United Kingdom, Australia, New Zealand and South Africa. At that time the Prime Minister indicated that while of course we are interested in all defence questions, since this was a regional conference devoted to problems of particular interest to those members of the commonwealth and not of special interest to Canada, we would be attending not as full members but as observers; and that is the situation at the present time. The conference opens next week. We will be represented in an observing capacity by our high commissioner and senior military and political officials from Canada House.

Mr. Graydon: When the minister is there next week does he expect to attend any meetings of this commonwealth conference?

Mr. Pearson: No, I do not expect to be attending that particular conference, though I should think I would be attending a number of meetings in London next week.

Mr. Fulton: I understood the minister to say this conference is particularly concerned with middle eastern defence problems. Canada and the United Kingdom are the only members of the commonwealth who are also members of the Atlantic pact. What about the position of Greece and Turkey?

Mr. Pearson: As far as I know that question will not be discussed at this commonwealth meeting. The proposed agenda, which is still confidential, does not indicate that any such question will be up for discussion. This is a meeting of commonwealth governments interested in commonwealth defence co-operation in the Middle East area. The question of Greek and Turkish adherence to the Atlantic pact, or association with the Atlantic pact, is of course a very important matter which is now under serious discussion. I should think that would be on the agenda for the next meeting of the North Atlantic council.

Mr. Fulton: I am not going to take immediate issue with the statement of the minister because I do not feel qualified to do so; but I will say that Canada, together with all the countries in the world, must be concerned about the defence of the Middle East, as we must be concerned with the restraint of aggression everywhere in the world. That would be my view, though as I say I do not feel qualified to engage in a debate with the minister on that subject. I will put this to him, that in view of the situation which is developing in Iran and the Middle East I hope it will be easy, should it become desirable in the view of the government to do so, to change our role from that of observer to a full

participant, and I hope the minister will say no obstacle would be placed in our way should we desire to take that step.

Mr. Pearson: If conditions made the alteration of our status desirable there would be no difficulty about making the change. I do not know whether it will be either necessary or desirable, but if it should become so we will be able to change our status without any trouble.

Mr. Stewart (Winnipeg North): I realize that the lunch hour does not afford much time to obtain information, but will the minister tell us whether he has anything to say on the Council of Europe?

Mr. Pearson: Yes, I was able to get that information, at least, during the lunch hour. I should have remembered this morning when the subject came up that a day or so ago a message came from the president of the Council of Europe, Mr. Paul-Henri Spaak, through our ambassador in Belgium, asking me to convey to the Speaker of the House of Commons an invitation for this parliament to be represented at the next session of the Council of Europe in Strasbourg, I think in September. I have just sent that invitation on to Mr. Speaker and suggested, though perhaps I had no particular right to do so, that he might feel inclined to take up this question with parliament as quickly as possible.

The Chairman: Is it agreed that the general discussion be concluded at this time?

Mr. Drew: Mr. Chairman, in making the suggestion I did, I also had in mind the fact that some further remarks I wish to make will be related partially to the answers that will be given. In making this suggestion, it was not my thought that we should then be limited strictly to a discussion of this subject, because other remarks I propose to make are related to it. I make that reservation at this stage in agreeing to the conclusion of the discussion.

The Chairman: With that reservation, is it agreed that the general discussion be concluded?

Some hon. Members: Agreed.

86. Representation abroad—operational—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, secretaries and staff appointed as directed by the governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $4,492,816.

Mr. Stewart (Winnipeg North): Mr. Chairman, I have something to say on this item. On more than one occasion the members of all parties in this house have stated how pleased they were with Canadian representation abroad. I find it a rather pleasant change to state that I am not at all satisfied with one aspect of it. Any hon. members who have been in the United States realize that there is a certain lack of knowledge about Canada which exists in that country. If we are to judge from a recent survey conducted by the New York *Times*, I would say there is a fair amount of ignorance concerning us. I was in Washington recently speaking to some men in responsible positions who were quite poorly informed as to what Canada had been doing in participating in the United Nations action in Korea. I was quite disappointed, and indeed alarmed, at the lack of knowledge which seemed to prevail.

I can only see one way out of it. Obviously the officials in our embassy at Washington do not have the time to do the sort of job which ought to be done between the embassy and the capitol. I am wondering if it is the intention of the minister or the department to create a new position as soon as possible, let us say some sort of liaison position between the embassy and the capitol to keep Americans in official positions more fully informed as to what Canada is doing.

Mr. Pearson: Mr. Chairman, I do not suppose any member of the committee is more aware of that problem than I am, having served both in Washington and in Ottawa. It is a matter to which we have been giving very active consideration in the department, and in that connection we have noted with considerable interest the chapter of the royal commission report on arts, letters and sciences devoted to the better understanding of Canada abroad, and the ways and means of achieving that. I believe that is a very important objective to be achieved. I for one, Mr. Chairman, am not at all satisfied with what we have been able to accomplish. Within the limits of the resources made available to us by parliament we do the best we can, but I hope we shall be able to strengthen that kind of representation abroad, representation devoted more particularly to the increasing of information about Canada in foreign countries, especially the United States of America. At the present time we are giving consideration to ways and means of strengthening the staff of the Canadian embassy in Washington in that direction. I hope we shall be able to do something in that regard before very long.

Item agreed to.

100. World health organization, $231,200.

Mr. Wright: Can the minister give us some explanation of this item, "world health organization, $231,200"? Just what is that money spent for?

Mr. Pearson: Mr. Chairman, this vote appears to indicate a very substantial increase in our contribution to the world health organization. I believe the increase is due to the fact we have been asked to make this contribution available at this date. It is in fact a matter of dates. Possibly I may read a paragraph on this point.

The budget adopted for 1951 by the third world health assembly in May of 1950 amounted to $7,300,000, to be financed by contributions from member states and from other groups, despite the fact that all the income that could reasonably be expected for 1951 would be substantially less than that which was required. The Canadian delegation pressed at this recent conference for a more realistic budget, but other delegations were anxious to maintain that figure of $7,300,000, so that was the figure that was agreed upon at the third world health assembly. Subsequently, however, the executive board decided to establish a ceiling on expenses of $6,150,000 for 1951. The Canadian representatives at all meetings of the world health organization have stressed the importance of implementing only those programs to which will attach definite returns, and have urged a greater degree of co-ordination with other specialized agencies and such economy as is consistent with efficiency. That has been our stand, and the amount requested for this year is $231,200, as our proportion of the $7,300,000.

Mr. Wright: Have we any personnel who are working on this world health organization?

Mr. Pearson: Yes, we have, Mr. Chairman. The director general of this organization is a Canadian, and is the former deputy minister of health and welfare.

Item agreed to.

105. The Canadian government's contribution to the administration of the general agreement on tariffs and trade, $14,300.

Mr. Hatfield: Can the minister advise what this item is for?

Mr. Pearson: This, Mr. Chairman, represents our contribution to the administration of the general agreement on tariffs and trade. The budget is contributed by the contracting parties to that agreement, and those contracting parties include a great many countries. For 1951 the budget was set at $319,000, of which our share is $13,436 in United States dollars, or $14,242 in Canadian dollars. This is the budget for carrying on the activities of this international organization, and we are paying our percentage.

Item agreed to.

International joint commission—

107. To provide for preliminary studies and surveys of the mid-western watershed, $10,000.

Mr. Stewart (Winnipeg North): In common with other members, Mr. Chairman, I have not yet been able to read all the evidence the minister gave before the committee. It is possible that there are some questions which I wanted to ask which have been answered in that evidence, and if so I hope I shall be forgiven for repeating them. Can the minister tell me if there have been any further arrangements under vote 107 with a view to preventing future floods in the Red river valley?

Mr. Pearson: Mr. Chairman, this amount, which seems to be a small amount in connection with this work, is our contribution to the original investigation. The work has been taken over now by the Department of Resources and Development. I should not like it to be thought that this amount was the only reflection of government activity in connection with this problem. This is really a matter for resources and development, and I think when the estimates of that department are up for consideration a good deal of information can be given. As a matter of fact, a good deal of information on this subject was given before the external affairs committee, and I can make the record available to the hon. member.

Item agreed to.

109. To provide for Canada's share of the expenses in connection with the St. John river reference, $50,000.

Mr. Hatfield: Will the minister explain what this vote is for?

Mr. Pearson: This vote is to provide for Canada's share of the expenses in connection with the Saint John river reference now before the international joint commission. When a new reference is made to the international joint commission it has been the practice, in the interests of convenience, for the Department of External Affairs to provide the expenditures arising out of the first year's investigation. Then the work would be taken over by the department of government more particularly concerned. This department's estimates for the current year include this item with regard to the Saint John river reference which was transmitted to the international joint commission last fall. Under the terms of this reference

the international joint commission has been requested inter alia to undertake an investigation to determine whether the waters of the Saint John river system could be more beneficially conserved and regulated. This estimate of $50,000 is based upon a preliminary review of the work known to be required and possible of accomplishment during the forthcoming fiscal year. We have kept in close touch with the government of New Brunswick in connection with this work.

Mr. Browne (St. John's West): On whose initiative was this investigation started?

Mr. Pearson: I think the initiative for this investigation came from the provincial government in New Brunswick.

Mr. Browne (St. John's West): As to the $40,000 for professional and special services, is that for engineering services, or does it cover other special services apart from that?

Mr. Pearson: I am informed that it is for engineering services.

Mr. Stuart (Charlotte): I notice that there is no item in connection with the Passamaquoddy tidal survey. Has the minister anything to report on that matter?

Mr. Pearson: As I think the hon. gentleman himself knows, this Passamaquoddy reference has requested the commission to estimate the cost of a full-scale investigation which would be necessary to enable the commission in turn, should it be requested to do so at some future time, to make recommendations concerning the feasibility of the Passamaquoddy tidal power project. The international joint commission has reported that a further investigation would be necessary to make recommendations concerning the feasibility of that project, and that such an investigation—that is, the preliminary investigation into the feasibility itself—would cost about $3,900,000. It was suggested that the cost might be apportioned between the two countries in proportion to the benefits that each country would derive from the completed project. That report for this preliminary $3,900,000 investigation is now before the various departments of government for consideration, and is also being considered by the United States government. No decision has yet been reached.

Item agreed to.

International joint commission—

110. To provide for Canada's share of the expense of the Niagara Falls reference, $50,000.

Mr. Catherwood: This is also a new expenditure. Will the minister give us an explanation of this item?

Mr. Pearson: The department's estimates, as proposed for the current year, include this item with regard to the Niagara falls reference which was transmitted to the international joint commission last fall. It is anticipated that some other department will be responsible for the completion of this reference after the current year. We have put in $50,000 for the initial year, in order to provide for Canada's share of studies of remedial works to enhance the beauty of Niagara falls. It is estimated that the investigation would cost us about $50,000 this year. The nature and extent of the items of expenditure for this purpose are: surveys, $20,000; modelling experiments, $25,000; travelling expenses and contingencies, $5,000. It is contemplated that the work in question will be planned by the commission and the international Niagara Falls engineering board and allocated between Canadian and United States agencies so far as may be possible in accordance with its location in the two countries.

Item agreed to.

Terminable services—

111. Commonwealth consultative committee on South and Southeast Asia (for technical assistance), $400,000.

Mr. Stewart (Winnipeg North): Can the minister give the committee some information with regard to item 111?

Mr. Pearson: As I think I have stated before, when this subject of economic assistance to southeast Asia was under consideration, a consultative committee has been set up and it is now in operation, with Australia, Canada, Ceylon, India, New Zealand, Pakistan and the United Kingdom participating in that work. This committee is concerned with the administrative and executive functions that flow out of our decision to give technical assistance to these countries—to check on the projects that they would like us to help them with, to exchange technical assistance and all that kind of thing. As to question of aid to southeast Asia beyond the purview of that committee, the Colombo plan will be up for consideration shortly when an item will appear in our supplementary estimates for that purpose.

Mr. Stewart (Winnipeg North): Have we sufficient technical assistance to offer to these countries in southeast Asia or is there still a shortage of it?

Mr. Pearson: It has been an extremely difficult problem indeed to get adequate skilled technical help for these projects. As the committee will appreciate, that kind of help is in great

demand in our own country at the present time. This consultative committee and the agencies of our own government which are concerned with this matter are having real difficulty in securing the right of assistance; but we are hoping that we shall be able to make some progress in this matter.

Mr. Stewart (Winnipeg North): Will our technical assistance program be co-ordinated with the point four program of the United States and the program of the United Nations?

Mr. Pearson: We think that the two can be co-ordinated and that they can work together. It would be a great mistake if the point four program of the United States and the Colombo plan program overlapped or got into each other's way. That is one of the things we are most preoccupied about, namely to make sure that they work together so far as possible.

Mr. Graydon: May I ask a question with regard to the point four program? It is referred to as the Truman point four program. I have always been a little bit confused in my own mind whether this point four program is really run by the United States government or by the United Nations, or really what the arrangement is in connection with it.

Mr. Pearson: It is true that this United Nations program is sometimes referred to as the point four program and that the expression was taken from a statement of the President of the United States in a message to congress in which he dealt with this subject. It is a United States expression, if I may put it that way, which has been taken over by others. The point four program is much more than a United States enterprise. It is quite true that the United States is bearing or will bear the brunt of the financial burden in this matter. That is obvious. But it is also true the operation of the United Nations program will be controlled by the United Nations, or by a special committee of the United Nations which incidentally is under the direction of a former Canadian civil servant.

Mr. Graydon: What I was trying to find out was this. We are contributing to the Colombo plan under the commonwealth arrangements. But do we contribute anything to the point four program of the United Nations, or does the United States bear the entire financial cost of that program? That is something that has always confused me, and I wonder if the minister could clarify it—because I think it is rather important.

[Mr. Pearson.]

Mr. Pearson: Well, I can understand the hon. member's confusion in the matter, because of the confusion connected with the indiscriminate use of the expression "point four". In Washington point four is considered as the United States program. Sometimes, as I have said, it is used to refer to the United Nations technical assistance program. We have nothing to do with the United States part of the program, but we do contribute to the United Nations technical assistance program. And that, in its turn, is quite separate from the Colombo plan.

Mr. Graydon: But I am still not clear in the matter. I know it is my fault—I am not suggesting it is the minister's—but is the whole technical assistance program financed by the United States? If it is not, then do all nations in the United Nations bear a share of the cost in relation to the normal assessments of contributions now in existence?

Mr. Pearson: Well, the situation I believe is that the United States does contribute to bilateral relief programs. United States programs are arranged with countries which it is anxious to help. But that is quite apart from the United Nations technical assistance program, to which the United States also makes a very substantial contribution indeed.

Mr. Graydon: In other words, they are two distinct things?

Mr. Pearson: Yes, they are two distinct things.

Mr. Knowles: I notice that last year we voted an amount equal to the amount we are now asked to vote. This will be seen by referring to page 160 of the estimates. It is also indicated that up to January 31, 1951, only $5,581 had been spent. It is indicated on that same page that it is not expected any further amount will be spent to the end of the fiscal year. In other words, out of the total amount of $400,000 the amount spent in that fiscal year was only $5,581.

Does the minister's statement about the difficulty of getting technical assistance account partly for the expenditure? Does the department hope to be able to do more along this line in the present fiscal year?

Mr. Pearson: It is true that a very small proportion indeed of the original vote was spent. It is disappointing that it took so long to get this organization going. The reason for so little money being spent was that there was so much delay in establishing the organization, having its terms of reference agreed upon, and having projects agreed upon. But we have reason to believe that this year, now that the organization is a

going concern, we will not have nearly so much difficulty in spending the $400,000.

Mr. Knowles: Is this amount of money a contribution we make to the consultative committee or does it include our own expenses? For example, we sent a delegation to Colombo early this year. Did the cost of that trip come out of this $5,581, or was it in some other vote?

Mr. Pearson: No, this vote would not cover the expenses of any Canadian delegation to a meeting of that kind, nor did it cover any expenses in regard to our previous meetings at Colombo. It is purely for technical assistance in those countries.

Mr. Wright: Is any of this money spent for the purpose of bringing students from those countries to Canada for technical training? If so, what numbers are expected to be brought here in the coming year?

Mr. Pearson: We expect that a substantial proportion of this fund will be spent for bringing students to this country and giving them technical engineering training in Canada. During the last eighteen months forty-six trainees from four countries, chiefly from India and Pakistan, were placed in Canadian industries as a result of arrangements made with the countries concerned. We also encourage the establishment of students from those countries in Canadian universities for technical assistance, and some progress has been made in that regard. We are paying the expenses of the students when they are here, as well as their transportation to Canada and back.

Mr. Diefenbaker: Mr. Chairman, I think this would be the item under which a person could make a few observations concerning the Colombo plan, particularly in view of the fact that this vote covers technological and other assistance being given in southeast Asia.

A number of members from the House of Commons, along with Senator Roebuck from the other place, in the months of November and December attended a parliamentary conference in Wellington, New Zealand, and Canberra, Australia, at which there were also representatives from the United States in the persons of two United States senators, namely Senator Ferguson from Michigan and Senator Green from Rhode Island. There were also representatives at this parliamentary conference from India and other parts of Asia. I am sure all hon. members of the House of Commons who were present at the conference will agree that the one message we were asked to bring back to our respective parliaments was the need for assistance to India of the kind contemplated under this item, and also generally under the Colombo plan, before communism achieves its intention of subjugating that land of India.

I believe one of the best booklets I have seen on the subject, indeed the only one issued as yet from the commonwealth parliamentary association meeting, is in the form of a report to the United States Senate, which I now hold in my hand. This was presented by Senator Green on March 22, to that legislative body. In this booklet is set forth something of what took place at that commonwealth parliamentary conference, and the ideas expressed there, unofficial though they were, from all parts of the commonwealth.

This morning the hon. member for Peel mentioned how helpful it would be if a conference of unofficial persons, representative of the various parts of the commonwealth and the United States, could be convened. The minister offered his opinion regarding that suggestion. As a matter of fact there has been such a body in existence, although unofficially, since 1943, at which time, and for the first time, representatives of the United States congress, both from the Senate and the House of Representatives, met here in Ottawa. Since that time there have been a number of meetings.

At the conference in Australia there were representatives from the United States Senate in attendance. While there were disagreements in regard to courses which should be followed by several nations, without exception every Asiatic representative made an appeal to the representatives at the commonwealth parliamentary conference to stress the absolute need that something be done by way of assistance in southeast Asia. That was the view expressed by members of the legislative councils from Singapore, Malaya, India and Ceylon. Without exception they stressed the need of something being done immediately along that line. I should like to quote a few words from the report made to the United States Senate to which I have made reference, as follows:

> India's basic requirements for improving the standard of living there must comprise the development of irrigation schemes and rural electrification. Agricultural production must be increased; India needs more fertilizers as also agricultural machinery and building materials, and she must try to find them at a reasonable cost.

Then there is this significant statement:

> The United States has an important stake in the Middle East. If 350,000,000 Indians should come under the domination of communism, the free world will virtually be split in half. Many think that as an integral phase of our global planning we must assist India to remain outside the communist orbit —must do this before it is too late and without strings attached.

That was the view, not only of the commonwealth representatives outside India and the United States representative who were there, it was stressed over and over again by the representatives from India. All of these had at one time or another fought against Britain. As they spoke I thought of the words spoken some years ago by the Secretary of State for External Affairs—I cannot quote them exactly—when speaking of the commonwealth. He referred to those members within the commonwealth who had achieved commonwealth membership by fighting against Britain while the great majority of the member nations concerned had achieved it by fighting with Britain. Without exception, those who had fought against Britain stressed a desire to see the British commonwealth preserved and maintained, without which freedom would never be assured anywhere in the world. In the maintenance of freedom they emphasized the need of support of the plan which was evolved at Colombo whereby millions of dollars in technological materials and other commodities would be provided.

As far as the Colombo plan is concerned, I doubt whether it has been sold to our own people. When I spoke about it on one occasion in this house I received three letters condemning me for supporting a proposition to give assistance to South America. That was the understanding of three correspondents with regard to what the Colombo plan actually comprised. Those letters came from three different parts of the country and there had been no collaboration, but they were all agreed that it was dangerous for Canadians to support a proposition that would bring any degree of assistance to South America.

I bring this matter again to the attention of the minister and re-emphasize the need. I realize that the government of India took a stand against the delivery to that country of low-grade wheat, either by way of state assistance or under the Colombo plan. Even if that assistance might not materially reduce the suffering that is now being endured there, nevertheless, even at this date and before the present year's crop is harvested, something should be done if it is only in the nature of a token gift of a number of hundreds of thousands of bushels of wheat. We would thus give to these people, not only renewed hope but an appreciation of Canadian assistance. Canada has a record of activities and actions, not only as a country as a whole but also its officials in the Department of External Affairs, and is held in very high regard in Asia. The recent gift of the United States of several hundred thousand tons of wheat has had a tremendous effect on the thinking of the Indian people with regard to the United States, which is sometimes described in Asia as being an imperialist country. Canada is not in the position of being suspect, however unjustified suspicion in that regard may be in regard to the United States.

Whether or not several million bushels of wheat are available, I do feel that the delivery of a few hundred thousand bushels of wheat at this time—it is available in western Canada because the crop has been harvested and threshed this spring—would go a long way today to answer the contention of communism that the capitalist countries will do nothing to preserve Asia, and India in particular, against poverty and starvation.

Asia is in revolt against poverty. Today the Asiatic is being lured toward communism by the promise of material advancement which is held out as a means whereby he can secure support. It may be too late one, two or three years from now. The attitude of the Indian delegation was that they would give support to the United Nations, but when they were asked what contribution they would give in the way of manpower toward the setting up of an international police force to maintain peace or to give assistance in punishing aggression, the answer invariably was that that was something they were opposed to.

Their concept of the United Nations and the support they should give is one of moral assistance and high idealism. Today the government of India is endeavouring to meet the challenge of communism that has overrun southeast Asia to an extent of which we in this country have no appreciation. One weapon that will do more today than any weapon of war is the weapon of food. It is the greatest answer to communism among people whose inalienable destiny has been poverty.

I do not want to reiterate what has been said so often and so well by the hon. member for Peel. With all the force that I can bring to a discussion of this subject I appeal to the minister and to the government of Canada to do something. Do not wait until the fall. Do not ask these people to accept wheat that we would not turn into flour in our own country. Good wheat is available, not in the amount necessary to meet the situation there, but the effect of even a token delivery at this time would be far greater than the delivery of many million more bushels of wheat and other assistance six, eight or ten months from now. The booklet to which I have referred sets out the situation as the result of the

thinking of these United States senators on the subject consequent upon attending this conference, and they say:

> We found simple, unrealistic, and almost childlike ignorance of the communist danger with nerve centres deadened to the meaning of communism . . . Everywhere in the Far East and in the Near East we saw evidences of shrewd, insidious communist propaganda. It was handled by natives who were won over and in Moscow educated to communism. It exploited every complaint, every hope, every fear, and every condition in each country in order to induce the people to hate America and the west, and to embrace communism.

Almost every one of the representatives at the conference to which I have made reference is a graduate of Oxford or Cambridge, men who have had every opportunity in the occidental world of education and who today are members of their respective parliaments, and their considered opinion was that nothing would better meet the onrush of communism into India than help of an economic nature. Particularly so far as the people of India are concerned, who for all time have been in one of two states, underfed or famished, the greatest answer and antidote to communism would be some assistance economically, even though only a modicum, in order to remove the threat of starvation. It is for that reason that I have said these few words on this occasion, to again enjoin the minister to secure some assistance from the government. The determination has been made to contribute $25 million this year. A part of that $25 million, if delivered in the form of foodstuffs, wheat and the like, will go further to meet the challenge that faces Asia today, as it does all parts of the world, than any other investment that I can think of.

Mr. Blackmore: I should like to associate myself with the comments of the hon. member for Lake Centre, and I should like to say a word in support of the general idea of developing the British commonwealth. Far too much attention is being given to the United Nations, the Atlantic pact, and pretty nearly any sort of international organization, compared with the interest shown in the British commonwealth. It seems to me that our generation is not being taught the tremendous value of the British commonwealth. Why that should be I do not know. I hope the minister and all members of his department are enthusiastic about the British commonwealth because enthusiasm is catching. Likewise lack of enthusiasm is also catching.

In Canada there is a tendency on the part of a good many people to think that when one speaks in favour of the British commonwealth one must be an imperialist. That attitude is utter nonsense and indicates ignorance and prejudice on the part of those who so speak. The British commonwealth is a great international organization. In 1914 the British commonwealth had more power in its little finger with which to preserve the peace of mankind than the United Nations will ever have, and it did not require contributions of money from all members in order to accomplish its end. I maintain if we can restore the British commonwealth to the relative degree of strength that it possessed in 1914 we shall by that action be doing mankind the greatest service it is possible for us to render in these terrible times in which we live.

The British commonwealth can be rebuilt. All that is necessary is that first of all we have an appreciation of what it means, and then that we work together to bring back the financial, industrial, trading and military strength which was the dread of all enemies of freedom for one hundred years up to 1914. If we could only restore the British commonwealth to where it was in 1914 how much more peacefully we could rest in our beds at night. How much more securely we could live. Without wishing to multiply words, may I urge that the minister do everything in his power to rebuild the British commonwealth, not in the sense that any portion thereof should ever lose any degree of its sovereignty. The British commonwealth never was strong because of the power of any central body to coerce members of the commonwealth. Its strength lay in the fact that members of the commonwealth contributed all their means and their blood gladly, cheerfully and happily, being inspired with the great ideal of gaining freedom and security for the world. That is the sort of thing we must have in the members of the commonwealth today. I urge the minister that he spare no effort to restore to the members of the British commonwealth their strength and courage, and faith in themselves.

I do not wish to labour overmuch this one matter that I propose to mention. I have referred to it several times. Most hon. members who were in the house in 1945 will remember the attitude I took on the subject in the fall of that year. I refer to the international monetary fund. In my opinion the international monetary fund is one of the gravest dangers in the world today. I suggest to the minister that he give the most careful study to the evil implications of that organization. I should like to draw to the minister's attention, without going into too much detail, the recommendation of the ECE report for 1950. I believe I will read the comment on this report appearing in the issue of May 29, 1951, of the *Christian Science Monitor*.

The Chairman: Order. I believe the hon. member is out of order on this item, which is for the commonwealth consultative committee on south and southeast Asia. The discussion should be limited to this item.

Mr. Blackmore: Then I will talk about that when we go back to the first item, because this matter is of tremendous importance. I will close by saying I was going to refer to this international monetary fund and the Bretton Woods agreement as two of the greatest dangers to the British commonwealth today. If we are going to assist south and southeast Asia, as we should be able to, we shall have to abolish all such pernicious organizations as Bretton Woods. That is all I will say now; I will have more to say when we get back to the first item.

Mr. Knowles: May I say just a word on aid to India, which was dealt with at some length by the hon. member for Lake Centre. The minister knows of our wholehearted support of the purposes for which this $400,000 is being voted. He also knows of our wholehearted support of the proposal for a supplementary estimate of $25 million for the Colombo plan. He also knows of our wholehearted support for the proposal that everything possible should be done this year to assist India in respect of her need for food. I noticed that the hon. member for Lake Centre supported the idea of feed wheat being sent to India this year as part of that $25 million. I would hope that it could be in addition to that amount, and I thought at one time I heard the minister say that was the intention. It seems to me that if possible we should avoid detracting from the purpose of that $25 million, which is to help India build up her own agricultural and productive resources. With that slight qualification of the remarks of the hon. member for Lake Centre I want to tell the minister again, though he knows it very well, how actively we support proposals of this kind.

Item agreed to.

566. To authorize and provide for working capital advances in the current and subsequent fiscal years to maintain cash and bank balances at Department of External Affairs posts abroad, subject to regulations of the treasury board, the amount of advances hereby authorized outstanding at any time not to exceed $300,000.

Mr. Knowles: Would the minister explain this item? I judge it is a new idea.

Mr. Pearson: This item was explained to the committee on another occasion, though if necessary I have before me quite a lengthy explanation. I understand this is a new item made necessary by the requirements of our financing abroad. We require a certain amount of working capital to tide us over the financial year when we have obligations to discharge which cannot be met because of new money not arriving in time. That is why we are asking $300,000 for this purpose. I would be glad to go into it in more detail if the committee so desired.

Mr. Knowles: It is in the nature of an advance or loan?

Mr. Pearson: Yes.

Mr. Knowles: Actually it is repaid out of other votes of the department at some stage of the game?

Mr. Pearson: That is correct.

Item agreed to.

The Chairman: Shall we now revert to item 84? It was agreed by the committee earlier that the discussion on general matters was concluded and that further discussion would relate only to the Ming Sung question, subject to the reservation made by the leader of the opposition.

84. Departmental administration, $2,272,597.

Mr. Blackmore: May I ask the minister to answer the questions I asked on the orders of the day? I think he was to answer them during his estimates.

Mr. Pearson: That is quite true. The hon. member did ask a question on the orders of the day, and at that time he was informed that it could be dealt with when my estimates came up. In fairness to him I think I should attempt to answer that question now. The question which would have been raised by the hon. member, I think, concerned the advisability of bringing the federal republic of Germany into closer association with the community of free nations, and making peace with free Germany. I think that is what he had in mind this morning, and I might make a short statement on that matter which is a question of some importance.

The announcement was made on October 26 last of the intention of the government to terminate the state of war with Germany as soon as we were in a position to do so in concert with our friends and allies. Since that announcement last autumn we have been in constant touch with the progress made both by the occupying powers and the German federal republic on this matter. Before we or the occupying powers could take further action it was necessary for the German federal republic to pass legislation eliminating from its laws all references to the state of war. That was done by the lower house, the Bundestag, on May 30, 1951, and by the upper house as recently as June 8. The promulgation of that German law is expected within a few days.

As soon as the new German law has been promulgated Canada, as well as other countries still technically at war with Germany, will be free to terminate that state of war; and in Canada this will take the form of a proclamation in the *Canada Gazette*.

I think I should recall here that the announcement of October 26, 1950, to which I have referred, makes it clear that such action will be quite different from any formal peace settlement with Germany. It will in no way affect Germany's obligations in respect of such matters as debts, claims and all that sort of thing. In order that the termination of the state of war may be related as closely as possible to similar action by the occupying powers, we are in consultation with London, Paris and Washington as to their intentions as soon as the Germans have taken their action. In any event it would appear that the necessary legislation will have been passed by the west German government before the end of June, so it is only a question of days, I should think, before Canada would be in a position to terminate the state of war with Germany.

Mr. Blackmore: Would it be logical to suppose that Canada would establish an embassy in Germany?

Mr. Pearson: Yes. Once that technical change has been made the Canadian mission in Bonn will be raised to the status of an embassy, and the head of that mission will present his credentials as Canadian ambassador to the federal republic of Germany.

Mr. Blackmore: We have had a number of departmental regulations, rulings and all that kind of thing against Germany. These were drawn up during world war II, and probably they have been retained up to the present time. Have those been removed, or will they have to be removed?

Mr. Pearson: Some have been; others could not be removed until the technical state of war was ended. Once that is done the way will be open for the removal of all those things.

Mr. Blackmore: I thank the minister for his answer. I appreciate the information.

Mr. Drew: I just want to point out that when the chairman called this item he said it was agreed that the discussion would relate to the activities of the Ming Sung Company only.

The Chairman: Subject to your reservation.

Mr. Drew: I would remind the chairman that I pointed out that I wished to discuss certain subjects which would have some relation to this.

The Chairman: I said it was subject to your reservation.

Mr. Chevrier: Mr. Chairman, I have been given by the officers of the Department of External Affairs a list of the questions asked by certain hon. members in connection with the part taken by the Department of Transport in relation to the registration of the seven ships which were discussed on these estimates this afternoon. It is not my intention to put these questions on *Hansard*. I think perhaps the best way in which to deal with them is to reply to them generally as I go along. It may be that I shall not be able to give all the information that is required, but I shall certainly attempt to give all the information which is in my possession.

In the first place, I find that in March of 1950 the Ming Sung Industrial Company Limited applied for Canadian registry of seven ships. The company incorporated a Canadian subsidiary, and the subsidiary afterwards received from the Ming Sung Industrial Company a bill of sale.

Mr. Diefenbaker: What is the name of the Canadian subsidiary?

Mr. Chevrier: I am sorry I have not got it. It is probably the same, with the words "Canada Limited" added. It might well be the Ming Sung Industrial Company of Canada Limited. I am not able to say.

Mr. Green: Where did the registration take place?

Mr. Chevrier: I am coming to that. The Canadian subsidiary received a bill of sale for the ships, and mortgaged the ships to the Ming Sung Industrial Company, that is the parent corporation. The mortgages were assigned to certain banks. I said that application was made in March of 1950, and in May, 1950, the bill of sale to which I referred originally, was registered, and the Canadian registry was affected at the city of Montreal.

Following the application of March, 1950, and later, an application was made for exemption under section 133A of the Canada Shipping Act. That is the section which requires masters, mates and engineers to be British subjects, and to hold proper certificates. Under that section the minister is empowered and has some discretion to grant exemptions to allow ships to carry officers, mates and engineers who are other than British subjects.

Mr. Diefenbaker: What section gives him that power?

Mr. Chevrier: Section 133A of the Canada Shipping Act.

Mr. Green: What year was that passed?

Mr. Chevrier: In 1948. I was saying that the minister has some discretion. When the matter was brought to my attention, I thought the circumstances were such that I should bring them to the attention of my colleagues. I did submit to them the circumstances as they were given, and by cabinet directive dated April 17, I was authorized to grant the exemption.

Mr. Harkness: In 1950?

Mr. Chevrier: All of this is in 1950. I was authorized to grant an exemption under section 133A, which I did grant on May 12, 1950.

Mr. Diefenbaker: When was that laid before parliament?

Mr. Chevrier: If you will allow me to go on I shall answer that question. The circumstances which were given were that these ships were likely to fall into communist hands unless something was done to give them the protection of the Canadian flag. It was also stated that there were no British officers, mates or engineers available, and that the only officers, mates and engineers available were those of Chinese nationality. Similarly, in Hong Kong there is a regulation which prohibits the operation of ships by other than British subjects holding the certificates of masters, mates or engineers. I understand that in Hong Kong also an exemption was granted from the British subject provision which they have over there to the seven ships, thus allowing operation in the port of Hong Kong by Chinese nationals.

As the matter now stands—

Mr. Diefenbaker: Will the minister now answer the question? When was that laid before parliament?

Mr. Chevrier: Subsection 2 of section 133A—it is not before me—

Mr. Diefenbaker: It reads:

> The minister shall annually lay before parliament a special report stating the cases in which he has exercised his power under this section during the preceding year, and the grounds upon which he has acted in each case.

Mr. Chevrier: Yes, the section reads somewhat to that effect. May I read it?

> The minister shall annually lay before parliament a special report stating the cases in which he has exercised his power under this section during the preceding year, and the grounds upon which he has acted in each case.

Of course, the time has not yet expired during which the report may be laid before parliament. If the section is read carefully, I understand that the time has not yet expired.

Mr. Diefenbaker: When would the minister say that the time would lapse?

Mr. Chevrier: He would have until the end of the year?

Mr. Diefenbaker: What year?

Mr. Chevrier: The year 1951.

Mr. Graydon: There is something strange about that. I do not know what it is.

Mr. Chevrier: The hon. member had better read the section.

Mr. Graydon: I have listened to it very carefully.

Mr. Chevrier: You may read it, and put your own interpretation upon it. Those are the circumstances as they concern the Department of Transport. I believe I have answered most of the questions which have been brought to my attention. Perhaps there is one other with which I have not dealt. Is it true that the captain is a Russian communist? There is no information in the department to that effect. As a matter of fact, the names which were given when the applications were made were all of Chinese origin. So far as I am concerned, at the time the application was made and the exemptions granted, all of the officers of the ships were of Chinese origin.

Another question is, was the exemption made under order in council? The exemption was granted not under order in council but by virtue of a cabinet directive.

The next question is, will the ships be seized and sold? I believe that has already been dealt with by my colleague the Minister of Defence Production, when he stated that there was no default under the mortgage. I take it that until there is a default under the mortgage, the powers vested in the mortgagee could not be exercised.

Mr. Adamson: Can the minister say what the gross tonnage of those ships is?

Mr. Chevrier: I can get it but I have not that information before me. I have this information, that nine ships were built by the St. Lawrence Metal and Marine Works Incorporated, and the George T. Davie and Sons Limited. Two vessels were delivered at Shanghai in November, 1948, and seven vessels were delivered in Hong Kong also in November, 1948. There is no indication here of the tonnages of the ships.

Mr. Adamson: They are comparatively new ships?

Mr. Chevrier: Yes, they were all new ships at the time.

Mr. Adamson: Can the minister tell us the speed or other details?

Mr. Chevrier: I am afraid I have not got them available, but I can get the details.

Mr. Graydon: They are faster than the tabling of the order in council, anyway.

Mr. Green: Will the minister read into *Hansard* the cabinet directive to which he referred a few moments ago?

Mr. Chevrier: I have not the cabinet directive with me; but I think perhaps I might table it on my estimates.

Mr. Green: I think it is important that we find out, during this debate, just what was contained in that cabinet directive. It seems to be a most unusual course to be followed, both by the minister and the government. This section to which the minister referred was never intended to meet a case of this kind. Section 133A of the act reads as follows:

> The minister may, if he thinks fit, and upon such conditions, if any, as he thinks proper to impose, exempt any ship—

It does not say anything about exempting seven ships.

> —from any requirement contained in sections one hundred and thirteen, one hundred and fourteen, one hundred and thirty-two and one hundred and thirty-three, or dispense with the observance of any such requirement in the case of any ship,—

And I would point out these words:

> —if he is satisfied that that requirement has been substantially complied with in the case of that ship, or that compliance with the requirement is unnecessary in the circumstances of the case, and that the action taken or provision made as respects the subject matter of the requirement in the case of the ship is as effective as actual compliance with the requirement.

The hon. member for Lake Centre will deal with clause 2 of this section but clause 1 is meant to cover only a case where it is not necessary to comply fully with the terms of these particular sections of the Canada Shipping Act. It was never intended to be used as a blanket measure to enable the citizens of another country to get the protection of the Canadian flag. In going that far the minister has stretched the section of the Canada Shipping Act far beyond any intention that was in the mind of parliament when this section was enacted.

He has said that these seven ships needed the protection of the Canadian flag and therefore this blanket exemption was granted. I would ask him to explain to the committee what right a company operated by Chinese citizens had to come to the Canadian government and get the protection of the Canadian flag? He has also made it clear that the banks had a mortgage or mortgages on these ships. Why was it necessary for the government to step in under those conditions? The situation is much worse than we were told it was earlier in the day. Apparently it was not a case of trying to protect the liability under the guarantee which had been given by the government. Here you have, in effect, a case of protecting the banks.

What is to be the position now? Two of these ships apparently are actually in communist territory. Are they still registered as Canadian ships? We understood from the Minister of Trade and Commerce last night that they no longer were in that category. I would ask the Minister of Transport to explain whether the two ships that are up the Yangtze river are still registered as Canadian ships. I would also ask him to explain what control, if any, the Canadian government now has over these ships.

The one exemption to which he has referred had to do with the officers or with certain members of the crew. What control has the Canadian government today over these ships? Furthermore, what steps would have to be taken to withdraw flag rights from these ships? Certainly it would appear to me to be a case where the flag rights should be withdrawn without further delay. I would ask the Minister of Transport to say what steps would have to be taken to bring that situation about.

Mr. Graydon: A red ensign and a red captain do not mix well together.

Mr. Chevrier: With respect to the two ships on the Yangtze river, my information is that they were never registered under the Canadian flag.

Mr. Green: The minister said there were seven ships under Canadian registry.

Mr. Howe: What minister said that?

Mr. Green: Is that right or not?

Mr. Chevrier: What I am saying to the hon. gentleman is this. My information may not be correct, but the information that is given to me is that the two ships on the Yangtze river were not registered under the Canadian flag. My hon. friend asks what control we have over the ships or whether or not we are in a position to do anything about the ships. As to granting of the exemption, I presume that could be withdrawn. What effect it would have, I am unable to say. I

doubt if it would have any effect at all. I think my colleague the Minister of Trade and Commerce dealt fully with that matter yesterday.

As to the section not applying, the officers of my department felt that it did apply. I was of the opinion that it applied. I had some doubt as to whether or not the discretion should be exercised under the section. I consulted my colleagues, they authorized the exemption being granted under section 133A, and I granted the exemption on the date which I mentioned a moment ago.

Mr. Diefenbaker: As one department and another joins in this discussion, the problem becomes more perplexing. Now we have the minister saying that it was not an order in council. If it had been an order in council, there is under the act a requirement that it must be tabled in parliament. Section 133A reads:

> The minister shall annually lay before parliament a special report stating the cases in which he has exercised his power under this section during the preceding year, and the grounds upon which he has acted in each case.

Certainly parliament did not find out anything about this matter by means of the minister complying with the statute. Parliament found out because the hon. member for Nanaimo discovered the situation.

Mr. Chevrier: May I interrupt the hon. member?

Mr. Diefenbaker: Yes.

Mr. Chevrier: The hon. member for Nanaimo did not discover the situation, with all due respect to him, any more than did any of us. He received a circular letter which all of us received, outlining the circumstances.

Mr. Diefenbaker: I do not know who "all of us" were, because I do not know any other member on this side of the house who got a letter like that.

Mr. Chevrier: Hundreds were sent out.

Mr. Diefenbaker: They must have gone to hundreds of members on the government side of the house. The only one that was received on this side, to my knowledge, was by the hon. member for Nanaimo. Again may I point out that this section says that the minister shall annually lay before parliament a special report stating the cases in which this extraordinary power has been exercised. The order was made on April 17, 1950. Parliament was sitting at that time. Parliament sat again in the fall. Parliament has now been sitting steadily since February.

An hon. Member: January.

[Mr. Chevrier.]

Mr. Diefenbaker: Yes, January; and still this report has not been tabled. Sir, this is another example of a report that parliament had a right to expect to receive, under the law, in which ministers have failed to carry out their responsibility under the law.

I begin to wonder, having regard to two or three recent experiences in this connection, whether parliament is in fact receiving the information which ministers of the crown under the law are required to give. There can be no excuse for this report not having been laid before parliament. The year was up on April 17. Reports have been filed by the Minister of Transport for his department since that date. I am going to ask the minister—because, after all, this is the only way we will get information—in how many other cases under section 133A the minister in the last year has exercised this discretionary power.

Mr. Chevrier: I will answer. There have been a number of occasions when discretionary power was exercised under section 133A. Reports have been made from time to time under that section, and particularly since it has been amended following the war. These were war emergency powers; and sections 133A and 488A were sections which were enacted under war emergency powers, and were re-enacted in legislation following the war. There are a number of cases under which, although perhaps not on all fours with this case, exemption was granted following the war period. Reports were tabled in the house concerning those cases.

Mr. Howe: May I intervene to read a letter I think will throw considerable light upon the matter?

Mr. Diefenbaker: I was asking a question, and I wish to carry on until I get an answer. Because after all—

Mr. Howe: You don't really want the information.

Mr. Diefenbaker: You have no right to butt in. When the minister has information which will answer the question which I have asked the Minister of Transport, I will sit down. But we do not want any more of these ex parte statements because he told us this afternoon that he should not have been speaking last night.

Mr. Drew: Now he thinks he should.

Mr. Diefenbaker: I am asking a simple question. Since this present session began in January have any reports been tabled regarding discretionary orders issued under 133A by the Department of Transport?

Mr. Chevrier: I would have to look it up. I am not sure whether they have or not.

Mr. Howe: If the court is closed, may I now proceed? This is a letter—

Mr. Diefenbaker: "If the court is closed"—who is there to stop us?

Mr. Howe: —written to Mr. T. R. G. Fletcher, Canadian government trade commissioner in Hong Kong by the manager of Ming Sung Industrial Company Limited.

Mr. Pearkes: Is that the Canadian branch?

Mr. Howe: It is written to the Canadian government trade commissioner, the representative at Hong Kong.

Mr. Pearkes: Was it from the Canadian branch of the company?

Mr. Howe: The Hong Kong branch of the company—"Ming Sung Industrial Company (H.K.) Limited"—Hong Kong.

Mr. Pearkes: A branch, not the head office?

Mr. Howe: That is right, it is a branch. It refers to this transaction. The letter is dated June 8, 1951. It came to my hand only a few moments ago. The letter states:

With reference to our conversation this morning regarding a letter from the China Coast Navigating and Engineer Officers Guild dated June 4, 1951, I wish to present a number of facts which may throw light upon the misleading statements made by the said letter.

Our vessels in trade: Hong Kong-Macao, passenger and cargo; Hong Kong-Macao-Canton, passenger and cargo; Hong Kong-Canton, passenger only; Hong Kong-Canton (nonscheduled service); oversea Chinese sent back to China from Malaya and Indonesia and sometimes cargo.

All cargoes shipped by our vessels are cleared by Hong Kong government in similar manner as cargoes shipped by other company's vessels. We do not enjoy special facility nor are we the only shipping company in Hong Kong-Canton trade. All our trades are legitimate.

Our officers and crew are all Chinese under the exemption from merchant shipping ordinance granted by the Hong Kong government. No Russian captain or officer, or crew on our ships.

Ships in China may be required to handle any kind of transportation, but that has nothing to do with our Canadian ships in Hong Kong.

To the contrary, regulations under the said exemption have been strictly complied with by our company.

As the main accusation made by the Guild's letter is the carriage of war materials, we beg that you would give us the honour of inspecting our manifests of cargoes carried wherever you please.

One point besides the contents of the Guild's letter is that the bulk of trade between Hong Kong and Canton is handled by the Kowloon Canton Railway, a government enterprise. We are not in a position to say that Hong Kong depends on normal trade with China, but we are definite that our Canadian ships in Hong Kong would not be able to earn their direct upkeep if normal trade is denied them.

Mr. Drew: Well—

Mr. Howe: And it is signed, "C. C. Yang, manager".

Mr. Drew: Will the minister indicate whether that letter was forwarded to him, the one which he says just came to his attention a few moments ago, as the result of inquiries he had directed to the Canadian representative of the high commissioner?

Mr. Howe: No, it came through in a letter. I have made no inquiries. This was not my problem; but it was reported to me that this letter was in our files, and I have produced it.

Mr. Drew: I would ask for the tabling of that letter and the covering letter—the original covering letter which accompanied it when it arrived in the minister's office.

Mr. Howe: I will be glad to do that.

Mr. Fournier (Hull): Mr. Chairman, I do not believe we can have this item pass right now, because the opposition want more information. Some of the information may not be available immediately.

Therefore I will move that this item stand, so that later on, when the information is available, the three ministers concerned can answer—finance, transport and trade and commerce—and will be at the disposal of the committee. Therefore I move that the item stand.

Mr. Drew: Before this is dealt with I would point out there are several details which should be brought forward as soon as possible so that this can be discussed with as much knowledge of the facts as we are able to obtain.

I would point out that today we have seen an excellent example of the effectiveness of committees dealing with estimates, in so far as they relate to the subjects brought before them. That was done, and the items were dealt with here expeditiously as a result of that procedure.

We are dealing now with something that has arisen outside of anything that was before the committee. And in order that we might proceed to deal with this in as effective a manner as possible it is essential that there be placed on record, not at some later date, but when we meet tonight—

Mr. Fournier (Hull): The Minister of Finance will not be here this evening. I have attended a meeting, and I am not going to start a discussion about having a committee for estimates. This is a question which is not discussed to the satisfaction, as yet, of the opposition; and we want to give them satisfaction. The minister has said that he has not all the information that was asked for. You do not want to insist upon proceeding, if we

admit at this stage we have not all the information? We are doing our best to get it as soon as possible.

Mr. Drew: Mr. Chairman, may I point out it is possible for the government to produce, and to produce after the dinner recess, a copy of the minister's directive, or the cabinet's directive, which gave this special exemption to these ships.

Mr. Chevrier: May I interrupt the hon. gentleman in order to get that point clear right away. I indicated that there was no order in council, but I did discuss the matter with my colleagues and got a directive from them. Directives of the cabinet are not tabled, and it has been the policy repeatedly not to do that. I might as well clear up that question so that the hon. gentleman will not think it is possible to get a copy of the directive.

Mr. Fournier (Hull): You will see right now how my motion seems to be in order.

Mr. Drew: As it is after six o'clock the motion cannot be put. Six o'clock.

Mr. Howe: It does not require a motion.

Mr. Fournier (Hull): I give notice now that I will move it at nine o'clock.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

MISCELLANEOUS PRIVATE BILLS

CONCURRENCE IN TENTH REPORT OF STANDING COMMITTEE

Mr. H. W. Winkler (Lisgar) moved that the tenth report of the standing committee on miscellaneous private bills, presented to the house on Thursday, June 14, be concurred in.

Motion agreed to.

PRIVATE BILLS

BRITISH COLUMBIA TELEPHONE COMPANY

The house in committee on Bill No. 116, respecting British Columbia Telephone Company—Mr. Applewhaite—Mr. Beaudoin in the chair.

On section 1—*Rights of holders.*

Mr. Green: Mr. Chairman, this bill has several features, the main one being an increase in the authorized capital of the British Columbia Telephone Company from $25 million to $75 million. As hon. members know, it has been considered by the standing committee of the house on railways, canals and telegraph lines. Before that committee a representative of the city of Vancouver opposed the passage of the bill on two grounds. In the first place it was contended that the increase sought, namely, $50 million, was excessive. In the second place the city of Vancouver has become convinced, as the result of experience before the board of transport commissioners on a recent application for an increase in telephone rates, that there are unfair contracts between this telephone company and its affiliates under which the telephone company is charged an unfair amount for certain services, and in turn passes on that excessive charge to the telephone users.

I propose to speak very briefly this evening on these two grounds of objection raised on behalf of the great city of Vancouver before the standing committee. The main objection to an excessive increase in capital is that the larger the increase the longer the time will be before the telephone company must return again to parliament. This company is incorporated under a charter passed by the dominion parliament. In that charter there is a provision which sets out that its works are for the benefit of Canada. The result of that provision is that the provincial public utilities board has no control whatever over the telephone company. It controls other utilities such as electric light companies, but it has no control whatever over this particular telephone company. The only public bodies which have any control at all are this parliament, when an increase in capital is sought or some other change in the charter, and the board of transport commissioners, which only has authority over the rates charged by the company and over the actual issuing of shares.

The city council have felt that the company has asked for too large an increase. They fear that an increase of $50 million will enable the telephone company to stay away from parliament for fourteen or fifteen years. They have no desire to hold up development or the installation of new telephones. They heartily approve of the development plans of the telephone company and it was admitted before the committee by Mr. Hamilton, the vice-president of the company, that if the amount of the increase were reduced the effect would not be to retard development at all but only that the company would have to come back to parliament at an earlier date than if the full $50 million were granted.

In the committee I moved that the total authorized capital should be $60 million instead of the $75 million which was being asked. That amendment of course was debated and it was voted down. The bill was treated as though it were a government bill. Liberal members—

Some hon. Members: Oh, oh.

An hon. Member: Shame.

Mr. Dickey: It is not true.

An hon. Member: That is right.

Mr. Green: Some hon. members may not like it, but I repeat, and the fact is, that the bill was treated in the standing committee as if it were a government bill.

Mr. Campney: Nonsense.

Mr. Robinson: How did the opposition vote on that bill in committee?

Mr. Green: We hear the hon. member for Vancouver Centre say "Nonsense". That shows where he stands on this bill.

Mr. Dickey: It is not true.

Mr. Green: Did someone have something to say?

Mr. MacInnis: Mr. Chairman, is it in order when one member makes a statement for another member to say that statement is not true? There is a very definite implication in that remark which cannot be hidden.

The Deputy Chairman: It is not unparliamentary to say a statement is untrue if there is no imputation of intentional falsehood. See Beauchesne, third edition, citations 240 and 258.

Mr. Green: Well, just before this amendment was voted on, government members came trooping in from various parts of the house. Some of them had not attended at all previously. This bill was considered at several sittings, and some hon. members had not even bothered to come and learn what it was all about; yet for the vote on the amendment they trooped in and voted against it.

The Deputy Chairman: Order. The hon. member has a good deal of latitude when speaking on section 1, but I do not think a discussion of incidents that happened in the committee that considered this bill has any relevancy to section 1 and what may be discussed there.

Mr. Green: The bill has been reported back by the committee, and I submit I am in order in discussing what took place during the discussion of this bill by the committee.

The Deputy Chairman: The hon. member is quite right, as long as his remarks are relevant to the bill. I do not think the attitude of members of the committee, or the way they voted, or the way they attended committee meetings, has anything to do with the merits of the bill.

Mr. Green: Well, Mr. Chairman, I had finished that part of my remarks. I would only add that I was amazed at the attitude taken by the government members from greater Vancouver in view of the fact that the city council took such a strong stand against this bill on the ground that the increase was excessive.

The other ground of objection was the unfair nature of the contracts between the British Columbia Telephone Company and its affiliates. I can best illustrate that objection by pointing out that the British Columbia Telephone Company is owned by a Montreal company known as Anglo-Canadian Telephone Company, which in turn is owned by the Gary group. One of their companies is the Associated Telephone and Telegraph Company of Kansas City, but in any event the real control of the British Columbia Telephone Company is in the Gary group, the parent company being a Missouri corporation. The Anglo-Canadian Telephone Company in Montreal is purely an investment corporation. It has no staff to do any telephone work, but there is what is known as a licensing contract between that company and the British Columbia Telephone Company which provides that the British Columbia company must pay one per cent of its gross revenue to Anglo-Canadian in return for technical and financial advice. In 1948 the amount paid came to $181,051. At that time the rate was 1½ per cent; it was dropped to 1 per cent just before the hearing of the rate application in 1950. Last year, when the British Columbia company had a gross operating revenue of over $16 million it had to pay Anglo-Canadian under this licensing contract more than $160,000 calculated at the rate of 1 per cent.

It is admitted that Anglo-Canadian has no facilities to supply any of these services, but it is argued that the Gary company could supply them. As a matter of fact the British Columbia Telephone Company has always been run efficiently and is perfectly able to supply all these services itself. The Gary company had no contract with the British Columbia Telephone Company, and from Anglo-Canadian in 1948 received only $3,150 for the same services, whereas British Columbia Telephone Company had to pay Anglo-Canadian over $181,000. Incidentally there are other, smaller telephone companies in British Columbia which are brothers of the British Columbia Telephone Company,

being also owned by Anglo-Canadian, which were just as much entitled to these services as the main company.

The effect of a contract like that, of course, was that the telephone users of this company had to pay rates which would cover that $181,000 to Anglo-Canadian, whereas Anglo-Canadian paid only $3,150 to the parent company. That was a clear case of milking the telephone company, but in its decision on the rate application in 1950 the board of transport commissioners held they had no power whatever to consider the contract between Anglo-Canadian and the Gary group. I have here the finding of the deputy chief commissioner, Mr. Sylvestre, who had this to say on this point:

It is suggested that the payment of money by the company to Anglo-Canadian Telephone Company far exceeds the amount paid in turn by that company to the affiliates who actually provide the service. This, in my opinion, goes far beyond the board's jurisdiction.

So the board held that they could not go into this question of the contract between the affiliates. The city of Vancouver is determined that further power shall be given the board so they may investigate such contracts and thereby do justice to the telephone users.

The committee did make a recommendation on that point in its report which was tabled yesterday. It said:

Consequent upon consideration of Bill No. 116 (Letter E of the Senate) intituled "An act respecting British Columbia Telephone Company" it is recommended that your committee be empowered to make a special report on the question of extending the jurisdiction of the board of transport commissioners to enable them—

Mr. Robinson: I rise to a point of order. We are discussing section 1 of this bill, and I feel that the remarks of the hon. member are entirely irrelevant to the subject under discussion. I realize, sir, that you have quite a responsibility. Your kindness when we transgress the rules is well known, but at the moment I feel that in a discussion of this kind the rules should be strictly observed. I do not think this type of discussion is relevant to section 1 of this bill, and I must ask you to rule it out of order.

Mr. Green: On the point of order, Mr. Chairman, may I say that this is a report of the committee on the British Columbia Telephone Company bill. It reads:

Consequent upon consideration of Bill No. 116 (Letter E of the Senate), intituled: "An act respecting British Columbia Telephone Company" . . .

Now, that report was submitted with the report on the bill, and I submit I am in order in discussing this recommendation which was made by the committee. If the hon. member will have patience, I am sure his pipe line bill will be reached a little later. The less he interrupts, the sooner it is apt to be reached.

The Deputy Chairman: The governing rule in committee of the whole is standing order 58, section 2, which states that speeches must be strictly relevant to the item under consideration. In considering section 1 of a bill in committee, the practice has been to allow a discussion of a general character. In relating his remarks to this bill following this general practice, the member for Vancouver-Quadra is discussing some of the incidents which occurred in the study of the bill in the committee on railways, canals and telegraph lines. He was about to quote from the report of the standing committee which was tabled yesterday when the member for Simcoe East rose to a point of order. The committee report was tabled yesterday, and the hon. member may therefore quote from it.

As he had not yet quoted any of the recommendations contained therein, I cannot tell whether they are related to section 1 which is under consideration. Let us hear the quotation, and if it does relate to a discussion of this bill then the hon. member for Vancouver-Quadra is quite in order in quoting from that report.

Mr. Green: Mr. Chairman, this whole question ran throughout the discussion of the British Columbia Telephone bill in the committee on railways, canals and telegraph lines. As a result of the discussion, we have this recommendation.

Mr. Robinson: Read the report.

Mr. Green: The report reads:

Consequent upon consideration of Bill No. 116 (Letter E of the Senate), intituled: "An act respecting British Columbia Telephone Company," it is recommended that your committee be empowered to make a special report on the question of extending the jurisdiction of the board of transport commissioners to enable them, in approving or revising tolls and charges of a company under its jurisdiction, to investigate fully and take into account transactions relating to companies having an intercorporate relationship with such company, and to make recommendations in respect thereof.

In view of the fact that the whole question of rates and the jurisdiction of the board of transport commissioners is to be considered during the autumn session of this house, I hope that attention will be paid to this particular recommendation.

Mr. Robinson: Having heard the report, I still submit it is out of order.

Mr. Green: I do hope that consideration will be given to this recommendation, and

that the government will see fit to give the committee power to bring in a recommendation along the lines requested in the committee report.

Mr. MacInnis: Mr. Chairman, I wish to say a few words on section 1.

Mr. Dickey: Forty minutes.

Mr. MacInnis: It is a great satisfaction to me that we have so generous a person in charge of the rules of the committee. I hope you will exercise the same generosity when other speakers are on their feet.

The Deputy Chairman: Order. The hon. member will address himself to the Chair.

Mr. MacInnis: I intend to do that. As a matter of fact, I did address myself to the Chair, but there is a member across the way who insists on addressing himself to me. As you did not take steps to stop him, I had to do so.

The Deputy Chairman: The hon. member will realize that sometimes interjections are made in certain corners of the chamber which are not heard by the Chair. I noticed that the member for Vancouver East was looking across the way, and instead of the third person I heard him express himself in the second person. He referred to "you" instead of "he", and was apparently addressing himself to a member across the aisle. In any event I took it that he was not addressing himself to the Chair. If I had heard the interjection by another hon. member, I would certainly have reminded him that he cannot interrupt the member who has the floor without his consent.

Mr. MacInnis: Thank you, Mr. Chairman. I shall try not to transgress again, even if the senior member for Halifax does interject.

The main factors in connection with this bill can be put before the committee clearly and briefly. The reason for members representing Vancouver constituencies opposing the granting of the full amount of capital requested by the British Columbia Telephone Company in this bill can also be put clearly and briefly. The company asked for an increase in capital from $25 million to $75 million. When we take into consideration that up to as late as 1947 the capital of the company was $11 million, I do not believe we were being unreasonable in suggesting that they should not be granted the full amount they asked for.

I remember that this company came before parliament in 1941 for an increase of $10 million in capital. At that time the situation was somewhat similar to the situation today. We were then engaged in a war and there were shortages. We are now preparing for what perhaps may be a war, or to prevent a war, and there are shortages. In 1941 the company asked for $10 million and ultimately got $1 million. On the basis of the amendment proposed by the member for Vancouver-Quadra in the standing committee, I think we were being very generous. The company operates on a federal charter which is based on the fact that the telephone company is a work for the general advantage of Canada. There is only one occasion when the people of British Columbia, through their public representatives, can have any influence at all on the activities of this company. That one occasion is when the company comes to this parliament for an increase in its capital. The operations of the company do not come under the public utilities commission in British Columbia nor indeed under the supervision of any authority. I drew that fact to the attention of the committee by quoting from a letter that was written to me by the acting secretary of the board of transport commissioners. I should like at this time to read the relevant paragraphs in that letter. I had referred to them a complaint that came to me from a municipality in British Columbia alleging discrimination in the allocation of residential telephones; and the reply I received was in part as follows:

> I would point out, for your information, that the board has never considered that its powers with respect to telephone companies extend to the matter of furnishing or dealing with telephone service. Such powers as the board possesses are limited to matters affecting the tolls charged for the service.
>
> Under the circumstances the board is unable to be of any assistance.
>
> Yours truly,
>
> C. W. Rump
> Acting Secretary

The city of Vancouver, a municipality representing the largest aggregation in British Columbia of telephone users of the British Columbia Telephone Company, realize the point I have made, namely that once the company was given the capital it was asking for, it need not concern itself with any authority whatsoever inside of British Columbia until the next time it had to come to this parliament ten years from now, or whatever number of years it might be.

The city, therefore, through its corporation counsel, wrote to each member of parliament representing a Vancouver constituency and drew attention to the fact that the city was concerned in the matter and that a representative would be sent to Ottawa to appear before the committee on railways, canals and telegraph lines when the bill had been referred to it. In committee the hon. member for Vancouver-Quadra, as he has stated, moved that the capital, instead of being

increased to $75 million, be increased to $60 million. The sponsor of the bill, the hon. member for Skeena, in opposing this amendment stated that when there was a difference of opinion as between the city of Vancouver, or for that matter, as between the British Columbia Telephone Company and any organized authority or any individual, as to the amount of capital required, he would always take the word of the British Columbia Telephone Company. That may be quite satisfactory to the hon. member for Skeena, if he wishes to look with such great favour on a corporation which is in business solely for the purpose of making profits for its shareholders. When that profit must be taken out of those who use its services in British Columbia, I think the British Columbia Telephone Company is well able to look after itself and does not need the protection of elected representatives; but those who are using its services do.

Let me now state the position of those who opposed the granting of the full amount of the increase in capital sought. In the committee an attempt was made to try to show that we would be holding up a measure affecting the ability of the company to extend its services by refusing anything less than what it asked for. I think the hon. member for Vancouver-Quadra and I are responsible residents of the city of Vancouver. We have lived there for a long time. I have represented the city, in one capacity or another, for more than a quarter of a century; and I certainly would not do anything that would hamper its progress or interfere with the welfare of the province I represent or of the city from which I come; and I would say the same thing for the hon. member for Vancouver-Quadra. We are sent here by our constituencies to represent and to protect the residents of our city from exploitation by corporations; and that is what we have attempted to do.

I am not going to go over the ground covered by the hon. member for Vancouver-Quadra when he drew attention to what happened when the vote was taken in the committee. In the early committee sittings we had to wait for a considerable time before we could get a quorum. But on the last day, when the vote was about to be taken, the committee room was filled with members of the committee eager and ready to finish its work according to the wish of the company. That kind of thing has happened before in this house, Mr. Chairman. I think it happened last year in connection with the pipe lines bills and it was drawn to the attention—

[Mr. MacInnis.]

The Deputy Chairman: Order. I think the hon. member knows that what he is saying is not relevant to the clause before us when he speaks of the conduct of members in the standing committee.

Mr. MacInnis: I think it is relevant to the proper conduct of the country's business in this house.

The Deputy Chairman: Yes; but that does not necessarily mean that it should be discussed under clause 1. If the hon. member wished to take exception to the conduct of some members of the standing committee, he could have done so when the motion was made for concurrence in the report of the committee, if such was the case, or on some other occasion.

Mr. MacInnis: I will accept your ruling, Mr. Chairman; although I heard what happened during the last session discussed in the house. I did not make the strictures on the committee of that time; they were made in this chamber, though. I say that it is nothing short of scandalous that people who did not hear a word of the evidence should come into a committee and vote and determine what is to be done about a matter of which they know nothing. If that is the kind of protection the people of this country are going to have from their elected representatives, they are better off without it.

Mr. Thomas: I find myself in a happy position on this bill, Mr. Chairman. None of my colleagues nor I are affected in any way by this bill. The only information that we have is that obtained from the evidence given in committee and from what was said on the motion for second reading of the bill. We have no personal quarrel with this company. We can therefore speak generally on this bill, with no prejudice. There is, however, a definite principle involved. The B.C. Telephone Company is a private company—

Mr. Byrne: How do you like the provincial company?

Mr. Thomas: —and as such, has our wholehearted support. The position of this group has been made clear on many occasions. We heartily agree with the principle of private ownership and private enterprise. This company does have a monopoly on this particular business in British Columbia; but that in itself is not sufficient. It does mean that it has responsibility far greater than any company operating under active competition. They have no reasonable competition to govern their actions whatsoever.

As a result their responsibility is much greater. Also the activities of this company

affect the welfare of tens of thousands of people in this country, and it is quite apparent it should be responsible to something.

Mr. Byrne: What about the board of transport commissioners?

Mr. Thomas: I will deal with that in a moment. It is quite apparent from the evidence given in the committee that the board of transport commissioners does not have sufficient authority to deal with this type of circumstance. It is also quite clear that parliament is the only body in Canada that has any control whatsoever over the British Columbia Telephone Company.

My colleagues in the committee and I opposed the bill, and supported the amendment which would cut down the capital asked for, not because we had any quarrel whatsoever with the company but because we did feel that, because the parliament of Canada was the only place in which there was any control over the activities of the company, it should be brought before parliament sooner than was indicated under the terms of the bill.

If that capital were cut down the company would have to come back within a reasonable length of time. We could look into its operations and see what it was doing. It operates as a utility, and as such it has a definite responsibility to the people generally as well as to the stockholders. If there were no deterrent whatsoever no one can say to what lengths they might go to make greater profits. As I said before, apparently the only body in Canada that has any control whatsoever over the company is parliament. The accounts of the company should be brought before this body at frequent intervals so that we may have some check upon its operations.

Mr. Hodgson: Mr. Chairman, an amendment was moved in committee, that the capital be reduced from $75 million, but the amendment was refused. This company, with a capital of $11 million, came before parliament about four years ago and obtained an increase to $25 million. Now they are back with the request that it be raised to $75 million. I am of the opinion that a seven-fold increase, from $11 million to $75 million, in a period of four years, is something more than a drop in the bucket. I am an easterner but, while I do not belong to British Columbia, I am interested in that province. Indeed I am just as interested in the welfare of British Columbia as in that of any other part of Canada because we realize that if we are to have a united country we must think of each other, and co-operate.

I was sorry in committee to see Liberal members rush in and vote in a solid bloc, just as though it were a government bill, as the hon. member for Vancouver-Quadra has said.

The Deputy Chairman: Order. As I have already indicated, we should not discuss the action of hon. members on that committee.

Mr. Hodgson: I abide by your ruling, Mr. Chairman. But the same thing happens here regularly; we do not have to go to a committee to see it. I would like to see this come to a vote, just to see how the hon. members from British Columbia will vote. Therefore I shall not take up more time.

The Deputy Chairman: I should point out that clause 1 has been amended. The amendment, at the sixteenth line, is in these words:

but no change in the rights or privileges of any class of preference or preferred shares shall be made unless the holders of seventy-five per cent in par value of the shares of such class issued and outstanding agree to same.

That was the amendment adopted by the standing committee. Is the committee ready for the question?

Mr. Fulton: For my own information may I ask whether it is necessary that that amendment be moved in committee of the whole or if it stands as part of the bill as reported from the standing committee on railways, canals and telegraph lines?

The Deputy Chairman: I must ask the committee of the whole if section 1 as amended carries.

Some hon. Members: Carried.

Section as amended agreed to.

Section 2 agreed to.

Bill reported.

Mr. Applewhaite moved the third reading of the bill.

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

Mr. Green: On division.

Motion agreed to on division, bill read the third time and passed.

BAPTIST UNION OF WESTERN CANADA

The house in committee on Bill No. 336, to incorporate the Baptist Union of Western Canada—Mr. Diefenbaker—Mr. Beaudoin in the chair.

Sections 1 to 18 inclusive agreed to.

The Deputy Chairman: Hon. members will recall that this bill was considered carefully

in the committee on miscellaneous private bills and was reported to the house.

Bill reported, read the third time and passed.

UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF SASKATCHEWAN

The house in committee on Bill No. 337, to incorporate the Ukrainian Catholic Episcopal Corporation of Saskatchewan—Mr. Knight—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

The Deputy Chairman: This bill was considered carefully in the miscellaneous private bills committee and has been reported without amendment.

Mr. Herridge: Will the hon. member explain the purpose of the bill?

The Deputy Chairman: It has been the practice for the sponsor to explain on the first reading. This bill has had second reading and the principle was accepted. It was then considered carefully by the committee on miscellaneous private bills and we are now in committee of the whole on the bill.

Mr. Robinson: I should like to ask the sponsor if he knows any of the incorporators mentioned in section 1?

Mr. Knight: I have been in touch by correspondence with the Most Reverend Andrew Roborecki who was installed as the titular and spiritual head of the Ukrainian Catholics in Saskatchewan at a ceremony on May 3 of this year. I have not met the reverend gentleman personally, but I have been in correspondence with him.

Mr. Robinson: I notice there is only one incorporator named in section 1 and I was wondering if there will be others associated with the Most Reverend Andrew Roborecki?

Mr. Knight: There is only the one incorporator at the moment, but this bill gives him authority to appoint associates who may work with him in looking after the temporal affairs of his diocese.

Section agreed to.

On section 2—*Head office.*

Mr. Robinson: I notice this section reads:

> The head office of the corporation shall be at the city of Saskatoon, in the province of Saskatchewan, or at such other place as may be appointed by the corporation.

Do I understand by that that the corporation could set up its head office in Ontario or some other province of Canada?

Mr. Knight: The answer to that question is "No." Two bills similar to this one have passed this house incorporating this particular organization, in one case in western Canada which would take in the districts west of Saskatoon, and in the other case in eastern Canada. Ontario would be within the eastern Canada bill.

Mr. Robinson: That being the case, would my hon. friend be agreeable to an amendment providing that the head office of the corporation would be permanently situated in Saskatchewan and eliminating the last words of the section which reads:

> —or at such other place as may be appointed by the corporation.

Mr. Knight: I see no reason why I should support such an amendment which would be contrary to the petition presented by the titular head of this organization. These people were formerly known as Ruthenian Greek Catholics, and there are 70,000 of them in the province, and I see no reason why Saskatoon would not be a good place for their headquarters. That is the desire of these people and I see no reason why I should support an amendment to the contrary.

Mr. Dickey: As I understood it, the suggestion was not that the location be anywhere but as indicated in the bill. Would the hon. member have any objection to limiting the location of the headquarters to western Canada? When the hon. member was answering a previous question I understood him to say that another bill had been enacted incorporating this organization in eastern Canada.

Mr. Knight: If my hon. friend will read section 2 of the bill he will have an answer to his question. That reads:

> The head office of the corporation shall be at the city of Saskatoon, in the province of Saskatchewan, or at such other place as may be appointed by the corporation.

I would not be prepared to support any contrary amendment.

The Deputy Chairman: It being nine o'clock, shall I report progress and ask leave to sit again?

Progress reported.

The Acting Speaker (Mr. Beaudoin): It being nine o'clock the house will resume the business which was interrupted at six o'clock.

SUPPLY

DEPARTMENT OF EXTERNAL AFFAIRS

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

A—Department and missions abroad—

84. Departmental administration, $2,272,597.

Mr. Fournier (Hull): When Mr. Chairman called it six o'clock I noticed that there was

disagreement between certain hon. members as to the procedure to be followed in discussing this item of external affairs. During the dinner recess I did look up the authorities to see if I had been a little hasty in the motion that I proposed to move. I am always open to conviction, and I must say that perhaps I was not quite in order. I admit that very candidly. If I understand correctly the discussion that took place concerning this Ming Sung Company, what the opposition is trying to find out is if these bottoms are carrying military equipment or supplies.

Mr. Graydon: Or Russian captains.

Mr. Fournier (Hull): Or Russian captains.

Mr. Graydon: And communist crews.

Mr. Fournier (Hull): Or any other suggestion the hon. member may make.

Mr. Graydon: We want to smoke out the communists.

Mr. Fournier (Hull): The Secretary of State for External Affairs has said that he has not full information on the questions that were put to him.

Mr. Hodgson: He should have.

Mr. Fournier (Hull): That is your opinion. At all events, he has not the information at the present time. If we could let this item stand he, his officials and the other ministers interested in this question would get the information, which I do not think they can secure this evening. We could let the item stand and revert to some other item with the undertaking that the Minister of Finance, who has some responsibility in this matter, could handle the item later when we get the information. I thought I could stand up and move that the item stand.

Mr. Diefenbaker: But you cannot.

Mr. Fournier (Hull): I know I am not as learned as my learned friend.

Mr. Diefenbaker: No, and I realize that!

Mr. Gibson: He does not pretend to be.

Mr. Fournier (Hull): I do not pretend to be, but I never laugh at people who admit that they do not know something.

Mr. Diefenbaker: I am not laughing.

Mr. Fournier (Hull): The only motion allowed under citation 480—and you have no doubt read it during the dinner recess—when a resolution is under consideration in committee of supply, is that the amount be reduced or that the chairman leave the chair either without making a report or to report progress on certain resolutions. After stating that we have not the information ready this evening, if the government wanted to insist that we do not continue this debate I could certainly move that the committee rise, report progress and ask leave to sit again this day. That would be in order. However, I do not think when we are on the home stretch, and being such good friends with the leader of the opposition, that I should deny the opposition the right to make speeches if that is what they wish, because you cannot get an answer. We have told you we have not got the information. I will not move that motion because we will make no progress, and because, having a certain responsibility leading the house, I think it would be a loss of time. I think we should all agree to let the item stand and take up another department. I suggest that is the proper way to deal with it.

Mr. Drew: If it were the fact that the essential information was not available I would be the first to concur in the suggestion. In fact I indicated earlier that I thought that if the information was not available the item might at that time stand until it could be obtained. I would point out to the minister, however, that as a result of the further discussion which took place it is now clear that most of the essential information is available. There is one subject on which the government possibly has not yet been able to satisfy itself, and that is as to the present personnel manning the ships. It may be that they have not been able to find out whether in fact a Russian captain is in charge of one of the ships. It is obvious from the letter that was read into the record just before the dinner recess that an inquiry had been directed to that subject and that a reply had been received.

While that is important, and while it would be extremely useful to know if in fact these ships, manned by other than Canadian seamen, are under the direction of Russian captains or officers, nevertheless I suggest that the information that could readily be placed before the house would make it possible for us to settle some of the principles which are now involved in this discussion. It seems to me that the only two things concerning which the government suggests it still requires information are as to the identity of the crews and whether or not the ships are carrying materials of war. There are, however, other things that could be placed before the house which would explain this transaction. There certainly must be files readily available dealing with this particular subject. The matter was placed before the cabinet, as has been explained by the Minister of Transport.

The very fact that it was placed before the cabinet brought to the attention of the

Secretary of State for External Affairs the international aspect of this problem. The financial aspects are secondary to the very important principles involved in a change of registry of this kind and the transfer to Canadian registry, with the use of the Canadian flag, of ships operating in association with a company whose main business is now in communist China. It has been explained to us that this was not done by order in council but was done after consultation with the government by government directive. That directive can be placed before the committee. I hope it will not be suggested that, with this discussion having taken place yesterday and today, the government is not in a position to place that directive before the committee. It would indicate exactly what the instructions were.

It also should be possible to obtain information as to the terms of the directive and as to the circumstances under which it was made. The application which prompted a decision of that kind will be on file and would explain the grounds upon which the government made this very unusual decision. Then we also should be informed now as to how it was that the government agreed to the transfer to Canadian registry of ships which had originally been delivered to a company operating mainly in communist China, and why the government concurred in the setting up of a Canadian subsidiary of that Chinese company with head office in Montreal at a time when this company, with branches throughout China, was operating within the communist area.

I should think that would be clearly disclosed by the material which must have been on file at the time this matter was considered and the decision reached by the government. The files would also disclose, and it would be possible for the government to produce, the communications which informed this Canadian subsidiary of the Chinese company as to what the conditions and terms were under which they would operate these ships with Canadian flags and under Canadian registry.

Then we come to a later stage. The Minister of Trade and Commerce has already disclosed that this subject has been under consideration for a sufficient length of time to receive a communication from the Canadian representatives in Hong Kong. The letter he read into the record indicated that an inquiry had been directed to the Hong Kong representative of the Ming Sung Company and a reply had been received from that company denying that a Russian officer was in charge of one of the ships, and making certain statements as to the nature of the freight carried. The very fact that the government directed such an inquiry and that it has already received a reply indicates that there must be some other material that can be disclosed to the house which prompted the inquiry. Doubtless there is other information. The Minister of Trade and Commerce undertook to table the letter from which he read and the covering letter from the Canadian office in Hong Kong, and I trust that those documents have been tabled already for the information of this house.

This would give us a fairly complete picture. It would make it possible for us to see exactly what has happened in this case. It is not possible for us to understand what took place unless that information is fully disclosed. Before dinner the Minister of Transport made a comment to the effect that there was an established practice that government directives of this nature are not produced. I would hope that upon further consideration neither the Minister of Transport nor the Secretary of State for External Affairs would take such a position, because this transaction is of such a nature that the members of this house should have full information. There can be no question of security involved, or anything of that kind, which would present any reason why this house should not be fully informed as to the directive which interpreted this very remarkable decision, which resulted in the transfer of these ships to Canadian registry.

I have outlined these things that could be given the house. This must be information which is readily available now. If the minister who is leading the house, and who has stated the position of the government, will examine the suggestions I have made he will not find one that could not be complied with. Then we would be in a position to discuss this subject which is definitely related in a very important way to the policies of the government in relation to communist China and other communist countries at this time. It is known that the Secretary of State for External Affairs intends to leave Canada within the next few days. This matter involves a very important question of policy. The information I have mentioned can be produced and this whole question of policy can be considered while the minister is still here.

Of course there is one way in which this debate could be disposed of; that would be for the Secretary of State for External Affairs to adopt the suggestion which was made in all earnestness, that the government announce now that it will cancel this transfer and bring these ships back fully under Canadian control. I repeat that suggestion and urge upon

the Minister of Public Works its adoption as a means not only of facilitating the business of the house but of settling something which otherwise is going to cause the people of Canada very great concern.

Mr. Fournier (Hull): I do not want to cut off this interesting debate. The suggestion of the leader of the opposition is that the Secretary of State for External Affairs give assurance that we will take Canadian registry away from those ships. The answer given today by the minister was that he would not give that undertaking before he had completed the inquiry which is being made into this matter. He said that when all the facts were known the government would announce its policy. Then he went on to say that the inquiry was going on, and he did not have the full information. So I do not think it would be fair to ask the minister to give that undertaking, without even consulting his colleagues in the government. If hon. members wish to continue this debate I shall not intervene again after I sit down. The Secretary of State for External Affairs gave all the information in his possession, and said he was trying to get the information to answer the other questions asked. He has not received that information, and he says he will need time to get it. If hon. members wish to continue to speak on this subject I will not object, because I do not want to be told I am trying to railroad the house into something, as has been said before. On the other hand, the Minister of Finance did not know this matter would develop during this discussion, and he is not in the house. He is one of those interested in the matter. I am ready to listen to what hon. members have to say—

Mr. Drew: Before this discussion leaves the very amiable atmosphere in which it has been conducted so far—

Mr. Fournier (Hull): It will continue in that way.

Mr. Drew: —I would point out to the minister who is leading the house that the information to which I have referred must be available.

Mr. Fournier (Hull): You must take the minister's word.

Mr. Drew: I am satisfied that the filing system is sufficiently efficient that within five minutes it would be possible for the Secretary of State for External Affairs to obtain from the appropriate department not only the government directive in regard to the transfer but also the information that was before the government at the time it made its decision. I am sure the minister would not question that. It is also certain that the government can produce from its records—and after all it is the government speaking, not an individual minister—the file containing all the information in regard to the inquiries which were directed to the Canadian office in Hong Kong, as a result of which the officials of that office got in touch with the Ming Sung Company in regard to certain details. Obviously these questions were related to information which had been placed before the government. That information is on file and can be produced in this house tonight, not a few hours from now, or a few days from now. It can be produced within less than five minutes if instructions are given the appropriate department to produce those files. That is what I am suggesting should be produced now for the information of this house.

Mr. Fournier (Hull): The leader of the opposition has followed this debate quite closely, and he knows this incident began with the receipt of a letter by the hon. member for Nanaimo. The Secretary of State for External Affairs mentioned that he or someone in the government had also received a copy of that letter; and on that letter I understand external affairs is calling for an inquiry into the facts, but it has not received the information yet. As I understand it, that was the beginning. The hon. gentleman says it must have been based on something. If I correctly understand what the Secretary of State for External Affairs said, it was based on the information contained in the letter from the president of the guild to the hon. member for Nanaimo. That was the genesis of the whole matter. We admit we have not had time since receiving that letter to complete the inquiry and have all the information requested by the opposition. Believe it or not, that is the position this evening.

Mr. Drew: Does the Minister of Public Works suggest that the letter which was read into the record this afternoon by the Minister of Trade and Commerce was received as a result of inquiries which were only related to the copy of this letter to which he now refers? This is June 15, and I think it would appear fairly obvious that if an inquiry of this nature has already been conducted, a reply has been received from Hong Kong. If the people in charge had made inquiries from the Ming Sung Company, there must have been some other information before the government. Whether there was other information or this information, at least it is apparent the government made some inquiry, and has received not only the letter from the Ming Sung Company to the Canadian office in Hong Kong but it has also received the letter—which I would remind

the Minister of Public Works the Minister of Trade and Commerce has undertaken to table and I hope has tabled—which was sent and which forwarded the other letter that has been read.

Now these letters are available, and they will give us some information. When the minister speaks of where this started, we are talking about the change of registry and that started by some request to the government of Canada from the Ming Sung Company, a Chinese company operating at that time mainly within the communist area of China. It was a request that ships which were then under Chinese registry be transferred to Canadian registry, and that special exemption be provided so that the ordinary regulations would not apply and those ships could be manned by crews other than Canadian crews. We want to know about that. We want to know what information the government has had in the intervening period, and what direction the government gave as to how that operation had to be carried on; what information the government has already obtained—and it has obtained some information from Hong Kong as a result of its inquiries because the Minister of Trade and Commerce has produced a letter which was written from the company, not to the government here but to our officers in Hong Kong. We can proceed with that information before us and perhaps clear the matter to some extent, even if we are not able to decide whether the captains are Chinese or Russians or what the actual trade is that is being carried on by those ships.

Before I sit down I would suggest that there is one reason why this should be discussed now with the information we have. It should not be necessary to repeat that nothing should be allowed to continue which may be inconsistent with the efforts we are making along with the other free nations in Korea. There is one rather unusual aspect of this whole situation. The ships, which apparently are among the most important ships operating out of Hong Kong, are operating on a triangular route. They are operating from Hong Kong to Macao in a Portuguese possession. While the freight may be under British certificate when it leaves Hong Kong, that offers no assurance as to what happens, quite within the laws of Macao, at the time the ships go there. The whole shipload may be unloaded at Macao and a completely new shipload of materials essential for war taken aboard, and then transferred to some Chinese port. We know that the ships are moving to communist controlled ports. With the information the government now has, I should think we could reach a decision without much difficulty as to whether or not this should be allowed to continue, even though some of the information is not yet available.

Mr. Diefenbaker: Mr. Chairman, the Minister of Public Works mentioned the genesis of this affair, if I heard him aright, and the genesis of it would be the circumstances under which the cabinet directive was made in April, 1950. The exemption of this company from coming within the provisions of the Canada Shipping Act was an act of the Minister of Transport. He is in the house now, and must have in his files all the information that we have requested. Section 133A to which he referred this afternoon provides that the minister may, if he thinks fit, exempt any ship from any requirement referred to therein, if he is satisfied that the requirement has been substantially complied with, and so on.

The minister received a directive from the cabinet. I would have thought that what he did under this act would usually be done under an order in council or regulation. In this case it was not so done. If it had been done by regulation or order in council, that regulation or order in council would have been, under the law, placed before parliament. However, he says he proceeded upon the basis of a directive from the cabinet. He could only proceed on that basis if he was satisfied that the request of this company was a proper one. The information asked for by us must be in the files of the Minister of Transport, upon whose shoulders the responsibility for granting the exemption rests. Who made the application for change of registry? If I understood the Minister of Transport aright, his explanation is not the same in that regard as that of the Minister of Trade and Commerce last evening. What were the circumstances upon which the minister exercised an almost judicial discretion in determining that this company should be exempt from the provisions of the Canada Shipping Act? What was the evidence before him that caused him to make a decision so at variance with what one would expect, allowing aliens, none of whom acknowledge the Canadian flag or anything it stands for, the use of the Canadian flag in China seas.

To whom was money owing in respect of the building of these ships? How did the banks find themselves in a position where some $12 million was owing to them? What were the circumstances in connection with the financing of these ships? How much money did the Minister of Trade and Commerce advance the builders of these ships through the Canadian Commercial Corporation. Those are questions upon which we have a right to

have information. This information must be in the possession of the Minister of Transport for certainly no Minister of Transport would grant an exemption under section 133A on any of the evidence that has so far been placed before parliament today, either by him or by the Secretary of State for External Affairs.

This afternoon production of the directive was asked for. The directive must set forth the circumstances explaining why this was done. What is the explanation available to the government in regard to the extraordinary proposition of placing these ships, certainly if not under the control at least under the active surveillance of communists in China? Certainly no one could seriously argue that such extraordinary action would be taken on the kind of evidence that the members of the government have placed before this committee during the past twenty-four hours.

Now then, there is a second phase of it, once we find out the genesis of the circumstances. It might be of interest to know who are the Canadian directors of this subsidiary. Did the banks make any advances to these directors after the exemption order was granted by the Minister of Transport? Did the parent company, the Chinese company, owe the banks? These are questions to which parliament has a right to have answers. These are questions, the information regarding which must be in the possession of the Minister of Transport or he could not have exercised his discretion in granting the order under section 133A. They must have been put before cabinet. The minister went to the cabinet for advice. What information did he provide the cabinet with? Why was this done? What is the advantage to Canada to have the ships operating under these circumstances? What Canadian wants to see the Canadian flag carried around in the China sea by those who certainly acknowledge nothing of what the flag stands for?

Mr. Blue: Will the hon. member permit a question?

Mr. Diefenbaker: Certainly.

Mr. Blue: Is the hon. member trying to win an argument or solve a problem?

Mr. Diefenbaker: I am not trying to convince my hon. friend, because I realize that is impossible. I am trying to point out, however,—

Mr. Dickey: Answer the question.

Mr. Graydon: They did not put the ships up for auction.

The Deputy Chairman: Order.

Mr. Diefenbaker: Mr. Chairman, that information the government has now.

Mr. Blue: Answer the question.

Mr. Hodgson: What respect have you for the Canadian flag? Answer that question.

Mr. Blue: Just as much as you ever had.

The Deputy Chairman: Order. I would ask hon. members not to interrupt the hon. member who has the floor.

Mr. Blue: Answer the question.

The Deputy Chairman: Order. Hon. members will realize, of course, that when a question is asked of an hon. member who has the floor, he does not have to answer it.

Mr. Blue: There is no answer.

Mr. Diefenbaker: Particularly when the question is unintelligent and unintelligible.

Mr. Blue: My colour is as bright as yours, Mr. Green.

Mr. Diefenbaker: That was lost on the desert air because it was not heard.

Mr. Drew: It has gone into the blue.

The Deputy Chairman: Order.

Mr. Diefenbaker: Apparently that is what this government is trying to do. We want to know those facts.

Then we come to the second stage—and the Minister of Public Works says that we have not got all the answers on that yet—namely the question as to what the situation is now, what is happening in the China sea between Hong Kong and the China ports. Information has been asked of the Secretary of State for External Affairs. When the minister says in effect "I have not that information", I would be the first to agree that he has not the information as yet. But let us get first things first. Let us clear up the genesis, to use the expression of the Minister of Public Works.

Mr. Graydon: Before the exodus came.

Mr. Diefenbaker: Let us clear up the unusual circumstances that are apparent. Why did the minister grant the exemption order? He came in this afternoon fully prepared to answer. He gave us a short answer. But many of the questions that we asked have not been answered.

Mr. Chevrier: Mr. Chairman, the answer which I gave to the committee this afternoon is all of the information that I had at my disposal. If the hon. member for Lake Centre is perplexed, I am afraid he is attempting to make a great deal of political capital out of this matter which is not at all as extraordinary as he or those associated with him would lead us to believe.

When I came to the house this afternoon at five o'clock or five-thirty, I asked what the questions were that I was required to answer. The leader of the opposition kindly said, in order not to have those questions repeated, that perhaps I could get them from someone else and obtain the reply. I should like the committee to be reminded of the fact that this is an application which was made in March of 1950. I do not pretend to have a better memory than any other member of parliament, and I certainly cannot be expected to carry in my head or in my mind all of the details concerning this application made more than a year ago. Armed with the questions which were given to me, I obtained the information which was available at the time; and by the time I gave it, it was five minutes to six. It was therefore impossible for me or for any other officers of the department to obtain all the information that was required by the leader of the opposition and by the hon. member for Lake Centre. As a matter of fact, a great deal if not the greater part of the information asked for by the hon. gentleman is not obtainable from my department or from my files. But since both the leader of the opposition and the hon. member for Lake Centre have repeated the speeches they made earlier, and added to them, let me repeat what I said at the time and what the position is.

In March of 1950 an application was made for Canadian registry of some seven ships, if my memory serves me aright. The application was made by the Ming Sung Corporation Limited, a foreign company; and out of that it followed that they formed a Canadian subsidiary. It was stated by the leader of the opposition that the government concurred in the formation of the Canadian subsidiary. I am not in a position to say whether it was a provincial corporation or a federal corporation. If it was a provincial corporation, surely the federal government did not concur in its formation. If it was a federal corporation, then it was incorporated in the usual manner through the office of the Secretary of State, and the government had nothing to do with concurrence in that. What the Department of Transport did—and I take the full responsibility for it—was to grant Canadian registry. There was nothing else that could be done because any other company doing the same thing that this company did—that is, form a Canadian subsidiary and get a bill of sale—had every right to go to Vancouver, to Toronto, to Montreal or to Halifax, register that bill of sale and there be entitled to place under Canadian registry the ships in question. There is nothing abnormal in that procedure.

The next thing that happened was the application under section 133A for an exemption from the carrying of British subjects as officers, mates or engineers, not of crews. The leader of the opposition said: You have all of the information required; surely you can tell us what the present personnel is, what the identity of the crew is. I have no way of finding out what is the present personnel of those ships. Neither have I any way of knowing what the identity of the crew is. But what I said this afternoon is that when the application was made for a certificate of exemption under section 133A of the Canada Shipping Act, the names of the officers, mates and engineers of those ships were furnished to us. They were all of Chinese origin, all Chinese nationalists. What happened since then I cannot say. It may be that the Secretary of State for External Affairs can obtain that information. I do not know whether he can or not. But certainly I have no way of obtaining it.

Let me go a step further. The hon. member says that under section 133A this certificate of exemption was granted, something which was a matter of grave responsibility. I consider that those matters coming under section 133A are always serious matters. When I have granted an exemption, as I have done oftentimes but not repeatedly, I have exercised the discretion myself. But on this occasion I felt that I should not do that. On this occasion I felt the circumstances warranted that the matter be revealed to my colleagues in the cabinet. And that I did. And I was given instructions to grant the exemption under 133A, which I did in the month of May or April, of 1950.

Now then, the leader of the opposition says, "Produce the directive." I will have to inquire whether or not a written directive was given. I have no recollection of whether it was or not. I do know this, that repeatedly matters are discussed in cabinet and advice is sought from them—"Here is a matter in which I require advice." A discussion follows and advice is given.

There was no order in council, so far as I could ascertain in the few minutes that were at my disposal this afternoon—about twenty-five minutes. There was no order in council given. There was approval given. And so far as I can recollect—and I might be mistaken; I might have to take it back—but so far as I can recollect there was no written directive. Approval was sought and approval was granted.

That being so, there was an oral directive that exemption be granted. And acting under

that advice, and with the concurrence of my colleagues in the cabinet, I issued the exemption under 133A.

I now come to the main objections that are being raised, both by the leader of the opposition and by the hon. member for Lake Centre, who asked countless questions dealing with other phases of the matter. The financial aspects of this I have had nothing to do with. If I were familiar with them in detail I would give them to the house.

Then it was asked: Who made the application. When was the application made? What were the advantages? I repeat that I have no information of that kind available. But I did put, in the few minutes at my disposal before six o'clock, all the information that I had at my disposal and that I was able to get; and I will say this, that if the House of Commons wishes to have it I can obtain all the information that it is possible for me to get in the department.

Beyond that I cannot go. I have nothing to hide, in so far as the two matters with which I have been concerned in this application, are concerned.

Mr. Green: Whether the directive from the cabinet was in writing or oral, the exemption issued by the Minister of Transport certainly must have been in writing. We are entitled at least to have that document brought before the House of Commons. Obviously it was very far from the usual form of exemption. In discussing it last night the Minister of Trade and Commerce had this to say—

Mr. Chevrier: May I interrupt the hon. member, without any desire at all to turn him from his trend of thought. He says that this exemption was one which was out of the ordinary, or at least one that was not usually granted, and that therefore there must be some record. I said in my statement a moment ago that there were a number of exemptions granted under 133A, and they are not granted as matters which are extraordinary.

For instance, I can think, during the post-war period, of a number of exemptions being granted for engineers, mates and so on—second mates acting in the place of first mates, and third engineers in the place of second engineers, because it was impossible to get first class engineers and first class mates. And they were done as a matter of course.

Mr. Harkness: That has nothing to do with this.

Mr. Green: That is the type of exemption which was contemplated by section 133A.

Mr. Chevrier: Not necessarily.

Mr. Green: Not the wholesale exemption of masters, mates and engineers on seven vessels, obviously.

Mr. Chevrier: I noticed the hon. member made that point this afternoon, and he makes it again tonight. I notice that in prior applications under 133A more than one ship has been granted exemption. I cannot give the name from memory, but I know of one case where several applications were made under 133A, and granted at the same time.

Mr. Graydon: Ships in the China sea?

Mr. Chevrier: I am dealing with ships in Canadian waters.

Mr. Green: Here were ships operating in communist waters. At the time this exemption was granted, last April or May, all that southeast part of China had been taken over by the communists. These ships obviously were to operate in communist waters, so there was nothing ordinary, I suggest, about the exemptions.

But whatever the case may be with regard to later exemptions, the minister must have granted this exemption in writing, and I would ask that he produce a copy of that formal exemption which was issued to this company.

Last night the Minister of Trade and Commerce discussed that matter, and he is reported at page 4124 of *Hansard* in this way:

> When they came back under the Canadian flag they were exempted from the requirements. This was the most disturbing condition to meet and, rather than let the ships go, which might have been the wisest course, we did take what seemed to be the practical course, to bring the physical ships under the Canadian flag, but to exempt the ships from the requirements of the Canada Shipping Act as long as they operated in Chinese waters.

The Minister of Trade and Commerce there pointed out that this exemption applied only while these ships were in Chinese waters. Surely the Minister of Transport can produce the actual exemption or exemptions containing these various provisions. If that were done it would help us to get rid of the matter.

He also said in the course of his remarks a few moments ago, or at least gave me the impression, that this application for Canadian registry came out of the blue, in the ordinary way that any application would come for registration. But the Minister of Trade and Commerce made some comments on that side of the question, too, last night when he said:

> All went well until the Chinese government, the government of Chiang Kai-shek, fell, and then the banks began to worry a little about their loan. In the uncertain situation that followed, it seemed wise—

And obviously the minister meant there that it seemed wise to himself and to his fellow members in the cabinet.

—to transfer the ships to the Canadian flag, which was done at the request of the Ming Sung Company, which expressed a desire to protect their loans in Canada.

Now, this whole question obviously was considered by the cabinet a year ago. Can either of the ministers, either the Minister of Transport or the Secretary of State for External Affairs, tell us why it was that this protection of the Canadian flag was given to these ships? One or other of those ministers must know why it was that such protection was given. I would ask that they let us have that information now.

Mr. Lesage: You had an answer this afternoon.

Mr. Green: No, we did not. And if the parliamentary assistant thinks we had it this afternoon, I would like to have it tonight.

Mr. Chevrier: I will not keep on repeating the same thing several times. I have said on two occasions in this debate that I have given the house all the information at my disposal at this time. Now, I would ask the hon. member to believe me when I say that I put that information on *Hansard* this afternoon and again this evening, and that I have no further information. I might be able to get more details or more of the information that has been required when I look into the files, but I think the committee will agree with me that in the twenty or twenty-five minutes at my disposal I did pretty well in getting what I did get concerning a matter which took place over a year ago, and much of which had not to do with my department. My hon. friend asks for information, but I regret that I am unable to give him more than I have given. I repeat that I have given all that is in my possession and that I will do the best I can to get additional information which is in my department concerning this transaction.

Mr. Green: I ask the minister what was the underlying government policy in giving the protection of the Canadian flag to these ships? What was the reason that was done? I think that is a very material question. Here was a decision and an unusual exemption granted. What was the policy which caused that to be done? There must have been some reason that the government took that step. Why was it taken? It certainly was not merely to help out a private company, I would think. What was the reason that this unusual step was taken?

Mr. Chevrier: My hon. friend will have to ask that of some other minister. I did say this afternoon that the circumstances surrounding the application were that the ships were likely to fall into communist hands; that unless something were done to give the protection of the Canadian flag or the British flag that would happen. I also said that there were no British officers, that is mates or engineers, available in Hong Kong for the manning of these ships.

Mr. Green: What difference would it make to Canada if these Chinese ships did fall into communist hands? These were ships which had never been registered as Canadian ships, except perhaps during the course of their building. They were registered as Chinese ships under the Chinese nationalist government. Why did the government of Canada take this step in order to prevent these ships falling into the hands of the other Chinese government? What was the reason for doing that?

Mr. Chevrier: I think the Minister of Trade and Commerce covered that in his statement last night and if the hon member will look at page 4124 of *Hansard* he will find the answer.

Mr. Green: Is the answer because the dominion government had guaranteed the bank loan? Is that what the Minister of Transport means?

Mr. Chevrier: If my hon. friend is trying to get from me information concerning finance, then I am afraid I cannot give it to him. I have dealt with the matter as far as I can as it concerns the Department of Transport.

Mr. Fulton: In the course of his remarks a little earlier the Minister of Transport, referring to what the hon. member for Lake Centre had said, made the statement that the circumstances surrounding this transaction and its present development were not as extraordinary as the hon. member for Lake Centre and those associated with him would lead us to believe. As a matter of fact I think the committee will probably decide that on the contrary the circumstances are more extraordinary than the ministers who have spoken so far this afternoon are prepared to admit. Indeed the circumstances have been extraordinary ever since the inception of this whole transaction which has landed us where we are today.

We have heard about five ships and two ships which appear to have gone missing. I believe that there were more ships than that. I should like to hear from the government as to what has happened to the other ships which were purchased by this Ming Sung Industrial Company Limited under a government-guaranteed loan. I believe that there were more ships and I should like to

have confirmation of that and to know what has happened to them. Are they in communist hands? Why were they not included in this arrangement? Are they trading with the enemy? What has happened to them?

In a further reference to the questions asked by the hon. member for Lake Centre the Minister of Transport stated that the government did not know anything about the incorporation of the Canadian subsidiary and that he did not know whether it was a dominion or provincial company. Surely the government must have known and must have had information at the time. I am not saying that the minister should remember all the details, but the government surely must have known at the time of the circumstances of this incorporation of the Canadian subsidiary because they had an outstanding loan against these ships.

If the bill of sale of the ships to be registered was in the name of the Canadian subsidiary, surely the government must have had knowledge of that bill of sale at the time they were registered and thus have known of the Canadian subsidiary. If my recollection serves me correctly, it could not have been a provincial company. As I understand the British North America Act, any firm engaged in trans-ocean or inter-coastal shipping could not possibly be incorporated under a provincial charter. It must be a firm incorporated under a dominion charter because the dominion has exclusive jurisdiction over that type of shipping. The federal government must have known at the time when this firm was incorporated. I do not think the committee should be satisfied with the refusal of information at this time on the ground, "Well, we probably do not know anything about it anyway because it may not even have been a dominion charter".

The Deputy Chairman: I am sorry to interrupt the hon. member, but I should like to bring to his attention a few citations which I think are appropriate on this occasion. The acting leader of the government has already stated that all the information that was available at this time was put before the committee. The Secretary of State for External Affairs made a similar statement this afternoon. The Minister of Transport has said repeatedly this evening that he has put before the committee all the information which was in his possession at the present moment, which was available at the moment. Citation 240 of Beauchesne, third edition, to be found at page 103, reads:

> It has been formally ruled by Speakers in the Canadian commons that a statement by an honourable member respecting himself and peculiarly within his own knowledge must be accepted,—

Citation 241 reads:

> A statement made by a member in his place, is considered as made upon honour and cannot be questioned in the house or out of it.

I do not think hon. members should say repeatedly that the minister should have this information now or should give the committee more information after so many statements have been made by ministers and by the acting leader of the government that all the information that is available at this time has been put before the committee. I should like hon. members in taking part in the debate during whatever time is yet available before adjournment to bear these citations in mind.

Mr. Drew: I recall no occasion on which it has been said that all the information now available is before us. It has been said—

Mr. Chevrier: I made that statement, that all the information at my disposal—

Mr. Drew: That is quite different and that is exactly what I want to point out. It is one thing for a minister to say that he has given to the house what he knows himself. The minister has a file on the Ming Sung Company. He could get that file. Even if there was an oral directive, which would be an interesting thing, there would be a copy there of the letter sent by the minister or his official to the Ming Sung Company interpreting that oral directive and telling the company under what circumstances they could have this registry transferred. The details will all be there and those details could be brought to this committee within a few minutes and presented to this committee.

The Deputy Chairman: Perhaps the leader of the opposition did not hear a few words of what I said. I said the Minister of Transport had made a statement to the effect that he had given all the information that was available, and I added, "at this time;" all the information that was available at this time. I am pretty sure I said that. I think the typescript copy of *Hansard* will prove I said that.

Mr. Drew: Mr. Chairman, I do not want to split hairs, but there is a vast difference between saying that we have all the information that is available at this time and saying that we have all the information that the minister now possesses, or everything he knows at this time. What I am saying is that it is unthinkable that there is not full information in a file in the Department of Transport with respect to the Ming Sung transaction. I qualify that by saying that the minister thinks that it was an oral directive, and if so then it is absolutely certain that there is a file readily available which

will contain the letter or letters which interpreted that oral directive and told the Ming Sung Company the exact conditions under which they would be able to carry out this change of registry.

Mr. Chevrier: I think that the leader of the opposition must have been out of the house when, over and above what he repeated, I added that I would get any other information that was available.

Mr. Drew: Get it now.

Mr. Chevrier: No, I cannot get it now.

Mr. Fulton: Mr. Chairman, I should like to point out that at the time you referred to certain citations I was dealing with the reasons advanced by the minister in support of the proposition that very probably this information was not in the possession of the government at all, and would not have been in the possession of the government at that time. I said that it might not be at the moment in the personal possession of the minister, but I was trying to show that the general information which we are seeking must be in the possession of the government for the reasons I advanced. The minister made other statements this afternoon concerning which I do not think any questions have been asked him yet, and as to which I would think he would have the information available now. I will ask him the questions and then perhaps he can tell us whether he can answer them now or later. One of the questions was actually asked by the hon. member for Vancouver-Quadra and has not yet been answered or referred to in the minister's reply.

What power has the minister under the Canada Shipping Act to strike these ships off registry? It has been suggested that that should be done, and suggested very strongly for reasons which have been advanced. The minister has not yet stated what power he has, and what he would have to go through to do that. The other matter to which I should like to refer is that the minister stated very clearly that at the time the exemption was applied for he had doubts as to whether the exemption should be granted, and because of those doubts he referred the matter to his colleagues in the cabinet. That was the minister's statement this afternoon. I can only presume that when he made it he recollected the doubts that he had. I should like to ask him therefore what were the doubts? Why did the minister think that it might not be proper, wise or propitious to grant this exemption? What were the doubts, and what was the basis upon which those doubts came into his mind? I think that is very pertinent indeed because in this case the minister appears to have been wiser than his colleagues. If he had doubts one must assume they were removed by his colleagues whereas actually his doubts were correct and the decision of the cabinet seems to me to have been shown to be wrong. I should like to ask the minister at this time to answer these questions. Then there are some further questions that I think should be put to the Secretary of State for External Affairs regarding the transaction. Perhaps the Minister of Transport would be kind enough to answer these questions first.

Mr. Chevrier: With reference to the first part of the hon. member's statement in which he referred to me as having said that there was nothing extraordinary about the transaction, I think if he looks up *Hansard* he will find that I was referring to the first part of this application. When I made that statement I was dealing with an application to register a ship under the Canadian flag. I stated that there was nothing extraordinary about that because that is done in the usual manner, and I tried to explain how it was done, by the filing of the bill of sale in the usual office. I am asked what power there is to withdraw. I presume there is the same power as there is to grant an exemption.

In so far as doubts are concerned, I suppose if my hon. friend were to continue his probing he could ask additional questions as to what other things were in my mind at the time. I do not know that I am required to give to the committee what the doubts were that were in my mind, if there were any doubts. What I stated was that usually an application under 133A is dealt with in the discretion of the minister in the ordinary manner, and as a rule I do not submit them to cabinet. In this case I felt that it should be submitted, and I did so. I do not think I need go beyond that. I do not think I am under cross-examination in the committee. I think that when I state that these were the circumstances I have gone as far as any minister is required to go. So far as giving the doubts that might have emerged in my mind at the time, I do not know that I would remember all of them that came up twelve, fifteen or sixteen months ago. Therefore I think I have discharged my responsibility to this house in giving the information which I have.

Mr. Fulton: The purpose of the question is to find out if possible whether there were any circumstances known to the minister.

Mr. Chevrier: In answer to two questions I placed on the record what the circumstances were which led me to submit it to cabinet, in answer to a question by the hon.

member for Vancouver-Quadra and, I think, in answer to another hon. member prior to six o'clock. That is a matter of record.

Mr. Fulton: I do not think the minister has been asked this question. Does the minister know who the directors are of the present affiliated Canadian company?

Mr. Chevrier: I presume that can be obtained but I do not know at this time.

Mr. Fulton: The minister has no knowledge at the present time concerning this company?

Mr. Chevrier: I have no recollection at this time of the directors of the Canadian corporation which made the application in March of 1950. I could hardly be expected to have that recollection.

Mr. Browne (St. John's West): There are one or two questions I should like to ask the Minister of Transport. I should like to know where these ships were when application was made to have them registered in Canada. The Minister of Trade and Commerce said that two of them were on the Yangtze. I do not imagine they went up there in 1950. They must have been there before, and therefore they must have been in communist possession when registration was sought.

Mr. Lesage: Those two were never registered.

Mr. Chevrier: Was the hon. member in the house this afternoon?

Mr. Browne (St. John's West): Yes.

Mr. Chevrier: Does he remember that I made the statement that the information I had at that time was that these two ships were not under Canadian registry?

Mr. Green: The minister said tonight there were seven.

Mr. Browne (St. John's West): The statement was made that seven were registered.

Mr. Lesage: There were nine altogether.

Mr. Browne (St. John's West): Were there nine ships?

Mr. Pearkes: Two more.

Mr. Browne (St. John's West): There is another question I should like to put to the minister.

Mr. Drew: Were there nine?

Mr. Lesage: There were nine built.

Mr. Drew: Nine built?

Mr. Lesage: Nine built. If the leader of the opposition would go back to the debates in the spring of 1949 he would find that all the fundamentals of this situation were discussed. If he will refer to the 1949 *Hansard* of the first session he will find that there were nine ships built.

Mr. Harkness: And sold?

Mr. Browne (St. John's West): There is another point I wish to put before the minister. The minister stated the application was grounded on the information that they could not obtain British mates, engineers and officers to man these ships. Therefore they had to be manned by Chinese. Does the minister now believe that was true; and at that time did he really believe it was true?

Mr. Chevrier: On a point of order, Mr. Chairman, the hon. member is going a bit far when he asks whether I really believed it. Of course I believed at that time, as I believe now, that there were no British officers or mates or engineers who could be obtained. Otherwise I would not have submitted the application for the exemption to my colleagues and granted the exemption. When my hon. friend pursues the point he casts doubt upon my integrity, and if he is doing that he is acting contrary to the rules of this house.

Mr. Browne (St. John's West): I was not casting doubt upon the minister's integrity, but he will remember that he said this was over a year ago and it was difficult for him to remember. I was drawing to his attention that point, and I now draw this further point. Does he not recall that last year we had a very difficult unemployment situation in this country, with 400,000 people drawing relief? There must have been thousands of engineers, mates, officers and crew members available at that time to man these seven ships. The lakes were closed, navigation on the St. Lawrence was closed, and men must have been available. That is why I would like the minister to produce the correspondence with the Ming Sung Company in regard to this whole matter so the house may judge whether the decision was properly made.

Mr. Fulton: I wanted to ask the Secretary of State for External Affairs some questions, but if hon. members have other questions to ask the Minister of Transport perhaps I should wait. The circumstances surrounding this transaction, which have been referred to by the parliamentary assistant, as he has pointed out are recorded in *Hansard* for April 7, 1949. According to those circumstances it would appear that there is a considerable obligation outstanding against these ships on the part of the government of Chiang Kai-shek. I should like to know the circumstances surrounding that obligation; what negotiations we are conducting with

that government and why, if this is the situation—and if it is not I hope the minister will tell the house—and this obligation is guaranteed in part by this government, these ships in which the Canadian government has a very heavy financial interest are permitted, while under the Canadian flag, to trade with people who are at present engaged in hostilities against Canadian troops. Instead of being under the control of the government which made the loan available so the ships might in fact be delivered to the Ming Sung Company, they are now under control of the company and trading with the communist government of China. Ships made available through moneys advanced by the Canadian government on the request of the nationalist government of China, for which that government is liable under the terms of the guarantee, are now trading with what is in effect the enemy. I should like the minister to explain that situation and tell us what negotiations are going on with the Chiang Kai-shek government with respect to that liability.

Mr. Pearson: I do not think I am capable of explaining all the financial details of this transaction, which took place some years ago. No doubt when the Department of Finance estimates are brought forward the hon. gentleman will have an opportunity to get this information.

Mr. Fulton: I might save some time if I make it clear that I am not asking for the details surrounding the financial transaction. I am asking what negotiations are in process or what contacts we have with the Chiang Kai-shek government regarding the outstanding liability. I am also asking why these ships, on which the Chiang Kai-shek government has a liability to us, are now being allowed to trade with the enemy of that government, a country whose soldiers are fighting Canadian soldiers.

Mr. Pearson: As far as I know, the Chiang Kai-shek government, which is the government of China we still recognize, has no connection with or liability or obligation in regard to this transaction. As to the statement by the hon. gentleman that we are giving permission for these ships to trade with communist China, which is fighting us in Korea, these ships have no permission that is not granted to any other Canadian ship, and they are not in a special position of any kind. Under Canadian law there is no embargo on shipments to China except in respect of a list of strategic materials; and we have been informed that this list of strategic materials is being recognized by the owners and operators of these ships.

[Mr. Fulton.]

Mr. Fulton: I should like to correct the minister in both those statements, because they are directly at variance with the facts as disclosed by the record. The minister has just said that as far as he knows the Chiang Kai-shek government has no liability in connection with these ships. When the matter was being discussed in April, 1949, on several occasions the Minister of Trade and Commerce told us that the Canadian government stepped in at least in part at the request of the Chiang Kai-shek government, and that the advance made by the banks was guaranteed jointly by the government of Canada and the government of Chiang Kai-shek. So the minister's statement on the first point is not in accord with what we were told two years ago.

Then the minister said these ships were not in a different position and enjoyed no special permission with respect to trading with communist China than any other ship under the Canadian flag. I point out to him that they are in a very special position. They are under the Canadian flag, it is true, but they are manned by Chinese; and the suggestion has been made that one of the captains is a Russian. That has been neither confirmed nor denied.

Mr. Pearson: It has been denied.

Mr. Fulton: But they are manned by Chinese crews, and as far as we know by Chinese communist crews. Apparently they trade freely with communist China, and as far as I know they are the only ships under the Canadian flag carrying on that trade today. So certainly they are in a far different position than any other ship under our flag. I would like the minister, if he will, to reconcile the statements he has made with those earlier statements, and to say what is the present position in that regard.

Mr. Pearson: If I said the Chiang Kai-shek government had no obligation in regard to this transaction, possibly that was inaccurate. I might have been more accurate in saying that the Chiang Kai-shek government now accepted no obligation in respect of those ships, which have been transferred to Canadian registry. As far as the second question is concerned, these ships are subject to Canadian regulations, and are in exactly the same position legally as any other ship under Canadian registry.

Mr. Harkness: I take considerable objection to the statement by the minister that these ships are in no different position than any other ships flying the Canadian flag. The hon. member for Kamloops has already pointed out one essential difference. Another

difference which is even more essential is that these ships are owned by the Ming Sung Company, whose headquarters as far as I know are in communist China. As a matter of fact I believe they are in Chungking.

Mr. Pearson: They are in Montreal.

Mr. Harkness: I believe the headquarters of this company are at Chungking. They have a Canadian subsidiary in Montreal. They have another subsidiary at Hong Kong, and so on; but actually the people who own these ships have their headquarters at Chungking as far as I know, and they are completely under the thumb of Mr. Mao. That puts these ships in a totally different position than any other ships flying the Canadian flag. In those circumstances they are really under the control of Mao and his communist Chinese government. Any orders they give in connection with these ships are carried out, I imagine, and will continue to be carried out unless our government steps in and seizes them, as has been suggested by the hon. member for Vancouver-Quadra, or brings them back under Canadian control. Apart from that these ships are flying our flag while actually under the command of the rulers of communist China.

There is one other matter on which I should like to comment during this debate. When speaking of the exemptions that he gave to this company, the Minister of Transport made quite a point of the fact that the names put in for these exemptions were Chinese. He seemed to be concerned at that time with disproving the statement made in the letter read by the member for Nanaimo that one of these captains was a Russian. The thing that struck me in connection with that was, why did the fact that the names of the officers of these ships were Chinese give the minister the idea that the exempting of these ships from Canadian law was the right thing to do, in view of the fact that at that time Mao was in control of China? Chiang Kai-shek had been expelled from China, and Mao and the communists were in control. The fact that the names of the captains submitted to the minister were Chinese I would have thought would have caused him to question the advisability of waiving the law in favour of these people.

It seems to me that does not in the least explain why this permission was given. It just makes the thing more obscure than ever. I am quite sure that the directive which has been requested exists. I do not understand why, during the three hours from six o'clock until nine o'clock when the committee resumed its business, this directive could not be secured. If it is not a written directive, at any rate there must have been a note made of it in the proceedings of the cabinet. I cannot understand why, within those three hours, either the written directive, or the stenographic note made of the fact that there was a directive, has not been produced for us to see. Then, we would know what the situation is. It seems to me that until either the directive or the note made of it has been produced, the government is being anything but frank in its disclosures in connection with the whole matter.

Mr. Adamson: There are one or two questions I should like to ask the Minister of Transport in order to get the matter elucidated. I am not one who does not believe the minister has acted in anything but the best of good faith. Apparently these nine ships were constructed in 1948 and 1949 specifically for this river trade or the trade on the China seas. I understand that any ships trading on the Yangtze have to be specially constructed, and therefore at the commencement of the laying of the keels for these ships the trade they were going to enter must have been fully understood by the government, the banks, the ship contractors, the Chinese company and everyone else connected with them. The use to which these ships were going to be put must have been known for a considerable time.

I understand that there were the seven ships in question, and the two others making up the nine are presently under Panamanian registry and are undertaking this trade. The first question I should like to have answered, therefore, if it is possible, is whether the other ships were built under the same financial guarantee as those ships now plying the Chinese trade to which reference has been made this afternoon. In this connection, I should like to quote an editorial in a periodical known as the *Syren and Shipping,* which is generally accepted as the spokesman for British shipbuilding. The article is in the May 16 issue. The first two paragraphs describe the restrictions and regulations put on shipments from Hong Kong, and the inspection and care taken to see that contraband is not shipped directly to communist China. I mention these first two paragraphs, because I do not want to distort what this semi-official periodical has to say. This is headed "The Truth About Hong Kong," and in the third paragraph, which is headed "China's Attitude", it says:

> China has all along kept very quiet about Hong Kong, as it has been of such use as a trading post for international trade—not for war stores, because of the effective control we have described—but for domestic purposes.

This is a British publication.

As we are not at war with China and have, indeed, actually granted her recognition, it follows that if there were a complete embargo on goods to Hong Kong because some goods undoubtedly find their way over the frontier in normal domestic trading, China would undoubtedly retaliate and all the cheap vegetables, etc., on which the Hong Kong workers mainly live would be withdrawn, prices would rise, raw materials which are turned into manufactured goods in Hong Kong for other parts of southeast Asia would not be forthcoming and the whole of Hong Kong's trade would be hit. This would have a cumulative effect throughout that very part of the world about which the Colombo conference met to see how the spread of communism there could be stopped. Again, attacks on Hong Kong would deprive the Far East of a great banking, insurance and shipping forwarding market offering cheap transshipment and storage of goods for the whole area. Hong Kong's place among the world's ports can be seen in the shipping figures given for 1949.

It goes on to give the number of ships and the thousands of tons which entered and left Hong Kong.

Now, Mr. Chairman, I have every belief that the authorities in Hong Kong are doing everything possible to prevent arms and military equipment entering the area controlled by the communist government at Peking. But the fact that serious doubt about the effectiveness of this was brought out in the British House of Commons the other day is also quoted in the same periodical. It states:

Ships as "Vehicles" to China

A lot of trouble has been caused to the government by an answer given to Mr. R. Blackburn (Northfield, Birmingham), who wanted to know what strategic materials had been exported to China during the past three months. The reply by Sir Hartley Shawcross (president of the Board of Trade) was that there was no generally accepted definition of "strategic materials." United Kingdom exports to China in the months of January to March, 1951, in the main categories included iron and steel and manufactures thereof to the value of £230,000, and vehicles (including locomotives, ships, and aircraft) value £71,000. The total U.K. exports to China in the three months amounted to £1,291,000.

The debate continued on this subject and Mr. Shinwell was again asked about the matter by Mr. Blackburn, and again Mr. Shinwell replied that these materials had not gone into the war potential of communist China. Mr. Chairman, I do not want to distort what is the purport of these articles in this statistical and semi-official publication. But nevertheless, here we have figures with regard to a considerable amount of valuable material; if it is not directly war material, it is at least convertible into the sinews of war by manufacture or by some simple process. Again, Mr. Chairman, it is extremely difficult to say what is a sinew of war. During the last war we regarded practically everything as a sinew of war and we blockaded completely the German coast. Are these Canadian ships carrying rubber? Is rubber contraband? Are these Canadian ships carrying a drug like streptomycin? Have any permits been given for the export of scarce drugs which can be used by our own troops to put down disease? Are any of the antibiotics, which are in extremely scarce supply, being supplied by these ships? Again, these ships go to a neutral port. That neutral port is, if I know anything about Portuguese ports —and I know some of them—completely without regulations. Canadian flag ships leaving Macao could be filled with war material and the authorities in Hong Kong would have no possible way of regulating or of seeing what this ship picked up from another port, not from Hong Kong.

As I say, Mr. Chairman, I am not accusing the government of anything else but carelessness in this matter. I feel that the replies we have had have been, to say the least, evasive. The situation has been known, and must have been known, because the ships must have been constructed for the very trade in which they are now operating. Yet we find that even at this date, the middle of June, 1951, nearly a year and a quarter after the special order was made to exempt them from having Canadian crews, we get the answer: "I do not know; we have not that information." I do not know, Mr. Chairman—

Some hon. Members: Oh, oh.

Mr. Adamson: —but if I were interested in running a shipping line, I would damn well know what business my ships were in.

Mr. Fournier (Hull): Order.

Mr. Adamson: If I were running a shipping business, I would know what cargoes my ships were carrying; and if I were responsible for looking after the granting of indemnities to ships, I would know what was happening.

Mr. Sinnott: It will be a long time before you are running one.

The Chairman: Order.

Mr. Adamson: It is a strange thing, Mr. Chairman, but the Greeks had a word for people who made baa-baa noises in the back row. They called them barbarians. We merely call them heathen Chinese.

Mr. Pearkes: Having been the first member to introduce the storms of the south China seas to the calm waters of this committee, Mr. Chairman, I should like to add a few words before you rise and report progress.

Mr. Fournier (Hull): Or carry the item.

Mr. Pearkes: When the committee reassembled after the break for the luncheon hour, the Secretary of State for External Affairs referred to the fact that he had lost

his usual composure just before the committee rose for lunch. During that brief period in which he was speaking before lunch he suggested that I should feel sorry for the statements I had made. He suggested that I would rue the day. He did not use those words, but in his remarks he most definitely used a tone which was almost threatening, when he said that I should be sorry for the statements which I had made.

I now want to examine the statements which I made—and I was quoting from this letter—just in order to show how far the statements which were made by the general secretary of the navigating and engineer officers guild have been borne out and supported in this discussion. The first point which was brought out in the letter was that vessels of the Ming Sung Industrial Company were trading between Hong Kong, Macao and Canton. Evidence has been produced by ministers here today to show that that statement is correct. The next one was that Canton is a port under the direct control of a government with which the government of the Dominion of Canada has no political relations. I think that statement can be accepted. It has certainly not been denied here today. The third point was: What were these vessels carrying? On the one hand the secretary of the guild reports that eyewitnesses have stated that the daily cargoes included essential war materials. On the other hand we have had produced here today by the Minister of Trade and Commerce a letter from a branch of the company concerned which states that it is not carrying essential war materials out of Hong Kong.

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

Mr. Pearkes: No, I have not much time and I would like to finish what I have to say first. Then you may ask your question.

Mr. Dickey: I thought the hon. member might like to state where the eyewitnesses were located.

Mr. Pearkes: It has been shown that these vessels leaving Hong Kong can go to Macao and then on to Canton. I would like to call attention to the fact that, because of its strategic importance and because of its reputation as a port, although it is not a port of China proper, Macao has been named by the Minister of Trade and Commerce as one of those points to which strategic war materials may not be sent.

So there is at least the possibility that, having cleared from the Hong Kong government, these ships could go and pick up essential war materials from Macao for delivery elsewhere. Because quite obviously it is an entrée port into communist China.

The next point was that these vessels are trading under a Canadian flag. This was substantiated here this afternoon time after time.

The fifth is that they are officered and manned by Chinese, and that one has a Russian captain. There is no question about their being officered and manned by Chinese. There has been doubt, in fact it has been emphatically denied, that there is a Russian captain. Well, it is quite possible that such a mistake could have been made, because it is pretty hard to distinguish between some Russians and Chinese. We must remember that the Mongolian is a Russian, and a Mongolian looks very much like a Chinaman, to those who are not familiar with those people.

Mr. Dickey: Pretty weak!

Mr. Pearkes: Then the next point was that the Ming Sung Company trades in China under the flag of the people's republic of China. There has been evidence today to show that at least two vessels which were taken—if "taken" is the right word—which were operating up the Yangtze, which were built in Canada, and which were included in these original seven or nine vessels which were sold, are still operating on the Yangtze under the flag of the people's republic of China. I do not think that has been denied.

The next point is that the regulations have been evaded. Perhaps "evaded" is not quite the right word, because they were granted exemption from adhering to the Canadian regulations. The average person in Hong Kong would not know that the exemption had been granted. It is quite a reasonable assumption to make that the regulations were being evaded.

There is no question about the concern which such organizations as the merchant navy officers organization, and others, have felt about this matter. So, thus far, I see no cause for great concern on my part. I am not repentant for having brought this matter before the House of Commons. I believe it was my duty to bring it to the attention of hon. members, because it is a serious matter. Because, while there may be some slight inaccuracies, as perhaps have come out—and not yet proved—I still feel that this discussion has brought before the people of Canada a very critical, dangerous, unsatisfactory and, to use the word used last night by the Minister of Trade and Commerce, unhappy situation.

I repeat the request I made earlier in the discussion, that something be done to stop

the possibility of this trade going on with Canadian ships in enemy territory. I cannot help accusing the government of being somewhat slack in this matter. They knew that these Canadian ships trading under the Canadian flag were operating in those waters since last summer. They also knew that the Chinese troops started fighting in North Korea last November; and it seems to me rather extraordinary that, so far as we can find out from the discussion today, until a week ago no attempt has been made to try to correct this situation.

I think I have dealt with those points. I do want to stress once again that the ships are operating for this Ming Sung Company—a large company which, as has been admitted today, has ramifications and branches throughout China. I would ask this question: Who is getting the protection from the action of this government? I think it is fairly obvious, in the first place, that the profits accruing from this trade must be going to the directors of the Ming Sung Company. I repeat that it is a company which has branches throughout communist China. Quite obviously if they have their branches in communist China, and if those ships are trading even with the port of Canton, then the communist government of China is also getting the benefit from this trade, because it will be taxing the commodities that come in, and the trade going on. So, from the decision made by this government, it is in some measure enabling the government of a country opposed to our troops in Korea to obtain additional revenue.

Then, thirdly, as to the holders of the mortgage, the various banks which are concerned in this matter, they are getting interest on the principal, the principal being something in the neighbourhood of $12,750,000. They are getting interest on that amount of money.

Those are the three groups which in the main are benefited by the fact that the Canadian government took ships back under the Canadian flag and continued to underwrite the loans which had been made. I was not quite clear on one point when it was stated that the Chiang Kai-shek or nationalist government of China had abrogated its responsibility. I think that is what the Secretary of State for External Affairs said with regard to the original guarantee that had been given. Does that mean that Canada has taken over the whole of the guarantee which was given originally? I understand that Canada accepted only fifty per cent of that guarantee.

I repeat that far from being penitent, as I think the Secretary of State for External Affairs would like me to be, or far from being sorry for having introduced this subject—I do not think he need take that attitude—I think it has been a discussion of value. It has been heated at times, but I do think that it has drawn to the attention of the government and of the people of Canada a situation which needs correcting and which in my humble opinion it is within the power of the government to correct.

Mr. Fulford: I should like to ask the Secretary of State for External Affairs if ships flying the flags of other nations in the United Nations are plying on this triangular route? I refer particularly to ships flying the stars and stripes, or flags of the commonwealth or of France. It seems to me that this is a well established trade and that there are ships of many nations, including members of the United Nations, engaged in it.

Mr. Pearson: To the best of my knowledge there are a great many ships still engaged in the China trade. All those members of the United Nations which have accepted the obligation of preventing strategic materials getting to China do not carry such materials on their ships running into communist China at this time. There is no complete embargo on trade with China, so far as I know.

Mr. Fulford: I ask that question to indicate that others are engaged in the same kind of trade.

Mr. Drew: Reference was made by the parliamentary assistant to the minister to the debate which took place on April 7, 1949. That debate, of course, did not relate in any way to the major consideration which is before us today.

Mr. Chevrier: Oh, yes, it did.

Mr. Drew: That debate did not in any way relate to the transfer of the registry of ships that had been under the control of communist China to Canadian registry, thus being able to fly the Canadian flag.

Mr. Chevrier: You said that the debate did not in any way relate to this matter. I say it did in some way relate to this matter. Very much did it relate to this matter.

Mr. Drew: If the minister had been listening he would have heard what I said. I said very clearly that it in no way related to the major subject under discussion here, and I made it quite clear what it was and what it is.

Mr. Chevrier: You are remembering it now.

Mr. Drew: It was the transfer of these ships to Canadian registry. In so far as the interjection made by the parliamentary assistant is concerned, I would point out that he was inaccurate in suggesting that the general debate at that time had disclosed that all these ships had been delivered. It did not. It disclosed the number of ships which were under contract and at that time the Minister of Trade and Commerce expressed the expectation that the contracts would be completed later that year.

We, of course, have not had an opportunity since that time to be informed as to the fulfilment of those details. In so far as the ships which were transferred are concerned, I would suggest that when this item is called again it probably can be disposed of very quickly if the government in the meantime will have obtained the essential information which they have and which they can give to this house. They are in position—

Mr. Chevrier: That is exactly what the Minister of Public Works desired at the beginning of this debate.

Mr. Green: You had better run along and get your report.

Mr. Drew: The government has simply been evading the real facts in this case and trying to create the pretence that they cannot give information which would fully disclose what is the situation. This is an interesting sequel to the debate in 1949. It was a strange transaction then. This came before the house to ratify an irregular payment by the government. That payment was an obligation that had been incurred in excess of the original contract amount. That was disposed of at that time.

Anyone who wishes to refer to the debate on that day will see that the government was very fully informed in regard to the Ming Sung Company and in regard to the nature of its activities and in regard to where it carried on business. The thing that should be remembered in this is that this is a company primarily operating in communist China. The interesting thing is that the government was prepared to accept a statement from that company delivered to them in Hong Kong as more reliable than a statement sent here by men who were working on these ships or working on ships out of Hong Kong and who, we have every reason to believe, were interested in the welfare of the shipping.

This situation is not merely an incident, it is a symptom of conditions. If this government were really taking a firm stand in regard to communism instead of its attitude in regard to trade with communist China, this would not have happened, and we would not so easily have made this of definite advantage to a company now operating within communist China.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we intend to take up four non-contentious bills. Three of them, Bill No. 372, Bill No. 373 and Bill No. 374, relate to income tax agreements with Sweden and France.

Mr. Knowles: There is not one with China, is there?

Mr. Fournier (Hull): We do not know yet. The fourth is Bill No. 376, respecting the construction of a line by Canadian National Railway Company from Sherridon to Lynn lake. Then we will take up the resolution in the name of the Minister of Veterans Affairs to amend the Returned Soldiers Insurance Act. I could not get this through the other day because the hon. member for Royal was not here, but he assured me it was not contentious and that they were anxious to have it proceeded with. Then we will take up the resolution in the name of the Minister of Finance to make certain grants to municipalities in respect of federal properties situated therein; then Bill No. 296, an act to amend the Income Tax Act. That is the bill of the day. Then we will take up Bill No. 194, an act to amend the Emergency Gold Mining Assistance Act. That is not contentious either.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF EXTERNAL AFFAIRS

85. Passport office administration, $194,568.

86. Representation abroad—operational—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff appointed as directed by the governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $4,492,816.

87. Representation abroad—construction, acquisition or improvement of buildings, works, land, new equipment and furnishings, $228,940.

88. Representation abroad—to authorize the construction, acquisition, improvement and furnishing of properties for Canadian government offices and residences abroad, payment therefor to be made in foreign currencies that are not convertible into Canadian or United States dollars and that may be used only for governmental or other limited purposes and that have been acquired in respect of reparations or pursuant to the settlement of claims

arising out of military operations or war expenditures, or in exchange for other such currencies so acquired, $1,042,500.

89. To provide for official hospitality, $20,000.

90. To provide for relief of distressed Canadian citizens abroad and for the reimbursement of the United Kingdom for relief expenditures incurred by its diplomatic and consular posts on Canadian account (part recoverable), $15,000.

91. Canadian representation at international conferences, $225,000.

92. Canadian section of Canada-United States permanent joint board on defence including $7,500 for the chairman, notwithstanding anything contained in the Civil Service Act, $10,000.

93. Grant to the United Nations Association in Canada, $10,000.

94. Grant to the Canadian Red Cross Society (for international activities of the Red Cross), $25,000.

B—General—

The Canadian government's assessment for membership in the following international or commonwealth organizations—

95. United nations organization, $1,466,100.

Specialized agencies—

96. Food and agriculture organization of the United Nations, $109,000.

97. International labour organization, $256,300.

98. United nations educational, scientific and cultural organization, $327,800.

99. International civil aviation organization, $114,630.

100. World health organization, $231,200.

101. Commonwealth economic committee, $16,830.

102. Commonwealth shipping committee, $510.

103. Inter-allied reparations agency, $7,000.

104. Inter-American committee on social security, $4,700.

105. The Canadian government's contribution to the administration of the general agreement on tariffs and trade, $14,300.

International civil aviation organization—

106. To provide the international civil aviation organization with office accommodation at cost, $66,604.

International joint commission—

107. To provide for preliminary studies and surveys of the mid-western watershed, $10,000.

108. To provide for Canada's share of an investigation on the matter of air pollution in the vicinity of Detroit and Windsor, $40,000.

109. To provide for Canada's share of the expenses in connection with the St. John river reference, $50,000.

110. To provide for Canada's share of the expenses of the Niagara Falls reference, $50,000.

Terminable services—

111. Commonwealth consultative committee on south and southeast Asia (for technical assistance), $400,000.

External affairs—

566. To authorize and provide for working capital advances in the current and subsequent fiscal years to maintain cash and bank balances at Department of External Affairs posts abroad, subject to regulations of the treasury board, the amount of advances hereby authorized outstanding at any time not to exceed $300,000.

HOUSE OF COMMONS

Monday, June 18, 1951

The house met at eleven o'clock.

VETERANS AFFAIRS

Fourth and fifth reports of special committee on veterans affairs.—Mr. Mutch.

MANITOBA NATURAL RESOURCES

APPROVAL OF AGREEMENT WITH RESPECT TO INVESTMENT OF SCHOOL LANDS FUND

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 385, to vary the Manitoba natural resources agreement.

An hon. Member: Explain.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): This bill and the two following are identical in substance. In 1930 the natural resources were transferred to the three provinces and at the same time the school lands trust fund was transferred. That fund was then invested in government of Canada securities, and the provinces have asked that this field of investment be expanded to include provincial, municipal and school board securities. This bill ratifies the agreement.

Motion agreed to and bill read the first time.

ALBERTA NATURAL RESOURCES

APPROVAL OF AGREEMENT WITH RESPECT TO INVESTMENT OF SCHOOL LANDS FUND

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 386, to vary the Alberta natural resources agreement.

Motion agreed to and bill read the first time.

SASKATCHEWAN NATURAL RESOURCES

APPROVAL OF AGREEMENT WITH RESPECT TO INVESTMENT OF SCHOOL LANDS FUND

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 387, to vary the Saskatchewan natural resources agreement.

Motion agreed to and bill read the first time.

FAIR EMPLOYMENT PRACTICES

PROVISION AGAINST DISCRIMINATION ON ACCOUNT OF RACE, CREED OR COLOUR

Mrs. Ellen L. Fairclough (Hamilton West) moved for leave to introduce Bill No. 388, to promote fair employment practices in Canada.

Some hon. Members: Explain.

Mrs. Fairclough: The purpose of the bill is to implement the declaration of human rights, as proclaimed by the United Nations on December 10, 1948, in so far as it applies to workers under the jurisdiction of the federal government.

Motion agreed to and bill read the first time.

CENTRAL MORTGAGE AND HOUSING

AMENDMENT OF ACT WITH RESPECT TO DEFENCE PROJECTS, REPAYMENT OF ADVANCES, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved the first reading of Bill No. 380 (from the Senate), to amend the Central Mortgage and Housing Corporation Act.

Motion agreed to and bill read the first time.

NATIONAL HOUSING ACT

AMENDMENT WITH RESPECT TO INTEREST RATES, REPAYMENT OF LOANS, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved the first reading of Bill No. 381 (from the Senate), to amend the National Housing Act, 1944.

Motion agreed to and bill read the first time.

QUESTIONS

TRANS-CANADA HIGHWAY—NEWFOUNDLAND

Mr. Browne (St. John's West):

1. Have any payments been made to the government of Newfoundland on account of the construction of the trans-Canada highway?
2. If so, how much has been paid, and what is the mileage on which payment is based?

Mr. Winters:

1. Yes.

2. $957,843.79 has been paid in respect of subgrade construction, culverts and small bridges over approximately 72 miles out of a total length of 153 miles of grading under construction as at March 31, 1951.

Questions

HEALTH GRANTS—QUEBEC—TUBERCULOSIS

Mr. Eudes:

1. What has been done under the national health grants program to reduce tuberculosis morbidity and mortality in the province of Quebec?

2. Has there been any decrease in the tuberculosis mortality rate in Quebec since the inauguration of the national health grants program?

Mr. Martin:

1. Approximately $3 million has been spent under the national health grants program toward the control of tuberculosis in the province of Quebec. Preventive diagnostic and treatment services have been provided. Staff and equipment have been provided for diagnostic clinics, mobile clinics, and sanatoria. Drugs, such as streptomycin, para-amino salicylic acid and tibione, have been purchased for free distribution to tuberculous patients. A BCG vaccination program among children has been established. Various investigators into BCG vaccine have been carried out.

In addition, under the hospital construction grant, assistance amounting to $1,996,000 has been given toward the construction of 1,921 additional beds in eight provincial sanatoria.

2. Yes. In 1946 the tuberculosis mortality rate was 72·4 per 100,000; in 1949 the rate had dropped to 48·9 per 100,000.

GRAIN COMMISSIONERS—ANNUAL REPORT

Mr. Wright:

1. On what date was the 1949-50 annual report of the board of grain commissioners placed in the hands of the government?

2. On what date was it sent to the printers?

Mr. McIlraith:

1. First draft of report received on January 29, and completed report on February 16.

2. Final report sent to king's printer February 24.

NATIONAL DEFENCE—CIVILIAN EMPLOYEES

Mr. Macdonnell (Greenwood):

1. (1) On the 30th April, 1951, how many civilian employees were there in the Department of National Defence of the following classes: (a) civil servants; (b) prevailing rate employees; (c) casual employees?

(2) What is the estimated wage and salary bill for classes (a) and (b) above for the fiscal year 1951-52?

2. (1) What is the distribution of the first two classes in question No 1 by commands and areas?

(2) What are the military establishments having in the aggregate more than 500 civilian employees of the employees of the first two classes in question No. 1.

3. (1) Who is in charge of each such establishment, and is he military or civilian personnel?

[Mr. Winters.]

(2) Who of (a) the persons in charge of the above stations and (b) the total civilian employees in the Department of National Defence are employed pursuant to the terms of the Civil Service Act?

Mr. Blanchette:

1. (i) (a) 15,158 civil servants (including defence research board); (b) 10,506 prevailing rate employees (including the defence research board); (c) 5,232 casual employees.

(ii) (a) $39,926,103; (b) $18,098,487.

2. (i) (a)

Navy	Classified	Prevailing Rate
Atlantic command ...	1739	2100
Pacific command	922	1022
Headquarters	846	15
Outside Canada	35	—

(b)

Army	Classified	Prevailing Rate
Eastern command	313	203
New Brunswick area .	132	69
Quebec command	1272	1013
Eastern Quebec area .	206	163
Central command	783	480
Western Ontario area	541	432
Eastern Ontario area	1130	734
Prairie command	529	494

2. (i) (b)

Army	Classified	Prevailing Rate
Saskatchewan area ..	169	139
Western command ...	379	458
British Columbia area	423	346
Army headquarters ..	656	66
Outside Canada	20	—

(c)

R.C.A.F.	Classified	Prevailing Rate
Air materiel command	1074	417
Air transport command	136	322
Training command ...	499	1084
Air defence command	107	150
Maritime group	81	98
Northwest air command	303	336
Headquarters	371	39
Outside Canada	7	4

In addition there are: (a) civilian branches under the deputy minister employing 796 in Ottawa and 356 outside Ottawa, of the same two classes; (b) 387 employees in Ottawa and 1268 employees outside Ottawa, of the defence research board.

(ii)

Location	Officer in Charge	Service
Naval service headquarters	Vice Admiral H. T. W. Grant	Royal Canadian Navy
Army headquarters	Lieut. Gen. G. G. Simonds	Canadian Army
Longue Pointe ordnance depot	Colonel E. D. Elwood	Canadian Army
Camp Borden (army)	Colonel R. C. Clark	Canadian Army
Halifax dockyard	Commodore W. W. Porteous	Royal Canadian Navy
Esquimalt dockyard	Captain B. R. Spencer	Royal Canadian Navy

3. (i) See 2 (ii) above.

(ii) (a) None.

(b) All of the civilian employees of the Department of National Defence with the exception of those of the defence research board are employed pursuant to the terms of the Civil Service Act. The Civil Service Act defines "civil servants" as all the employees of the departments of the federal government and that act make specific provision for each type of employee. Under the provisions of section 54 of the National Defence Act, employees of the defence research board are exempted from the terms of the Civil Service Act.

HEALTH GRANTS—NURSING AIDES, CALGARY, ALTA.

Mr. Dechene:

Has any assistance been given under the national health grants program to the school for nursing aides, Calgary, Alberta?

Mr. Martin: Yes. Since 1949 the national health grants program has supported the school for nursing aides at Calgary, graduating about 150 nursing aides per year. A grant of $40,000 is being made during the present fiscal year to this school.

QUESTION PASSED AS ORDER FOR RETURN

NATIONAL DEFENCE—EMPLOYEES WHO ARE NOT BRITISH SUBJECTS

Mr. Gagnon:

1. Are there any employees in the Department of National Defence who are not British subjects?

2. If so (a) what are their names; (b) respective positions; (c) nature of their work; (d) salary of each; (e) place of origin; (f) by whom, and on what date was each recommended?

MOTION FOR PAPERS

NORTH SASKATCHEWAN RIVER BRIDGE

Mr. Coldwell:

For a copy of all correspondence, during the year 1950, and to date in 1951, in the possession of the Department of Public Works, relating to the proposed construction of a bridge over the North Saskatchewan river on the meridian line between the provinces of Alberta and Saskatchewan.

Mr. Fournier (Hull): The government has no objection to the passing of this motion, with the usual reservation that, if there is any correspondence with the provinces, we shall have to obtain their consent.

Mr. Speaker: Carried.

BUSINESS OF THE HOUSE

SATURDAY SITTINGS ON AND AFTER JUNE 23

Hon. Alphonse Fournier (for the Prime Minister) moved:

That on Saturday, June 23, 1951, and every Saturday thereafter until the end of the session, the house shall meet at eleven o'clock a.m., and the order of business and procedure shall be the same as on Thursdays.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures not exceeding $97,737,000, and to increase the working capital of the national railway system by $20,000,000; to provide that the governor in council may authorize the national railway system to incur commitments during 1951, in addition to the authorized expenditure, in amounts not exceeding $111,512,920; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that amounts available from reserves for depreciation and debt discount amortization may be applied towards meeting the authorized expenditures; to provide that the aggregate principal amount of securities not including any securities issued to secure temporary loans made by the Minister of Finance, outstanding at any time shall not exceed $101,215,000; to authorize the governor in council to guarantee the principal and interest of the securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make temporary loans to the said company secured by such securities and not exceeding $101,215,000 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time before the first day of July, 1952, the available

revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges: Provided that all such amounts shall be reimbursed to the minister from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided for by subsequent deficit appropriation by parliament.

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

Motion agreed to.

WHEAT

CONGESTION OF FREIGHT CARS AT HEAD OF LAKES

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Transport. It arises out of the fact that, according to reports, there are some 5,000 freight cars loaded with wheat at the head of the lakes, causing a glut of wheat at that point, and by reason of lack of transportation—

Mr. Speaker: Order.

Mr. Diefenbaker: I understand, Mr. Speaker. Will the minister indicate what the situation is today in the western provinces with regard to moving this wheat, and whether he expects that the present facilities will enable the wheat to be moved before the new crop is ready?

Hon. Lionel Chevrier (Minister of Transport): The hon. member was good enough to telephone my office indicating that he was going to ask this question. I have a statement which I should like to give to the house. Before doing so, however, I should like to draw the attention of the house to the fact that the last time I was asked a similar question and made a statement in answer thereto it had to do with the shortage of box cars. Strangely enough, today there are in fact too many box cars, and the difficulty is with reference to the movement of the wheat by lake carriers.

It is over a month ago, as a matter of fact on May 11, that I made a review in the house of the movement of western grain. At that time I indicated that the railways and the lake operators had met in full the requirements set down by the Canadian wheat board. The Vancouver situation had been cleaned up and grain was moving freely from the country elevators to both Vancouver and the lakehead; also the lake operators were doing their share in moving the wheat from Fort William and Port Arthur to lower lake ports in the St. Lawrence. However, in the last two or three weeks, under pressure by the steel companies, some of the lake operators have diverted their ships from the grain trade to the ore trade to fulfil the requirements of our steel mills.

On June 6 the special committee which I appointed, and whose responsibility it is to see that the requirements of the wheat board are met by our transportation agencies, held a meeting and made a full review of the situation prevailing at that time. Pressure was brought to bear on the lake operators, and an undertaking has been given by them to the committee to divert into the grain trade all the ships necessary to take care of the situation which has developed at the lakehead in recent weeks. This situation, naturally, has been caused by the fact that the railways have maintained the tempo of the car loadings at the country elevators, and there has not been sufficient space in the elevators at the lakehead to unload daily the cars delivered by our two railways. The operators met with the wheat board and the grain brokers at the lakehead on Monday of last week, and have given promise to move 16 million bushels before June 23. The grain committee feels that as an immediate step this should take care of the present unfavourable position at the lakehead.

Mr. Wright: Will the action which has now been taken move all the grain which is in the country elevators and on the farms at the present time by the first of August?

Mr. Chevrier: The statement that I made dealt particularly with the movement of grain from the lakehead on ships, and not the movement from country elevators to the lakehead, which is satisfactory.

Mr. Wright: The question I am asking is whether the movement of 16 million bushels from the head of the lakes by June 23, as the minister indicated, will leave sufficient space at the head of the lakes to take care of all the grain in country elevators and on the farms at the present time?

Mr. Chevrier: I understand it will, until June 23.

OIL COMPANIES

LEASING OF FILLING STATIONS—INCREASE IN RENTALS SUBJECT TO APPLICATION OF CERTAIN RESTRICTIONS

On the orders of the day:

Mr. Robert Fair (Battle River): I should like to address a question to the appropriate minister, and I may say that I have not given notice thereof. Is the appropriate minister aware that during recent days one of the oil companies doing business in Ottawa, and also leasing filling stations to operators, has requested some of the operators to sign

a new lease effective June 1 at an increased rental, to be put into effect if certain restrictions are made effective?

Mr. Gibson: So what?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Possibly this question comes as near to being my responsibility as that of anyone else. I was not aware of the situation, and I do not know what reference it has to the work of the federal government.

Mr. Fair: In order that the minister may have an opportunity to look into this question I will send him a letter covering it, because I believe it is a matter of unfair business practices.

MING SUNG INDUSTRIAL COMPANY

ALLEGATIONS AS TO OPERATION OF SHIPS UNDER CANADIAN FLAG IN CHINESE WATERS

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, on Friday evening, during the discussion in regard to certain communications with respect to the operations of the Ming Sung Industrial Company, the Minister of Trade and Commerce undertook to table a letter which he read into the record at that time, and also the covering letter from the office of the Canadian trade commissioner in Hong Kong. I find these have not been tabled, and would ask the minister when that will be done.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Just as I took my seat a page came and asked for the letter, and I gave it to him. I have not seen it since, but I will try to find it and table it immediately. As a matter of fact I thought the page was taking it to the table.

Mr. Drew: I would point out that two letters—the one that was read, and the covering letter of the trade commissioner, or whoever it may have been in his office—were included in the undertaking that was given.

Mr. Howe: I will table them some time today.

Mr. Drew: In view of the fact that the discussion which was under way at the time the house adjourned Friday evening related to a subject which will come up for discussion again, I would ask the Minister of Transport whether he will give an undertaking, in order to facilitate that discussion, to table the letter or letters from his department which gave the instructions as a result of which the five ships of the Ming Sung Company were transferred to Canadian registry and exempted from the provisions of the shipping act.

Inquiries of the Ministry

Hon. Lionel Chevrier (Minister of Transport): I indicated that as far as the Department of Transport was concerned we had nothing to hide. When the time comes, whether it be on my estimates or on some other occasion, I will give the house all the information I have. So far as the tabling is concerned, since the discussion on Friday I have not had an opportunity of consulting the files. When I do have that opportunity I will be able to determine whether or not they should be tabled.

[*Later*]:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, if I may revert to motions, I wish to lay on the table of the House of Commons a copy of a letter dated June 8, 1951, addressed to Mr. T. R. G. Fletcher, from C. C. Yang, manager of the Ming Sung Industrial Company (H.K.) Limited, and the letter of transmittal, dated June 13, 1951, from R. G. Peers, of the Roy Peers Company Limited, to Mr. John J. Deutsch.

LABOUR CONDITIONS

INQUIRY AS TO DEFENCE ORDERS TO MANUFACTURERS OF MOTOR VEHICLES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I would like to ask the Minister of Defence Production what negotiations or communications are passing between his department and the motorcar industry in Canada with a view to easing employment conditions by giving defence orders.

Right Hon. C. D. Howe (Minister of Defence Production): There have been discussions with the motorcar companies about defence orders. Development orders have been placed with two of the companies, and it is expected that the third company will receive an order very shortly. That company is exploring the type of vehicle we wish to build, and as soon as the company indicates that it is ready to close negotiations, we will be ready. There have been discussions with one of the companies about the accumulation of cars that is taking place, but nothing conclusive has been decided.

TAX AGREEMENTS

CANADA-SWEDEN—INCOME TAX—APPROVAL OF AGREEMENT SIGNED AT OTTAWA, APRIL 6, 1951

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 372, respecting an income tax agreement between Canada and Sweden.

Mr. Macdonnell (Greenwood): Will the minister please explain this?

Mr. McCann: I suggest that it might expedite matters if I were to make the statement when we go into committee. I do not think there will be much discussion as to the principle, and when we are in committee I can give the statement and we can deal with the different sections of the bill, and with the schedules, which are the most important part of it.

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

On section 1—*Short title.*

Mr. McCann: The purpose of this bill is to give legal effect in Canada to the agreement between the government of Canada and the royal government of Sweden, for the avoidance of double taxation and the establishment of rules for reciprocal fiscal assistance in the matter of income taxes, which was signed at Ottawa on April 6 last.

This agreement, in line with similar agreements we already have with the United States, the United Kingdom and New Zealand, has as its purpose the avoidance of double taxation in respect of trading profits, dividends, interest, and royalty payments flowing between Sweden and Canada. It systematizes taxes imposed on other types of income, including salaries, pensions and annuities which might be taxable in both countries.

Provision is made for tax credit, and for the exchange of information. Article III provides that one country will only tax the industrial and commercial profits of an enterprise of the other country if it has a permanent establishment in that country.

Article VI provides that the withholding tax on dividends will not exceed 15 per cent, or in the case of wholly owned subsidiaries, 5 per cent. Under article XV each country agrees to grant a tax credit for the tax on the dividends withheld by the country of source, or the exemption of such income from taxation.

Article IX provides that remuneration paid by the government of a country for services rendered to that government in the discharge of governmental functions shall be exempt from tax in the other country. Article X provides that an individual who is a resident of one country performing services for or on behalf of a person resident in that country shall be exempt from tax in the other country if he is present there for a period or periods not exceeding 183 days. This rule does not apply to public entertainers.

[Mr. McCann.]

Article XV provides that Canada will get a tax credit for tax paid in Sweden in respect of income having its source in Sweden. Since Sweden has not adopted the system of tax credits, it agrees to give relief by way of exemption from taxation so as to make the relief reciprocal.

Article XVIII provides for the exchange of information.

As I have indicated, this agreement follows the pattern of the agreements Canada already has with the United States, the United Kingdom and New Zealand.

Mr. Macdonnell (Greenwood): I noticed that the minister used two phrases in comparing this agreement with those already in existence which have been tested and, I think, proved by time. He said it was in line with similar agreements with the United States, the United Kingdom and New Zealand, and then he said it followed the pattern. Will the minister be a little more specific? Can he say that it is precisely the same; or if it is not, can he indicate in what ways it is different?

Mr. McCann: In general they are the same. There may be some differences in small details, but they follow the same general pattern as the agreements we already have. The principles involved are the same; they are, of course, the avoidance of double taxation and the establishment of rules for reciprocal fiscal assistance in the matter of income tax. Then it goes into a little further detail. The agreement, in line with other similar agreements, has as its purpose the avoidance of double taxation in respect of trading profits, dividends, interest and royalty payments flowing between Sweden and Canada. It systematizes the taxes imposed on other types of income, including salaries, pensions, and annuities which might be taxable in both countries. Provision is made for tax credits, and for an exchange of information. I do not know that I can point out in detail just the differences, if there are any, with reference to each of the different types of tax mentioned, but the principles followed are precisely the same with reference to the generality of the agreement.

Mr. Macdonnell (Greenwood): I really cannot ask the minister to say that every "i" is dotted in the same way. He has said the principles followed are precisely the same. We are getting the same benefits and giving the same concessions, substantially?

Mr. McCann: Substantially, that is right.

Mr. Macdonnell (Greenwood): What is the total amount involved?

Mr. McCann: This is a new agreement, and it would be impossible at this stage to give the total amount of money involved.

Mr. Macdonnell (Greenwood): Let me change the form of my question a little. Have we no indication at all, from our previous contacts with New Zealand nationals or with our own nationals with investments in Sweden, whether the amount involved is comparatively trivial, or whether it is large? In addition to that, are there any large corporation interests involved?

Mr. McCann: I am informed there are no large corporations involved. We are not giving up any revenue under our system of tax credits.

Mr. Macdonnell (Greenwood): Can the minister not give any illustrative figure? Can he say whether it involves incomes of $20 million, $30 million or $50 million? It would be interesting to know roughly the magnitude of the thing with which we are dealing.

Mr. McCann: At the time the agreement was made, there was an examination of the different accounts. At that time something less than $100,000 was involved. What has occurred since then I am not prepared to state.

Mr. Adamson: Are there any other agreements, or does this agreement include succession duties?

Mr. McCann: We have not negotiated any succession duty convention with Sweden as yet.

Mr. Adamson: I bring that up, Mr. Chairman, because the question of succession duties, particularly for those holding securities abroad, is one to which the government should give earnest attention. Double succession duties can be even more unfair on the Canadian taxpayer than double income taxes. Can the minister say with what countries we have succession duty conventions?

Mr. McCann: If the hon. member will look at the order paper he will see that the next bill, No. 373, is an act respecting succession duty conventions between Canada and France. We have also succession duty agreements with the United Kingdom and the United States. The succession duty agreement with France will be the third.

Mr. Fleming: The agreement provides for its ratification on the part of Sweden by His Majesty the King of Sweden, subject to the consent of the riksdag. Has Sweden ratified this agreement in that manner, and when?

Mr. McCann: Yes; it was ratified on May 16 by the Swedish parliament.

Mr. Noseworthy: There is a question on article XII, Mr. Chairman—

Mr. McCann: Might I suggest that we pass the sections of this bill and then consider the schedule? We can give the explanation of any of the articles at that time.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Orders and regulations.*

Mr. Fleming: I presume that the orders and regulations issued by the minister under the provisions of this article will be tabled in the house, because they are to have the power of law. Under the provisions of the article they can have the effect of overriding inconsistent enactments.

Mr. McCann: They will come under the Regulations Act and be tabled.

Section agreed to.

Section 5 agreed to.

On the schedule.

Mr. Noseworthy: I notice that article XII speaks of professors or teachers at the university level. Does that take in secondary schools, or only schools above the secondary school level? What is the position of a public or secondary schoolteacher on exchange?

Mr. McCann: These articles are for the purpose of fostering cultural interests between the two countries. Professors or teachers from one country will be exempt from tax while visiting other countries for a period not exceeding two years. Students and apprentices from one country receiving education or training in the other will be exempt from tax in that country on payments received from home for maintenance, education or training. In this agreement it includes professors at universities, but the hon. member spoke of secondary schoolteachers. Sweden would not agree to that.

Schedule agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Mr. McCann: Now.

Mr. McCann moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

Canada-France—Succession Duties

CANADA-FRANCE—SUCCESSION DUTY—APPROVAL OF CONVENTION AND PROTOCOL SIGNED AT PARIS, MARCH 16, 1951

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 373, respecting a succession duty convention and protocol between Canada and France.

He said: May I suggest that we follow the same procedure as in the case of the first bill, and I shall make a statement in the committee stage?

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

On section 1—*Short title.*

Mr. McCann: Mr. Chairman, the purpose of this bill is to approve, and to declare as having the force of law in Canada, the convention between the Canadian government and the French government for the avoidance of double taxation and the prevention of fiscal evasion with respect to succession duties. The convention is set out as a schedule of the bill.

As the committee knows, we now have succession duty conventions with the United States and the United Kingdom. These have been followed as patterns in the negotiations with France. I might mention, incidentally, that these negotiations started in 1947 and the agreement was signed only in March of this year. The main purpose of this agreement is to provide for a tax credit and for exchange of information.

Article 5 provides that the country of domicile will allow credit against its duty in respect of property taxed by both countries. This credit is the lesser of either (a) its own tax on such property, or (b) the tax of the other country on the same property. This is similar to the provisions in the agreements between Canada and the United Kingdom and Canada and the United States.

Article 7 provides that the two countries will exchange information so that each will be advised of the death of its domiciled decedents and of the composition of their estates. Furthermore, each country will be advised of the composition of estates of persons domiciled in the other country, who have property situated in the first country. This is similar to the arrangements existing with the United States and the United Kingdom. The protocol outlines what assets each country respectively will expect to receive information about from the other.

Mr. Macdonnell (Greenwood): This succession duty agreement with France follows the general lines which have been followed and found satisfactory with the other countries the minister has mentioned. The principles are the same. Have any difficulties arisen with regard to the exchange of information? What I mean is this. We are broadening the thing out now to go into a country like France. Have any difficulties been raised by Canadian citizens, or are there any which have been discovered in the administration of the existing arrangements?

Mr. McCann: I can state that this bill follows substantially similar bills which we have with other countries, and that no difficulties have arisen with reference to the points raised by the hon. member for Greenwood.

Mr. Fleming: Will the minister indicate what steps have been taken on behalf of France to ratify and to give the force of law to the agreements?

Mr. McCann: They are waiting until we have our agreement approved by statute, until the joint agreement becomes operative.

Mr. Fleming: In other words, as to actual ratification, I gather that no step has been taken on behalf of France. They are waiting for this step that is being taken here today.

Mr. McCann: So far as our information goes, we do not know that they have to have parliamentary authority to ratify it.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADA-FRANCE—INCOME TAX—APPROVAL OF CONVENTION SIGNED AT PARIS, MARCH 16, 1951

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 374, respecting an income tax convention between Canada and France.

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

On section 1—*Short title.*

Mr. McCann: Mr. Chairman, the purpose of this bill is to approve and declare as having the force of law in Canada the convention between the government of Canada and the government of the French republic for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

This agreement follows the pattern of the agreements which Canada already has with the United States, the United Kingdom and New Zealand.

I have already indicated in my statement on Bill No. 372 the general purpose of such an agreement. I might, therefore, confine my remarks to referring to the important sections of this particular agreement.

Article 4 provides that an enterprise of one country will be subject to tax in the other country on its industrial and commercial profits to the extent that these are attributable to its permanent establishment in the other country.

Paragraph II of article 7 is of particular interest to Canadian companies which have operated in France through wholly-owned subsidiaries. Under these circumstances, there was a tax imposed by France on the profits of subsidiary companies operating there, and another tax on the dividends distributed by a subsidiary company to its Canadian parent. There was also imposed by the French authorities a tax on the Canadian parent company when the latter declared a dividend, a part of which was considered to be the distribution of profits earned in France by reason of the Canadian company's interest in the French subsidiary. Under paragraph II of article 7, France will no longer collect this third tax, so that a Canadian parent company will not be subject to tax on the dividends it pays by reason of its participation in a subsidiary company in France.

Article 9 provides that the salaries paid by one government to its officials who reside in the other state for the purpose of fulfilling their duties will be exempt from tax in such foreign state.

Article 10 provides that the remuneration of those other than government officials will be taxed in the country in which they are employed, unless such employment is merely temporary.

Article 16 provides for the avoidance of double taxation on the types of income therein described by means of tax credits or exemption from tax.

Article 19 provides for the exchange of information.

As I have already indicated, the agreement follows the pattern that has been set by the previous agreements with the other countries I have already mentioned, and the agreements are substantially the same.

Mr. Macdonnell (Greenwood): Just on that last point I should like to ask the minister a question. This looks like a much more detailed and complicated agreement than the one with Sweden. I am going to refer in a moment particularly to paragraph II of article 7, but can we say in general that the provisions included here—it is an extensive agreement—have been used and tested in our agreements with the United States, the United Kingdom and others which have been in existence for some time?

Mr. McCann: Paragraph II of article 7 is of particular interest to Canadian companies which have operated in France through wholly owned subsidiaries. Under these circumstances there was a tax imposed by France on the profits of the subsidiary company operating there, and another tax on the dividends distributed by the subsidiary company to its Canadian parent. There was also imposed by the French authorities a tax on the Canadian parent company when the Canadian parent company declared a dividend, a part of which was considered to be a distribution of profit earned in France by reason of the Canadian company's interest in the French subsidiary. Under article 7 of the agreement—and this is the important part—France will no longer collect this third tax, so that the Canadian parent company will not be subject to tax on the dividends which it passes by reason of its participation in a subsidiary company in France.

Mr. Macdonnell (Greenwood): That sounds satisfactory and convincing up to a point, but I should like to ask the minister another question. The wording of the last part of paragraph II of article 7 seems so vague and so capable of rather extensive application that I want to read it:

> The profits distributed by this latter company and subject to the proportional tax on income derived from securities, will, if necessary, be increased, for the purpose of establishing the basis of the tax, by all the profits or advantages which the former company may have received indirectly from the latter company in the circumstances provided by article 5 above.

The words: "if necessary" and "profits or advantages," and the word "indirectly," all seem to me to be capable of creating difficulties in interpretation. That is what leads me to ask the minister whether in fact this is a clause which has stood the test of time, or whether it is new or exploratory.

Mr. McCann: France agreed to eliminate this third tax, but it has insisted upon this particular reservation so that it would tax the subsidiary company, that is, the second tax.

Mr. Macdonnell (Greenwood): At this stage I do not suppose there is much point in having more to say about it, but I must say it seems to me to be full of possibilities for

the ingenuity of different interpretations. However, at the moment it does not seem worth while to press it further.

Mr. Fleming: Coming back to the question of ratification on behalf of France, I presume the position with respect to this bill is the same as with respect to Bill No. 373. From the minister's answer I was not quite clear as to what the opinion of the Canadian government is with regard to steps which should be taken on behalf of France to constitute ratification by France. Both agreements—that is, the agreements which are schedules to Bills Nos. 373 and 374—provide that agreement in each case shall come into effect on a date to be agreed upon by the governments. I wish the minister would indicate what date is agreed upon or in contemplation for bringing both these agreements into effect. Can he enlarge on his answer given on the previous bill on the subject of the method of ratification by France?

Mr. McCann: It is a difference of procedure and authority. I understand that so far as France is concerned, their executive or their cabinet have the authority to put this agreement into effect. Here the procedure is different; it has to come before parliament and be given statutory effect by parliament. Therefore it is a question of who has the authority. Our understanding is that their executive body, which corresponds to our cabinet, authorizes it.

So far as the date is concerned, it is still a question for their executive authority to indicate the date on which they wish it to come into effect.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On the schedule.

Mr. Noseworthy: I should like to ask a question about article 14. This is the article which refers to the liberal professions. I take it that teachers or professional people, Canadians, working in France, are taxed in France, and vice versa; is that correct?

Mr. McCann: Yes, professional people, teachers and professors, will be taxed in the country where they carry on their activities. If this income is taxable in Canada, France will allow a tax credit; if it were the other way around we would allow a tax credit. That is the reciprocity in it. They do not have to pay double if they get the tax credit. A Canadian teacher over in France, if he were taxed there on his Canadian income, would get a tax credit for the amount of tax that he has to pay, and vice versa.

Mr. Noseworthy: What is the position of Canadian teachers on exchange with France where the salaries are paid by the Canadian school authorities? Are they taxed in France or in Canada?

Mr. McCann: If they were teaching in France, they would be taxed, if they were earning income there.

Mr. Noseworthy: Where the French tax does not correspond to what the Canadian tax would be, they are taxed in Canada for the difference?

Mr. McCann: That would be right. They would be taxed in Canada on their world income. If the amount of tax that they paid in Canada was not equal to the amount of tax that they paid in France, they would have to pay the difference between that amount and the amount to be paid, but they get a credit for the amount of tax that they pay in the country in which they are carrying on their teaching or student activities.

Mr. Adamson: Only if they have a Canadian income. Surely the income derived from their work in France is not subject to tax in Canada, is it?

Mr. McCann: No; this provides for people who have two incomes.

Mr. Adamson: Exchange, yes.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM SHERRIDON TO LYNN LAKE, MAN.

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 376, respecting the construction of a line of railway by the Canadian National Railway Company from Sherridon to Lynn Lake in the province of Manitoba.

Mr. Green: Is it the intention of the Minister of Transport to make a statement?

Mr. Chevrier: On the resolution I dealt with the reasons for the construction of this line. I need not repeat what I said at that time, but briefly perhaps I should summarize the essential features of this bill. They can be divided into four parts.

First, the Canadian National Railways has agreed, subject to the approval of parliament, to construct a line a distance of 155 miles from Sherridon in the province of Manitoba to Lynn lake in the same province. The cost of the line is to be $14,725,000, $10 million of which is to be financed by the Canadian National Railways and the remainder by the government.

The Canadian National Railways has entered into an agreement with Sherritt Gordon, the main features of which are as follows: Sherritt Gordon will build the necessary plant and other buildings required to develop the mine, together with a concentrator capable of concentrating 2,000 tons of ore per day. Sherritt Gordon will also build a refinery at Edmonton for the purpose of taking care of the concentrates of nickel.

After the completion of the line the company will agree to pay Canadian National Railways $350,000 a year for a period of twenty years. Then the mining company agrees to locate its plant upon the line of Canadian National Railways and ship its production and products over the C.N.R. line. On the other hand, Canadian National Railways agrees to build a line which will be ready for operation by November 1, 1953. It agrees also to operate it in accordance with the traffic and the needs of the traffic prevailing in the area. The railway further agrees that after it has carried an amount of traffic equivalent to 1,880,000 tons of outgoing traffic it will pay Sherritt Gordon mines $2.25 per ton in excess of the 1,880,000 tons until the sum of $5 million has been paid. Canadian National Railways has an agreement or undertaking from the government that any amount in excess of $10 million will be paid by the government, and that amount is estimated at $4,725,000.

The whole reason for the construction is the mineral development that has been found in the area contiguous to Lynn lake in the province of Manitoba. In 1937 Sherritt Gordon Mines Limited began a large scale program of exploration work in the area of the Pre-Cambrian lavas north of Granville lake in northern Manitoba. The result of this work was discovery of gold made at Lasthope lake in 1938 and the discovery of nickel and copper sulphides in small outcroppings near Lynn lake in 1940. Since that time the exploratory work has been going on, and in fact up until the end of 1950 the exploration and development work of Sherritt Gordon has been going on and there has been established the presence of eleven sulphide bodies containing, above a depth of 1,700 feet, a total of 14 million tons of nickel-copper deposits.

Metallurgical tests have indicated that copper concentrate and a nickel concentrate of a satisfactory grade and recovery can be made by treating the nickel-copper sulphides in a flotation mill. The copper concentrates would be shipped to the Hudson Bay Mining and Smelting Company at Flin Flon, and the nickel concentrates would be treated in the proposed ammonia leaching plant to be constructed at Edmonton, Alberta.

The Sherritt Gordon discoveries became generally known during the winter of 1946-47, and a large number of claims were staked by various companies and interests, both large and small, in that area. At the present time the only known mineralized bodies of significance are on claims held by Sherritt Gordon. During the past four years Sherritt Gordon has established the presence of the nickel-copper ore bodies which I have mentioned, and a shaft has been sunk to a depth of 1,024 feet. Mineralized bodies have been investigated underground, but the development work has now ceased pending the completion of plans for production, namely, the construction of the railroad. These deposits cannot be taken out of that area until the railroad is constructed.

I should like to bring to the attention of the house the necessity of speed of construction. It is of the greatest importance. Time is of the essence. Everything must be in readiness by October, 1953, at which time the railway company has undertaken to have its line ready for operation. As a matter of fact, the date is November 1, 1953. That is why there is a need for speed in the construction. As hon. members who come from that area know, the period during which construction work can be carried on is a limited one, a matter of some months, so that the railway company will have to move quickly and expeditiously if this line is to be completed by November 1, 1953.

As I indicated in the earlier discussion on the resolution, when debate is completed on the second reading of the bill I propose to move that it be referred to the committee on railways, canals and telegraph lines for further study.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the members of the official opposition believe that this mining development is of great importance, and we support this bill which will provide for the construction of a railroad line by Canadian National Railway Company from Sherridon to Lynn lake in northern Manitoba.

The Minister of Transport (Mr. Chevrier) has given the house something of the interesting story behind this project. Apparently large reserves of nickel and copper and cobalt have been discovered at Lynn lake. Under present conditions these are classed as strategic minerals. The minister stated that the government of Canada is paying direct

whatever is required to construct this railroad line over $10 million. During the discussion of the estimates of the Department of Defence Production the minister of that department indicated that this amount was estimated at $4,725,000, and was to be given by way of direct capital assistance from his department on the ground that this is defence production. We do not quarrel with such an expenditure under those conditions.

As hon. members know, Sherritt Gordon Mines Limited has been and is a very enterprising company. The annual report for last year shows that at present metal prices the gross value of the recoverable nickel and copper in the ore reserves at Lynn lake amounts to over $175 million—that is without completing the exploration work. It is hoped that there is a great deal more ore there than the amount already found. The report also indicates that the plan of development is to produce approximately 17 million pounds of refined nickel metal per year, 9 million pounds of copper, 300,000 pounds of cobalt and 70,000 tons of ammonium sulphate fertilizer.

We are also very much interested in the fact that the company has a market available for these products. The report sets out that a contract has been made with the stockpiling agency of the United States government for the sale of a substantial portion of the anticipated nickel, copper and cobalt output for the first five years of production. It also indicates that contracts have been made with four of the large nickel consumers among the United States steel producers covering the balance of the nickel and cobalt output for the same period. Apparently the company does not expect any difficulty in disposing of the ammonium sulphate fertilizer and the balance of the copper production at prevailing prices.

They are planning to spend on this development something over $28 million. That amount is over and above the cost of the railway, as I understand it, so that this is a very substantial development.

We are glad to see that they are going to take the nickel concentrates to the vicinity of Edmonton for refining there by natural gas. In recent years members have heard a great deal of talk in this house about natural gas. Here is a case where a large mining company is taking its product to Alberta because natural gas is available there. So far as I know, this is one of the first cases in which that has been done, and it will mean a great deal for the province of Alberta and of course for the dominion at large.

[Mr. Green.]

We believe strongly that northern Canada holds the key to the future greatness of this country. Naturally we are very glad to see the developments in northern Quebec and Labrador, where they are opening iron properties. In northern Ontario, you will remember, Mr. Speaker, the great discoveries in the Cobalt area when we were younger than we are now, but still in this present century. Then there were the subsequent gold developments which led to a tremendous increase in the wealth of Ontario and of the whole of Canada. Now we have a similar development in northern Manitoba, and also the finding of uranium ore in northern Saskatchewan. I believe that if a young Canadian were asking for advice today he could be very well told to "go north, young man," just as many years ago young Americans were told to go west. Personally I think the future of Canada depends on how rapidly and efficiently we open up the north country.

There is one thing we do not understand about the bill, and that is the form in which it is drawn. There is no mention whatever of the agreement between Canadian National Railway Company and Sherritt Gordon Mines Limited. In fact there is no mention of the company in the bill at all. Nor is there any mention of the Department of Defence Production. We find that the mileage is to be 155, that the cost is to be $14,725,000, and that the average cost per mile is to be $95,000 with the power to spend fifteen per cent over that figure. But a person reading the bill and then listening to the explanation of the Minister of Transport would think that he had the wrong bill.

Mr. Chevrier: That he had what?

Mr. Green: It may be that the bill is in the proper legal form, but I think the agreement should be mentioned therein and should be made a schedule thereto. Without the agreement between the mining company and Canadian National Railway Company there is no justification for a railway. This is not the ordinary case of the construction of a railway. This is a special case in which a company is involved and is willing to pay several million dollars to Canadian National Railway Company. I believe that there should be some mention of the mining company in the bill, and that the whole agreement should be made a schedule to the bill.

I presume that the standing committee on railways, canals and telegraph lines will be considering the measure within the next day or two, and I urge upon the minister that in the meantime some thought be given to amending the bill in the committee so that the whole picture will appear. It is hard

enough to understand statutes even when they are carefully drawn, but in this particular case one would be like a babe in the woods in trying to find out from the bill what is actually taking place. I repeat that we hope the minister will give some thought to inserting terms in the bill which will make its purpose much clearer than it is at the present time.

Mr. G. M. Murray (Cariboo): Mr. Speaker, I merely wish to say that we in northern British Columbia are very enthusiastic about the development that is taking place in northern Manitoba, because we have the same problems in northern British Columbia as they have in northern Manitoba. I think the extension of Canadian National Railways in that region will merely be a pattern which will later be followed in British Columbia. I am sure the minister will agree it is high time that he extended the Northern Alberta Railways westward into the fertile wheat fields, the oil fields, and to that region where there is also coal and lumber. As the hon. member for Vancouver-Quadra (Mr. Green) has said, these developments are good for the whole of Canada. At Lynn lake you have an industry which will help other industries. The farming industry, for instance, will have a market there. The smelter will produce commercial fertilizer which will be so necessary in that part of Canada. That region is not very far from a fertile farming area, as members from Saskatchewan and Manitoba can tell us.

The country needs population. Of course this is a defence project, but I believe that the feeling in that northern country, where there is fertile land and white settlers, is that extending these railroads is an essential part of our defence program.

I would point out to the minister that we need a railway beyond there, to connect Vancouver with Alaska. This very day, labour trouble on the Pacific coast is tying up all our coastal shipping, so that the great military establishments of Alaska are cut off from both the United States mainland and British Columbia so far as water is concerned. So we are back in the traditional Liberal atmosphere now, with new railways being projected and carried forward into the very richest parts of this continent.

Mr. G. D. Weaver (Churchill): Mr. Speaker, I do not propose to take up much of the time of the house this morning, but I feel I should say a few words on this bill, because the construction of this railway is a matter of vital interest to a large number of my constituents.

The Sherritt Gordon mine went into operation in 1930, and the mine at Sherridon is now worked out. In the last few years the new mine at Lynn lake has been developed; and the closing down of the old mine and the opening of the new have been beautifully co-ordinated so that it requires only this railway to complete the whole project. The old mine will shut down some time this fall, and the surface mining equipment, including the concentrator, will be dismantled and taken over winter roads 150 odd miles to Lynn lake by caterpillar tractors. A large number of the houses of the town will be transported north in the same way. The concentrator will be set up, and when the railway reaches there in 1953 they will be all ready to transport the concentrates to the new refinery at Edmonton.

On a previous occasion I gave the house some figures to illustrate just what an operation of this kind means to the Canadian economy. The mine at Flin Flon came into operation in 1930 with ore reserves of approximately 19 million tons. Now, twenty-one years later, Flin Flon is a town of 12,000 people, and last year produced $40 million worth of metals. At the present time it still has ore reserves amounting to 19 million tons. In 1949 it paid into the federal treasury in ore royalties and direct taxes some $5,500,000, almost the amount now being paid out of the federal treasury to construct the line to the new operation. In indirect taxes the mine paid in the neighbourhood of a million and a half. In proportion to population these payments in taxes amount to about five times the national average. In the last twenty-one years approximately $450 million worth of metals have been produced at the Flin Flon mines. There is a factor to be added to primary production to reach the gross national product attributable to that production, and that factor has been worked out at approximately two and a half. The minister gave the production from this new development as approximately $14 million a year for the next twenty years, or a total of $280 million. Multiplying that by the factor of two and a half gives you an increase in the gross national product of the Canadian economy in the next twenty years of approximately $700 million.

The amount being paid from the federal treasury for this development is only five-sevenths of one per cent of that $700 million, and those figures do not take into account the value of the ore that may lie beyond the last drillhead. In working out the economics of a proposition such as this you cannot go beyond the last drillhead because there is always the distinct possibility that there is no ore beyond that; but you do not know

until the drill has been pushed through. In the case of the Flin Flon mine, as I have shown, we have mined three times the ore that was blocked out at the time the operation started. Therefore it is reasonable to suppose that a considerable amount of ore lies beyond the last drillhead, and that the addition to the gross national product may be three times the figure I have mentioned.

Some hon. members have raised the point that the mine at Lynn lake will be the only source of revenue for this railroad. I would point out that in northern Manitoba we have a very large fresh water fishing industry. Some ninety-five per cent of that fish goes to the United States and brings in United States dollars. Last year in the neighbourhood of six million pounds of fish were taken in northern Manitoba. The greater part of that fish comes in by tractor train over winter roads to the present railhead. This railway will move that frontier back approximately 150 miles, thus benefiting all the fishermen in northern Manitoba.

No doubt hon. members are also aware of a recent article in the New York *Times* referring to uranium deposits at Black lake in northern Saskatchewan, in which it was mentioned that railway facilities would be required. I would point out that if this railway were eventually extended from Lynn lake to lac du Brochet, around north of Reindeer lake and Wollaston lake, it is the logical line to be extended to the vicinity of Black lake. From there it is only a short jump to lake Athabasca, Hay river and Great Slave lake, and from there it is still only a short jump to the Mackenzie valley and across to the Yukon and Alaska, covering the area just mentioned by the hon. member for Cariboo (Mr. Murray). Another point in that connection is that this line would run completely through the great Canadian shield, which, as everyone knows, is the greatest source of minerals in the world, and which is the foundation for Canada's greatness in the years ahead.

Therefore I do not look upon this proposed extension as a railway for Lynn lake only. This is really for the development of Canada, and the Lynn lake mine is merely the spark justifying that development economically at the present time. I want to commend the Canadian National Railways for being prepared to undertake this operation, and I would like also to commend the Minister of Transport (Mr. Chevrier) for being prepared to recommend this operation to his colleagues and through them to parliament and through parliament to the people of Canada. His faith in our northern country will not be misplaced.

[Mr. Weaver.]

Mr. William Bryce (Selkirk): My colleague from Manitoba who preceded me has given a pretty good description of what this railway means to our province. I want to assure him and the minister that we who live in the south are wholeheartedly behind this project. We know the tremendous benefit it will bring to the north, and you cannot benefit the north without benefiting the south at the same time. I have had the pleasure of being up in that northern country, and I know the tremendous amounts of fish caught there. We can do with some good fish in the south, though we have our lakes there also.

As the hon. member has said, this development will establish a new frontier, and will mean a great deal to everyone in our province. I congratulate the minister upon pushing this measure forward, and I am sure it will prove to be of benefit not only to Manitoba but to the whole of Canada.

Mr. Rodney Adamson (York West): Mr. Speaker, I want to point out one thing to the minister. I am wholeheartedly in favour of this bill. The reason for the discovery of these nickel properties is that the original prospectors were looking for gold. This is just another example, therefore, of the usefulness of gold to the development of our country. Gold is the magnet which draws prospectors into the north. Gold is the magnet which is responsible for the development of other metals in our country. The original discoveries of the various mines in northern Quebec and around Noranda and Rouyn were the result of the search for gold. Gold has been and still is the main metal of our mining development, and this Lynn lake discovery is merely an example of its power to push back the frontier.

There is another thing that has made the development of this property possible, and that is the tremendously important work being done by Canadian scientists, many of them in the department of mines, with regard to geophysical surveys. Without the geophysical survey method it is doubtful—I believe "doubtful" is the right word—whether this property would have been developed as quickly as it has been. Possibly it might not have been developed at all. The geophysical method established what is known as the anomalies, and showed that there were large deposits of metal or substances heavier than the normal rock. The diamond drills definitely proved these deposits. First you have gold bringing the prospectors. Then you have the scientists, the geophysicists who showed that there was a body of different mineral there. Then you have the mining engineer who proved the property;

then the capitalist and miner who developed the mine. It is all one Canadian team which has done this job.

With regard to the whole railway question, Mr. Speaker, I expect that the profits which will eventually accrue to the Canadian people through the development of our mineral resources in northern Manitoba, Saskatchewan and possibly the Northwest Territories will be a far greater source of revenue to the railways than those obtained from developing the port of Churchill, probably many times more, and in this way will prove the wisdom of constructing the Hudson Bay railway.

It will do one more thing which we must bear in mind. It will show that the western provinces have an enormous potential so far as mining is concerned. We used to think of the three western provinces as being tied to a wheat economy. The disasters which resulted from trying to run that great area on a one-crop economy have in the past brought financial problems and despair. In my opinion, this development of the rocks of the prairies will prove to be of greater value in the next quarter century than the wheat economy for the same period.

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

RETURNED SOLDIERS INSURANCE ACT

PROVISIONS WITH RESPECT TO BENEFICIARY RESTRICTIONS, APPORTIONMENT OF INSURANCE, ETC.

The house resumed, from Wednesday, June 6, consideration in committee of the following resolution—Mr. Lapointe—Mr. Dion in the chair:

That it is expedient to introduce a measure to amend the Returned Soldiers Insurance Act for the following purposes:

To strike out from the act certain parts that no longer apply due to the fact that the time of taking out new contracts of insurance has expired;

To increase the amount of insurance moneys payable under the policy at the time of death of the insured;

To reduce to some extent administration difficulties now found in the act and to bring the act more in line with the Veterans Insurance Act in the matter of beneficiary restrictions and particularly in the manner of changing of beneficiaries and altering mode of apportionment of insurance;

To remove certain restrictions respecting the payment of insurance benefits to the estate of the insured; and

To waive premiums on life contracts when the insured reaches his eighty-fifth birthday.

Mr. Macdonnell (Greenwood): May we have a statement on this matter?

Mr. Mutch: When this resolution was introduced on June 6, the minister made certain explanatory remarks with respect to it. Hon. members will recall that he said this is the original Returned Soldiers Insurance Act which was passed at the end of world war I. The amendments contained in the bill are basically to delete certain parts of the act which are no longer operative and to bring it in line with a similar act dealing with the second world war. It is proposed to send the bill to the committee on veterans affairs for study.

There is nothing much I can add at the moment to what the minister said when the resolution was introduced. The main financial change is to make it possible to pay $2,000 rather than $1,000 on the face value of the policy, which conforms with the proposal in the second bill, and to continue paying the balance of the contract on an annuity basis.

Mr. Wright: The resolution states that the purpose of the bill is to remove certain restrictions respecting the payment of insurance benefits to the estate of the insured. I have had some correspondence with people who have been insured under the old Returned Soldiers Insurance Act and who were having difficulties with respect to this particular matter. Can the parliamentary assistant give us some explanation of just what is contemplated under this change?

Mr. Mutch: The main change is the one I mentioned a moment ago, that whereas it is at present possible to pay only $1,000 in cash and the balance of a contract in the form of an annuity over a period of years, it is now proposed to pay $2,000 in the original payment. That is the principal one. The second change affecting payment is that some of these contracts were on the pay-life basis. It is now proposed that all payments shall terminate at the age of eighty-five, on the pay-life contracts.

One other change that I should perhaps mention is this. There has been some little difficulty in dealing with the total disability clause, and it is proposed to make it conform to the bill which recently went through this house declaring that in the case where total disability is for one year, it is presumed to be permanent.

Mr. Herridge: It is intended to increase the amount payable at death from $1,000 to $2,000. Is that intention based on the government's appreciation of the fact that the dollar is worth only fifty cents?

Mr. Mutch: The former statement is correct.

The Chairman: Shall the resolution carry?

Mr. Macdonnell (Greenwood): No. On June 6 I asked the minister a question which is reported at page 3791 of *Hansard* as follows:

I should like to ask the minister if he will give us some figures showing just what has been the extent

of the operations under the Returned Soldiers Insurance Act which, I understand, affected the situation after the first war, and also what has been the extent of the operations of a similar kind since the second war.

I realize that the matter will come before the special committee, but I think it will be interesting for the committee of the whole to have these figures before the bill to be based on the resolution goes to the special committee.

Mr. Mutch: As to that, Mr. Chairman, may I say that I was not present in the committee of the whole when the questions were asked, and I did not ask for the information so as to bring it with me today. I was not aware that it had been asked for in the committee of the whole. When the bill is before the special committee, however, the administrator of the act will be present and will be prepared to answer questions. I should point out that the committee uses *Hansard*, and that there will be an opportunity again in the house for members to satisfy themselves with respect to it. I might point out that the special committee has now concluded its deliberations, with the exception of these insurance bills, and is waiting for this one to be referred to it. I am sorry that I did not have the figures available this morning.

Resolution reported, read the second time and concurred in.

Hon. Douglas Abbott (for the Minister of Veterans Affairs) thereupon moved for leave to introduce Bill No. 389, to amend the Returned Soldiers Insurance Act.

Motion agreed to and bill read the first time.

Mr. Speaker: Do I understand that the house wishes that this bill be read the second time now?

Mr. Mutch: I should like to have it sent to the special committee.

Some hon. Members: Agreed.

Mr. Abbott (for Mr. Lapointe) moved the second reading of the bill.

Mr. Macdonnell (Greenwood): I am not going to object to this procedure, but it is a highly undesirable practice; unless it is a case of real emergency, I think it is a pity that consent should be asked. If consent is refused, it almost seems as if we were grudging and un-co-operative. I am not objecting to it, but I am raising this point for future consideration.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

[Mr. Macdonnell (Greenwood).]

MUNICIPAL GRANTS ACT

PROVISION FOR GRANTS TO MUNICIPALITIES IN LIEU OF TAXES ON CROWN PROPERTY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to provide that the Minister of Finance may, out of moneys provided by parliament, make certain grants to municipalities in respect of federal property situated therein.

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

Mr. Macdonnell (Greenwood): Should we not have a statement from the minister?

Mr. Abbott: I am in the hands of the house, Mr. Speaker. The bill which will be founded on this resolution puts into statutory form order in council P.C. 741 of February 17, 1950, which authorizes grants to municipalities in lieu of taxes on federal properties under certain circumstances.

The house will recall that for the first year —it may be two years now—we provided the necessary funds by an item in the estimates. But at the time I announced the new policy and the formula upon which these grants would be continued, I said that at the appropriate time a bill would be introduced to provide for permanent legislation for the making of these grants. I had contemplated making a brief statement on the operations of the act when the bill was called for second reading. I thought perhaps the house might like to see the bill, that I would make a brief statement on second reading and it could be discussed then. But I am quite prepared to make that statement now if the house prefers it. It seemed to me that, at this stage of the session, matters might be expedited if we got the bill before the house. But whatever the house wishes is agreeable to me.

Mr. Fleming: Let us have it now.

Mr. Macdonnell (Greenwood): If it would meet with the convenience of the minister, I think we might have the statement now.

Mr. Abbott: It is quite satisfactory to me. My suggestion was just an endeavour to expedite matters. Perhaps the committee on rules will provide some help in that respect.

As I said, this bill puts into statutory form the provisions of order in council P.C. 741 of February 17, 1950, which authorizes grants to municipalities in lieu of taxes on federal properties under certain circumstances. Hon. members will recall that this new policy announced by the government in November, 1949, was given parliamentary sanction by means of a vote in the 1950-51 estimates which

was governed by the provisions of the order in council to which I have referred. Both in November 1949 and during the past session I undertook to put this policy into statutory form during this session of parliament.

The policy of making grants in lieu of taxes to those municipalities in which there are abnormal concentrations of federal property has been a new venture, and, as in all new ventures, there have been some delays and a few misunderstandings during the first year of its application. I am satisfied, however, that this first year of practical experience has shown that the general principles and policies laid down have worked well and have given a large measure of satisfaction to the municipalities concerned.

The grants authorized by the bill are related to federal properties considered necessary for the functioning of government, but not including properties administered by crown corporations, commissions, boards or agencies established to perform special functions, such as the national railways, the national harbours board, Canadian Broadcasting Corporation, and the like. These companies, commissions, boards or agencies have been instructed to negotiate arrangements with municipalities for allowances in lieu of taxes that are fair and equitable having regard to all relevant circumstances.

The grants provided by this bill are of three kinds: ordinary grants in lieu of general and school taxes; grants which provide a measure of relief to municipalities for loss of revenue in cases where taxable property has been acquired by federal government and thus converted into tax-free property; and grants in lieu of special assessments for local improvements.

The ordinary grants are governed by the formula which I referred to in my statement of November, 1949. Under section 125 of the British North America Act no lands or property belonging to Canada are liable to taxation. This is a sound general principle, since most federal properties exist to provide a definite service to the citizens of the communities in which they are situated. We have to realize, however, that with the expansion of functions and the growing complexity of government, concentrations of government property have developed in certain municipalities, and that in many cases these federal offices or properties serve a national or regional purpose.

It would be quite impracticable to look at every piece of federal property and decide whether or to what extent it serves primarily a local function or a regional or national function. We have therefore had to fall back on the degree of concentration of federal property in a municipality, together with an appreciation of the burden which it imposes upon the municipality, as the test to be applied in arriving at a basis for *ex gratia* payments.

Our preliminary surveys indicated that, in total, federally owned properties constituted about four per cent of the value of all properties in the municipalities affected. We therefore took this four per cent as being "normal" and decided to base our grants in lieu of taxes on the amount by which the value of federal property exceeded four per cent of the value of all property in a municipality. The formula for ordinary grants set out in P.C. 741, and now incorporated in this bill, gives effect to this principle.

There are, of course, many types of federal property which confer obvious and substantial benefits on the local community, such as parks, museums, irrigation works, reforestation projects, breakwaters, and aids to navigation. In respect of such properties as these the government will, of course, make no *ex gratia* payments to the municipalities in which they are situated.

There are also provisions for appropriate reductions in the grant in cases where the burden imposed upon the cost of municipal government by a federal property is not material, or where the government does not accept from a municipality services which the municipality customarily gives to taxable properties.

Mr. W. H. McMillan (Welland): I agree with the resolution, but I am interested in federally owned properties in the municipalities which so far at least have not been eligible to receive any of this money or these grants. I refer to a modern inland navigable canal with lands, raceways, together with buildings for weir control, bridge control, elevators, power houses, electrical buildings and so forth, which in many cases far exceed the four per cent suggested as necessary by the Minister of Finance.

Hon. members may wonder what services a municipality may have to render to a canal. I know of some municipalities where police protection has been called so often by the canal employees and by others that the canal property has become part of the regular beat by car of the municipal police. Fire departments too are on call for fires and for drownings. They maintain resuscitation equipment, small boats and grappling equipment in order to recover bodies of those drowned. A dozen calls or more a year made by a fire department during a navigation season is quite a considerable service to render to a canal,

particularly when the whole fire department might be engaged in relays of four or five men each for a period of twenty-four to forty-eight hours in recovering the body of someone who has been drowned in one of the canal pondages or weirs.

In the Niagara district we have the Welland ship canal, which runs across the counties of Welland and Lincoln. It runs through the city of Welland and the towns of Port Colborne and Thorold, and several villages and townships. I admit that a fair number of people are employed in the operation of the canal, and also in the industry that has settled in the Niagara district because the canal is there. But on the other hand, many of our municipalities provide services, and they also assume much greater cost in their own operation because of the canal. I think that at least some of these costs should be assumed by the people of Canada as a whole.

With the increasing canal traffic there is much inconvenience to road and pedestrian traffic. It is acute, particularly in the city of Welland. Something better will have to be evolved to deal with this situation, which is becoming worse year by year, and it will be much aggravated when and if the St. Lawrence seaway is completed. Even now the bottleneck of traffic is very bad. I was told that in one twenty-four hour period last fall when the canal was busy the bridges were up slightly over six hours in twenty-four hours.

The city of Welland has to employ extra police to deal with this traffic. The municipalities also provide police protection to ships and to canal property generally. On frequent occasions I have seen our municipal jails and the county jails taxed to capacity by those who have violated the laws in connection with the operation of the canal. Our municipalities also provide fire-fighting services to ships and to canal property.

Our larger urban areas will require two sewage disposal plants instead of one, that is, one on each side of the canal. As hon. members know, these plants are not only expensive to build, but are costly to operate. They must also have fire-fighting equipment on each side of the canal, because of the uncertainty of being able to cross the canal on short notice. In places our townships must have two roads instead of one, a road on each side of the canal.

The present Welland canal was completed in 1931. In Port Colborne it assumed a new course. It went down through the main street. From lake Ontario to a point above Thorold it also assumed a new course in ascending the Niagara escarpment. This means that in some places we have the present canal and the remnants of other canals. Therefore in certain areas we have much crown property held in respect of these canals.

I am not too familiar with conditions existing in other municipalities, but a year ago, when these grants were first announced, I submitted a brief to the Minister of Finance, and I am sure that this brief contained many features common to other municipalities along the Welland ship canal. For instance, in Thorold, with a total area of 1,435 acres, 500 are taken up with crown lands. About 40 acres have been turned back to the town, still leaving 450 acres of crown lands. We get no local improvement assessments in connection with streets facing the canal property, and the taxpayers maintain the roads crossing the canal property.

Around 1910 and later the government expropriated streets in the towns, in which expropriation the towns acquiesced. I cannot help but pay tribute to the business acumen of the department which has charged us for water services and power lines passing under and over some of the streets that were obtained for nothing. My mind has always been given to research, and I find that certain street allowances were afterwards sold for cash, the same streets that had been expropriated for nothing. I am not complaining about this, because I know the present Minister of Transport knew nothing about it. I could only think ill of him if this condition persists.

The Welland canal is of benefit to the people of Canada as a whole, and we feel that the people of Canada as a whole should bear some of these costs. The Hydro Electric Power Commission of Ontario has recognized a similar condition in the neighbouring city of Niagara Falls and the adjoining township of Stamford, because they make a payment in lieu of taxes for the power canals and the power lines running through that territory.

I appeal to the Minister of Finance to include canal property in this bill and thus give consideration to the municipalities located along the Welland ship canal.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I have a few brief observations to

make with reference to the resolution now under debate, which reads:

That it is expedient to bring in a measure to provide that the Minister of Finance may, out of moneys provided by parliament, make certain grants to municipalities in respect of federal property situated therein.

This subject has been under debate in previous sessions, and I do not know that anything very new is likely to be put before the house at the present time. However, as the present resolution contemplates the introduction of a bill I should like to make a brief comment upon it.

In the first place, the idea of having a statute to deal with this matter, instead of leaving it, as has been the case hitherto, to be disposed of by order in council with a grant of money in the estimates, seems to me to be eminently sound and desirable. I for one should like to express gratification that we are now going to have this matter dealt with by statute and not by order in council. It seems to me that is a distinct advance.

In his statement this morning the minister went back to that provision of the British North America Act which exempts all federal property from taxation by the provinces or municipalities. It seems to me that the implications of that provision of our constitution have been greatly exaggerated in the minds of hon. members opposite in the light of the practices of the present day. In 1867 the functions of government were so narrow compared with the functions exercised by government today that the situation hardly admits of comparison at all. The government has extended its functions more and more widely, and with that extension of functions has gone, to a degree not foreseen by the fathers of confederation, the occupation and ownership by the federal authority, either by the crown or its agencies, of more and more property in municipalities.

I do not need to remind hon. members, many of whom have had long municipal experience before they came to this chamber, of the fact that very often in municipalities property owned and occupied by the crown in the right of the dominion, and its agencies, is frequently as valuable property as is to be found anywhere in the municipality. Neither the letter nor the spirit of that section of the British North America Act, it seems to me, has been any sufficient justification for the way in which the crown in the right of the dominion has been claiming immunity from taxation at the hands of municipalities. Year by year, decade after decade, the functions of the federal government have been extended and the occupation and ownership of property in municipalities have gone on apace.

What does the minister offer to us as the basis on which grants may be made in the future? Let us recognize at once he is not proposing that any federal agency, or the crown in the right of the dominion, should be submitted to taxation. What is proposed is a system of grants in lieu of taxation. Even in the case of incorporated crown agencies, such as those the minister mentioned this morning, the Canadian National Railways, Canadian Broadcasting Corporation and others, the minister is not proposing that they should be submitted to assessment and taxation by the municipalities, but simply that they should be put in the position of negotiating grants in lieu of taxation. Of course I think it would be quite unwarrantable to expect that these agencies are going to be paying taxes in keeping with the taxes that would be paid if the same property were owned and occupied by a private corporation or person. The situation still remains a very lopsided one as far as relations between municipalities on the one hand and the crown or its agencies on the other are concerned.

The formula that the minister proposes to carry forward into a statute, as indicated this morning, is this formula of the 4 per cent, and he is treating the 4 per cent as the normal proportion of the assessment in any municipality which may be represented by property owned by the crown in the right of the dominion, or its agencies. So far as anything underneath that is concerned, he will not regard it as such a concentration as to warrant payment to the municipality of anything in lieu of taxes.

I wish to express my opinion that this is a much too rigid and ungenerous formula to meet a situation of this kind. The situation is much more serious in the case of many municipalities, and is much more precarious in some of them than such a formula will ever redress. Moreover, while I acknowledge that there will have to be some yardstick to measure the size of grant, nevertheless it seems to me that to apply one so rigid to all municipalities right across Canada, regardless of the extent of municipal functions, is going to bring hardship and discrimination. I should like to see some recognition of one or two factors as applied to the proper determination of the amount of these grants, which it seems to me are very relevant.

May I mention in the first place the fact that many of the functions of the crown in the right of the dominion, or its agencies, are revenue-producing. The minister speaks as though all that the dominion is doing is to give a service, and as the service is usually for the local benefit of the municipality or

the people therein, there is no great reason why the dominion should contribute by way of a grant to the expenses of municipal government. That completely overlooks the fact that many of the functions of the federal government are revenue-producing, and I cannot see any reason why the crown should continue to claim the benefit of an archaic exemption when the functions for which it is occupying a particular property in a municipality are not merely in the nature of services but are revenue-producing functions.

In the second place, I think regard ought to be had to those functions of federal government activity which are directly competitive with the functions of certain taxpayers. Where you have the crown engaged in an activity or in the discharge of a function which brings it directly into commercial competition with a taxpayer, I do not see any reason why the crown should continue to assert its right to enforce what I have referred to as an archaic and, I think, obsolete immunity and apply it to circumstances that certainly were never foreseen by the fathers of confederation eighty-four years ago.

Let me mention one or two of these by way of example. Canadian National Railways in its functions is in many localities directly competitive with the Canadian Pacific Railway. In some of its functions the Canadian Broadcasting Corporation is directly competitive with some of the privately owned stations. The minister said this morning that as to those two crown agencies, Canadian National Railways and Canadian Broadcasting Corporation, it is proposed that—

Mr. Abbott: I was speaking of all crown agencies. I simply used those two by way of illustration.

Mr. Fleming: I quite appreciate that. I am not confining my observations to those two at all. The minister indicated that as to those two, and I take it others in a similar position, they are to be free to negotiate with the municipality to make a grant to the municipality. What will be the basis upon which the grant will be arrived at we are not told. I think it is safe to say, in the light of past experience in such matters, that they will not be paying the full taxation rate that they would be paying if they were private occupants or owners of the same property in the municipality. It seems to me that in a case of that kind, where a crown agency is directly competitive with some taxpayer, there is no reason whatever to justify this continued assumption on the part of the crown of its right to exemption from municipal taxes.

[Mr. Fleming.]

On the subject that is close to the concern and thought of many hon. members, housing, I recall the experience that many municipalities had with respect to what would have been municipal taxes on housing. Both in the case of Wartime Housing Limited and Central Mortgage and Housing Corporation, you will recall, Mr. Speaker, that on the properties owned by these corporations, erected by them very often on land contributed by the municipality at $1 a lot, there were no taxes payable, and all that the municipality received was a small grant in lieu of taxes. That small grant in many cases, certainly in the case of the larger urban municipalities with very heavy expenses of municipal government and the heavy cost of municipal services, had the result that they did not receive more than one-third of what they would have collected from the same properties if they had been owned by private taxpayers. There cannot be any justification for the continuation of that kind of treatment of the municipalities.

The municipalities are discharging functions that are vital. When I say that I do not mean only that many of the services they provide are essential to the conduct of civilized life, such as health, education, police and fire protection, welfare services, sewage disposal, and so on; I am thinking also of the vital contribution the municipal government makes in this country to the functioning of democracy.

For many years the costs of municipal government have been soaring, but the taxation base has remained virtually unchanged. Apart from licence fees and a few trifling incidentals, that base is confined to the taxation of real estate. With the pyramiding costs of municipal government; with more and more services demanded by the people, which services in many cases can be best and most efficiently rendered by the municipal governments, since they are closest to the people, it seems to me extremely unfair that when the federal government moves in and occupies property in the municipality, that property should be exempt from taxation. Especially is that so where it is being used for such purposes as I have mentioned, those which are competitive with the interests of private taxpayers, and those which are revenue-producing. So I say we must have regard to the fact that while the cost of municipal government has been increasing by leaps and bounds, the source of revenue has been virtually frozen. Thus when properties in these municipalities are occupied by the federal government or its agencies you have situations which are fraught with the greatest danger to the solvency of the municipalities.

I express the opinion that the formula the minister is proposing to continue does not meet the requirements of the municipalities. I do not believe it is fair or adequate, nor is it based upon a realistic appreciation of the need.

In the last analysis I suppose dollars and cents count in matters of this kind. In referring to the estimates of the department I was interested in item 127, under the heading of grants to municipalities in lieu of taxes on federal property. The minister is proposing only a slight increase this year. The estimate last year was $1,655,000 while the amount parliament is being asked to appropriate for the same purpose this year is $1,845,000, an increase of $190,000. Reference to page 173 for the details shows that of this total in 1950-51 the grants to municipalities amounted to $1,600,000. This year it is estimated that they will amount to $1,800,000, an increase of only $200,000. Measuring $1,800,000 against what the municipalities of this country lose in taxes through federal occupation of property, it seems to me that even to mention figures like that reveals at once their utter inadequacy.

Therefore, Mr. Speaker, while welcoming in principle a statute to deal with this matter instead of continuing the expedient followed heretofore of passing an order in council and providing an amount in the estimates, I do urge that provision to meet the legitimate claims of the municipalities ought to be on a far more adequate scale than can possibly be the case with figures like these.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I was not in the house this forenoon when the minister introduced this resolution; and since there will be a debate when the bill is introduced I wish at this time only to say that I support completely the points just made by the hon. member for Eglinton (Mr. Fleming). Those of us who have had experience with municipal life, and who are watching the struggle of municipal governments today to provide funds for the many things for which funds are required, must be aware of the difficulties with which most municipalities are faced. I suggest, before the bill is introduced, that there is only one fair way by which the federal government can pay money in lieu of taxation on federal property. That is, this property should be assessed the same as other property in the municipality, and the dominion government should pay its fair share of the taxes. I am quite sure that anything short of this will never meet the requirements of the municipal authorities. I suggest that would be the fairest way and really the only acceptable way to deal with this matter.

Mr. H. P. Cavers (Lincoln): I desire to say a few words in support of the case made out this morning by the hon. member for Welland (Mr. McMillan) in regard to certain lands made available to the federal government for the construction of the Welland ship canal across the Niagara peninsula. To a large extent the canals built in Canada have followed the original watercourse, but in the case of the Welland ship canal we find that the lands taken by the government cut across the face of the Niagara peninsula. These lands include many valuable fruit and farming areas, and even extend through some of the larger municipalities in that district. I refer particularly to the towns of Thorold and Port Colborne, and the city of Welland. These lands that have been taken for federal purposes are lands which otherwise would be assessable for municipal purposes. The municipalities have been deprived of their rights to levy taxes on these particular lands. The argument has been put forward that a structure such as the Welland ship canal is of great benefit to the commerce of the country, and in particular to the district in which it is located.

I believe that in addition to the great good that comes to the dominion and to the locality, the local municipalities are required to provide many services for the federal institution. One of the most costly services provided for the Welland ship canal is police protection. The northern part of the Welland ship canal passes through the township of Grantham which is in the constituency I represent. The police force maintained by the township of Grantham is, on occasion, required to spend a considerable time providing police protection for the ships, and the seamen engaged on those ships, which pass through the canal. Then, there is the matter of fire protection and life-saving services which occasion considerable expenditure. I am informed by the mayor of the city of St. Catharines that it costs the fire department $250 each time it responds to a call in the township of Grantham. It can be seen that this adds considerable expense to the municipalities concerned. In addition to that, the firemen are sometimes called to the canal for the purpose of conducting dragging operations to recover a body.

The municipalities affected are required to provide sewage disposal, and this is an additional cost. Traffic bottlenecks are created because of the canal. At Homer, on the Queen Elizabeth way, where this large traffic artery of the province of Ontario crosses the Welland canal, traffic officers are required to see that traffic moves in an orderly fashion. The same situation applies at Welland where traffic on the main street of the town is held

up for many hours during the day. The same condition occurs in Port Colborne. This traffic situation comes into the picture again when municipalities are required to maintain two roads, one on either side of the canal right of way.

Something has been said about the matter of income to the federal government. I believe that the federal government does derive some income from the Welland ship canal. Within the last three or four years there has been established at Port Weller a shipbuilding plant in the drydock owned by the Department of Transport. I assume that a rental is paid. I believe it is a fine thing to have an industry of this kind, which provides employment for the people of our district, but I point this out because I believe some revenue is derived from this undertaking. Then there are canal lands which have been expropriated but which are no longer used for canal purposes. These lands have been conveyed, for a consideration, to individual owners, and I am told that in some cases the lands that were acquired at low rates have been sold at considerable profit to the department concerned. I urge the Minister of Finance, in the bill which will follow this resolution, to give consideration to providing grants for municipalities in respect of lands taken for federal purposes.

Mr. J. W. Murphy (Lambton West): I should like to say a word on this subject. I happen to be one of those in whose constituencies there are crown companies, in my case the Polymer Corporation. I do not need to say that we appreciate the Polymer Company being there, but I believe we have to understand, as apparently some people do not, that while a great industry creates a lot of employment it also brings a lot of headaches in the way of increased education costs, highway costs, police and all that sort of thing. Up until the first of the year the Polymer Company was in the township of Sarnia, but since the amalgamation it has been situated in the city.

Since the construction of this industry in Sarnia, small annual grants have been made. I believe they started at $5,000 or $8,000, and the last one was around $10,000. I should not like the minister to take these payments as the basis for future adjustments. At the time the representations in connection with the grants were made, they were made primarily on the basis of roads. As a matter of fact, there was an urgency to have the plant completed, and like most municipalities the township had bylaws governing the time of the year when trucks could use the highways. I happen to be one of those who made the representations to Polymer for a grant towards the upkeep of the roads. With regard to education, the costs became so high so quickly it was necessary for several of the school sections to go to the province to get grants to help them. One school section which had one schoolteacher was obliged, within two or three years, to add three more rooms to the school.

I do not know whether the minister thinks it fair, in the final stages of the discussion on the resolution, to consider what aid could be given to municipalities having such a crown corporation. This aid is especially necessary in connection with roads and education costs. A great many of the employees of the Polymer Corporation still live in the township. I hope the minister will make some comment on this. According to the statement of the Polymer Corporation, the total cost of the fixed assets was $57,853,906; depreciation reserve totalled $24,217,793, leaving a cost less depreciation of $33,636,113. While the cost of the land is small, I am not sufficiently familiar with the assessment act to know how machinery and equipment are assessed. I have an idea that they are exempt. I believe that roads and buildings, electrical connections and so on are taxable. I do not know whether or not it would be fair to ask the minister to look at the statement, and say what the assessment might be.

Mr. Abbott: I did not want to interrupt my hon. friend, Mr. Speaker, but he perhaps does not appreciate that the payments by crown corporations for taxes do not come under the measure to be founded on this resolution. I announced some time ago, as a matter of government policy, that these various crown agencies, crown companies and the like, were instructed to make with the municipality in which they operated appropriate arrangements for the payment of moneys in lieu of taxes but they are not provided for under this act or the item in the estimates which relates to it.

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, I am going to take a rather unusual position today, inasmuch as I am not speaking for the people of Comox-Alberni but

rather as a taxpayer here in Ottawa; unfortunately I am one. I do not know who is to blame for this terrible situation we have in this city with regard to municipal taxes. If I thought it was the minister, I am afraid that I would be tempted to make a kind of rough speech; but I am not convinced that it is entirely owing to the improper basis of taxation on federal government property that is, in fact, the cause of the difficulty which we experience here.

I well appreciate the fact that the federal government provides many services to this city of Ottawa such as maintaining the parks, driveways, the museum, and all the sights we have here that cost the municipal authorities nothing. But it seems to me that the taxes here have got into the position that they are almost confiscatory. They are actually double what they are in the great city of Vancouver. I of course appreciate the fact that Vancouver does not supply the heat, the cold and the flies that we get here as part of our municipal services. But it seems to me that the federal government surely cannot be treating this town fairly when the taxes in the city of Ottawa are double what they are in the city of Vancouver.

I have a three-bedroom home out here on the federal driveway. The driveway is maintained by the federal government, but I can say that on my three-bedroom home I pay a tax of $760 a year; that is for land tax and water tax. The sum of $760 a year is a great deal of money or it used to be considered a great deal of money. I have a colleague, also from British Columbia, who has a modest family home on a fifty-foot lot, and he pays $550 a year. I think hon. members generally do not appreciate the terrific scale of taxation that is in effect in Ottawa. Actually I am afraid that many civil servants will contemplate going up the Gatineau and putting up a wigwam, because I am almost certain that a man earning a normal salary cannot afford to pay his civic taxes.

I am not going to blame the minister for the situation. It is probably caused by a combination of circumstances. But it seems to me that the government, being the largest employers here in Ottawa, would be well advised to take an intelligent interest in this great problem that concerns every citizen of Ottawa.

Mr. H. O. White (Middlesex East): Mr. Speaker, I wish to say a word or two on this question of taxation of federal property and the position in which municipalities find themselves. I think I have mentioned this matter on a couple of former occasions. But since that time the Minister of National Defence (Mr. Claxton) stated, on June 7, that some 75 acres were going to be added to No. 27 ordnance depot at London. That addition will affect London township. Continued expansion is going on at Westminster hospital in Westminster township. Certainly the income tax building at London, Ontario, went out of the ownership of private individuals in Montreal and is now a federal building. That is a further loss of, I believe, some $8,000 in taxes to the city of London. If this trend continues year after year, we are going to get to the point where there will be few people left to pay taxes, and a great deal of taxes to pay. I hope the minister will review this whole question because there is getting to be a great concentration in London and London district, because of their importance in western Ontario.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Fleming: Will the minister indicate the total paid out, during the fiscal year, of the $1,600,000 that was appropriated for this purpose? If the list is not too long, will he give the municipalities that received any grants? If the list is long, perhaps he could indicate the number, and some of the larger amounts paid, including Ottawa.

Mr. Abbott: It is not too long, Mr. Chairman. I should be glad to put it on *Hansard* if it were of interest. As to the total paid out, the figures here are $1,578,251.13. That covered the ordinary grants under the four per cent formula and, second, grants in lieu of taxes on government grain elevators—that is, as distinct from properties owned by harbour commissioners or independent corporations; transitional grants respecting newly-acquired properties and grants in lieu of special assessments for local improvements. The biggest grant was, of course, to the city of Ottawa, amounting to $962,392. The second largest was to the city of Halifax, amounting to $197,394; the third largest was to the city of Calgary, $43,300; the fourth was to Saint John, New Brunswick, $42,210. Perhaps it would be of interest to the committee if I were to place the list on *Hansard*. It is not unduly long. I should be glad to do that.

The Deputy Chairman: Has the minister the consent of the committee that the list be placed on *Hansard*?

Some hon. Members: Agreed.

Municipal Grants Act

Mr. Abbott: The list is as follows:

Statement of grants made during fiscal year ended 31st March, 1951

Ordinary grants under the 4 per cent formula:		
Amherst, N.S.	$ 6,646.00	
Calgary, Alta.	43,300.00	
Dartmouth, N.S.	18,104.00	
Esquimalt, B.C.	19,175.00	
Fredericton, NB.	11,711.95	
Gloucester, Ont.	1,936.25	
Halifax, N.S.	197,394.00	
Lauzon, P.Q.	2,322.60	
Little Current, Ont	2,195.00	
Moncton, N.B.	23,161.00	
New Westminster, B.C.	27,089.00	
North Vancouver, B.C.	8,212.00	
Ottawa, Ont.	962,392.00	
Pictou, N.S.	2,690.22	
Prince Albert, Sask.	7,707.00	
Richmond, B.C.	9,779.00	
Saint John, N.B.	42,210.00	
Senneville, P.Q.	3,904.39	
		$1,389,929.41
Grants in lieu of taxes on government grain elevators:		
Cory, Sask.	$ 6,800.60	
Calgary, Alta.	12,931.77	
Edmonton, Alta.	18,074.92	
Lethbridge, Alta.	12,020.62	
Moose Jaw, Sask.	11,612.04	
Prince Rupert, B.C.	12,746.85	
		74,186.80
Transitional grants respecting newly acquired properties:		
Maple Ridge, B.C.	$ 126.00	
Moncton, N.B.	266.70	
Ops, Ont.	40.56	
Regina, Sask.	658.20	
Sidney, Ont.	571.73	
		1,663.19
Grants in lieu of special assessments for local improvements:		
Belleville, Ont.	$ 1,716.01	
Calgary, Alta.	1,352.74	
Dartmouth, N.S.	28.88	
Edmonton, Alta.	5,042.05	
Grantham, Ont.	2,038.76	
Halifax, N.S.	11,095.73	
Hull, P.Q.	46,939.74	
Kindersley, Sask.	403.00	
Kingston, Ont.	429.86	
London, Ont.	4,164.00	
Maple Ridge, B.C.	53.66	
Moose Jaw, Sask.	53.00	
Neepawa, Man.	134.50	
Nipawin, Sask.	300.00	
Prince George, B.C.	312.50	
Red Deer, Alta.	969.87	
Regina, Sask.	6,304.19	
Saskatoon, Sask.	416.66	
Three Rivers, P.Q.	128.31	
Toronto, Ont.	8,874.13	
Vancouver, B.C.	172.12	
Winnipeg, Man.	21,207.73	
Woodstock, Ont.	334.29	
		112,471.73
		$1,578,251.13

Mr. Macdonnell (Greenwood): The minister referred to crown corporations as being in a sort of betwixt-and-between class. They were not treated like ordinary taxpayers. On the other hand, they were commissioned to make some kind of deal. Is there any basis on which that deal is made? What I mean is this. Crown corporations perhaps have a certain basis for negotiating from the very fact that they are crown corporations and have to some extent the weight of the government behind them. Can the minister indicate whether there is any principle, shall I say, which is being followed? While I am on my feet, may I also ask this question: In applying this percentage across the board, does the department arrive at its own figures or does it take the assessment figures of the various municipalities?

Mr. Abbott: As to the first question, I do not know that there is any fixed formula so far as crown corporations or agencies are concerned. They have been instructed to make with the municipalities arrangements on a fair and equitable basis. The reason for that is that the character of the operations of these crown corporations varies a good deal. For instance, the Polymer Corporation, which is in the constituency of the hon. member for Lambton West, is pretty well, one could say, an entirely commercial operation. There are, however, other crown agencies whose operations could be categorized as partly commercial and partly a general type of service. The arrangement therefore is that each crown agency negotiates its own tax arrangements with the municipality.

On the second point, as to the valuations, I made it quite clear in my statement of November 14, 1949, that the crown must reserve to itself the right to establish the valuation. These are *ex gratia* payments and, for reasons which I think are fairly obvious, the crown could not put itself entirely in the hands of the local assessors. In most cases of crown property, not too much attention has been paid to the real value of the assessment because it had no practical significance in the past. But what has been done in the case of the different municipalities where grants are payable is for officials of the municipal grants division to confer with the local assessment authorities and to endeavour to arrive at an assessment which is accepted as mutually satisfactory. In one or two cases, I think here in Ottawa and in Halifax, we retained an outside real estate adviser to help in arriving at an assessment.

Mr. Macdonnell (Greenwood): I appreciate what the minister said about there being certain cases where crown property in a municipality was in the nature of an amenity

and might fairly go without taxes. As I understood him, the minister took the case of Polymer—

Mr. Abbott: Just as an example of a crown corporation.

Mr. Macdonnell (Greenwood): Yes. Was I correct in understanding that the implication of what he said was that Polymer, being a commercial enterprise, would in a measure at any rate be subject to the same taxation considerations as would another comparable enterprise in private hands?

Mr. Abbott: I think the practice of Polymer would be that followed by a great many large industries of that kind which are established in various localities. Certainly in my own province it was quite common practice for them to arrive at special tax agreements with the municipalities, which would be frequently confirmed by legislation. In the case of Polymer, I know that they have been told, in common with other crown corporations, to negotiate an appropriate agreement for payment in lieu of taxes to the municipalities. It is not under this bill—my hon. friend appreciates that.

Mr. Murphy: I know; I was wondering whether the minister could tell us when this new principle begins. He has said that it applies with respect to crown corporations. Does it begin in 1950 or 1951?

Mr. Abbott: I cannot say from memory, because the administration of it does not come directly under the municipal grants division, which is in the Department of Finance. It is a matter for the crown corporations themselves, and I will have to verify what the policy is.

Mr. Murphy: Suppose the crown representatives and the assessment officials could not agree with respect to a crown company. What would be the procedure?

Mr. Abbott: The government does not intervene directly in the case of negotiations with crown corporations. Since, as I say, in the case of federal property that is owned directly and property that is owned through the intermediary of a crown corporation, it is exempt under the British North America Act, the payment is *ex gratia* payment, so that in the case of a difference of opinion the government's valuation must stand.

Mr. Fraser: Although the government's properties are exempt, water rates have to be paid.

Mr. Abbott: They do not have to pay water rates, but they do. We have always paid water rates and local improvement taxes.

Mr. Fraser: In the event of fire in government properties, what do you do? Do you help out the municipalities on the cost?

Mr. Abbott: Under the formula where the concentration of property is in excess of normal the government pays a grant to a municipality which is to cover the proportion of municipal services which government property receives.

Mr. Fraser: What I was getting at was the fire we had here a couple of weeks ago at which the whole Ottawa fire department was employed for some hours. Will the city of Ottawa be reimbursed for that?

Mr. Abbott: I would not think so, no; we pay a very substantial amount to the city of Ottawa, nearly a million dollars, for certain municipal services, and I would think that would include the services of the fire department where needed.

Mr. Mott: I should like to say a few words on this resolution. I compliment the minister and his department on the wonderful job they have done. I spent many years in municipal offices, and one of the things we had to contend with at all times was complaints based on grants in lieu of taxation, not only from the dominion government but also from the provincial government. In British Columbia we did go so far as to get grants in lieu of taxes on their property which was doing a commercial business. The only one which was placed in that particular category was the liquor stores, which are generally contained on small lots in the city or town. In my own city of New Westminster, British Columbia, I think our grant was around $27,000. That is the amount we received from the dominion government in lieu of taxes.

I do want to congratulate the minister and his department on the two civil servants who represented the department in making the final arrangements with our own city solicitor, the comptroller, mayor and council of the city. They speak of them in the highest praise. I am very sorry to hear that only a few weeks ago one of these civil servants passed away. I believe that the city's own assessor assessed the property in the neighbourhood of $30,000. The final agreement between the city assessor and the government's assessors was $27,000. The city received very favourably the amount set by the dominion government, and of those who represented the department and made the assessment they speak in the very highest praise, for the work that they have done. I think that the dominion government has taken a step in the right direction. If our provincial governments would only follow

they would also be taking a step in the direction that has been long needed in every municipality in the Dominion of Canada.

I am very glad to be able to rise in my place in the House of Commons and pass that praise to the department, and to those in the department who are doing that work throughout Canada. I do not think that the way it was handled in my city was any exception. All through the dominion they have done wonderful work, and I am sure they deserve all the praise that we can give them.

Mr. Fleming: The matter of the basis on which crown corporations are making grants in lieu of taxes has a very direct bearing on this question. The minister has indicated that negotiations are authorized between the crown corporation and the municipality. I should like a little more light on the objective of the crown corporations in such a case. Is it, within the scope of government policy, a case of seeking to arrive at a fair grant, having regard to the general basis of assessments in the municipality, or to make some convenient arrangement with the municipality that may not necessarily have any direct reference to the prevailing rate of assessment throughout the municipality?

Mr. Abbott: Well, I am afraid I have not been personally in too close touch with that aspect of it because, as I have said, this does not come under the municipal grants division of the Department of Finance. But in the statement which I made on November 14, 1949, outlining in more detail the proposed policy, I said this, as reported at page 1706 of *Hansard* of that date:

> In the case of government-owned railways operated by the Canadian National Railways, agreements have been entered into with the cities of Halifax and Saint John for the payment of reasonable amounts in lieu of taxes. I understand that the Canadian National Railways will endeavour to work out similar arrangements with other municipalities through which the government-owned railway runs.
>
> In general, as I have indicated, the policy will be to have crown corporations work out arrangements with municipalities which are fair and equitable under all circumstances.

That is the general policy, but I am afraid I cannot give my hon. friend very much more detailed information than that.

Mr. Fleming: As a statement of principle it may be a very choice kind of statement to say that they are told to do what is fair and reasonable, but that can mean almost anything. I do not wish to prolong this discussion, but I would like to say that in such cases as we have been discussing, that is to say, crown corporations which are engaged in commercial operations, what would be fair and reasonable in the way of payment on their part is a payment that would be equivalent to the taxes that would have to be paid if the property they are occupying had been occupied by a private taxpayer. Nothing short of that is fair or reasonable under the circumstances.

May I give you an illustration in my own city of Toronto? The Toronto transportation commission is municipally owned and yet in recent years it has been paying taxes on the properties it occupies in the city like any other private taxpayer. It was not always so, but that is the direction in which they have moved and that situation has existed in recent years. I think it is a sound principle to follow.

Mr. Abbott: It is really only a bookkeeping operation, is it not?

Mr. Fleming: The system is operated independently of municipal revenues, and has been for thirty years. It manages its own revenues and expenditures.

Mr. Abbott: I think it would be desirable for accounting purposes, but the municipality owns the corporation and any profits would go to the municipality.

Mr. Fleming: Profits are retained as reserves by the commission. Without dragging the matter out further it seems to me that the fair principle to follow in a situation of that kind is to pay the same assessment as is paid by other property in the municipality.

One final word on the matter introduced by the hon. member for Comox-Alberni in regard to Ottawa: I know there are different aspects to this question, but I wish to say that I share with him the view that having regard to the extent of federally owned and occupied property in Ottawa, the extent of the services that the municipality is called upon to provide, and the vaulting rate at which municipal taxation and the cost of municipal services have soared skywards, the present grant to the city of Ottawa should be reviewed. I do not think by any stretch of the imagination it can be said to be adequate.

Mr. Murphy: Mr. Chairman, I hope that the payments made by Polymer to the municipality in the past few years will not be used by any department as a basis for negotiation in connection with crown companies or federal properties. The payments made by Polymer have ranged from $5,000 to $10,000, which is only one-tenth or one-twentieth of what the taxes would be under a proper agreement. I repeat, I hope that in any negotiations between the department and any municipality these payments will not be used as a basis.

Mr. Balcom: Mr. Chairman, this matter of municipal grants has been of great importance to certain cities across the country, and I might just mention my own city of Halifax. I was impressed with what the hon. member for Comox-Alberni and the hon. member for Eglinton have said with regard to the high tax rate in Ottawa. Considering the difficulties under which we operate in Halifax, I must say that our tax rate is much lower. It may be that the hon. members will consider coming down there to live.

I should like to re-emphasize the position of our city, which has been put forward on several occasions by the board of trade. The minister has been asked to give consideration to this matter and he has undertaken to do so. Fifty-one per cent of the properties in Halifax are non-taxable and the result is that the taxpayer must carry a much heavier load. I do not overlook the fine reception the minister has given to our delegates and myself personally when he has been approached in regard to this matter. He has been most considerate and the delegates have gone home satisfied that they were treated fairly. I thought that on this occasion I should say a word on behalf of Halifax when these grants are being considered.

Mr. Bater: Mr. Chairman, in considering the basis of assessment in any urban municipality, will the property of Central Mortgage and Housing Corporation be taken into account?

Mr. Abbott: I believe so.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 390, respecting grants to municipalities.

Motion agreed to and bill read the first time.

INCOME TAX ACT

The house resumed, from Wednesday, June 13, consideration in committee of Bill No. 296, to amend the Income Tax Act—Mr. Abbott—Mr. Beaudoin in the chair.

On section 21—*Rates.*

The Deputy Chairman: There was an amendment to this section moved by the Minister of Public Works.

Mr. Pearkes: Mr. Chairman, I am sure the members of the armed forces will appreciate the concessions which have been granted in this amendment. While it was hoped that they would be granted a complete exemption from income tax, these credits will go a long way toward meeting the situation. The only observation I desire to make is to ask assurance that the benefits granted under this bill will apply to those who receive benefits under the various pieces of legislation which have been passed in connection with members of the special force.

It will be noticed that in the amendment the zone in which these benefits will apply is described. This credit is to be given to members of the naval, army or air forces of Canada who are on duty in a zone outside Canada prescribed by regulations made on the recommendation of the Minister of Finance. I should like to direct attention to P.C. 2930 which was promulgated on Monday, June 11, and which deals with the areas in which the benefits under such acts and regulations as the special forces veterans benefit regulations, the Veterans Rehabilitation Act, the Veterans Insurance Act and the War Service Grants Act will apply.

In those acts and regulations the area in which they are applicable is defined as being service in a theatre of operations which means such service as the governor in council may designate from time to time. P.C. 2930 goes on to define what that area is in section 1 which revokes section 3 of the special force veterans benefit regulation as follows:

> For the purposes of these regulations "service in a theatre of operations" means the service of a member of the Canadian forces from the time of his departure from Canada or the continental United States of America including Alaska to participate in military operations undertaken by the United Nations to restore peace in the republic of Korea until
>
> (a) he returns to Canada or the continental United States of America including Alaska, or
>
> (c) the unit with which he is serving, having ceased to participate in such operations, arrives at the place to which it has been assigned,

The point I want to make is that the benefits under this amendment should apply to everybody who is taking part in these special operations. The proposed amendment will apply to everybody who is taking part in these special operations. I suggest that it might be desirable not to make it applicable to other people who are not benefiting from the veterans legislation. One does not expect these benefits to be handed out to everybody. For that reason I wanted to draw this order in council to the attention of the committee. I believe there is sufficient flexibility in the regulations so that if the 27th brigade or other special forces go to Europe an amendment could be made to the regulations by the governor in council.

He could designate as a theatre of operations any new area overseas where Canadians were taking part.

Mr. Abbott: I think the definition my hon. friend has indicated seems to be a pretty good one for our forces in Korea. As he has pointed out, the section in the act is drawn in such a way as to leave flexibility so that by regulation, that is to say, by order in council on the recommendation of the Minister of Finance, the benefits of the section can be extended to other service personnel who may be serving outside Canada. Quite frankly I must say I have anticipated that if and when our brigade group is serving in Europe, let us say, a similar privilege would be extended to them. I agree with the hon. member that it is desirable that this benefit should at least be co-terminal with those who are eligible for veterans benefits, and it may well be that it should cover some wider ground.

Mr. Fair: As one of the first members to bring this matter to the attention of the Minister of Finance earlier this session, I want to thank him for the consideration he has given in the announcement he made not many days ago. I feel we owe this to our servicemen, and I hope it will be extended as far as reasonably possible to those men and women who may be in the fighting forces. It was a wrong that has been rectified, and I want to thank the minister for his consideration.

Amendment agreed to.

Mr. Abbott: I do not want to hold up my own section, but perhaps members of the committee who are interested might find it of value if I were to put on *Hansard*, as I do during the budget speech, tables showing the effect that this tax will have on various ranks, and with various marital statuses. If I have the unanimous consent of the committee, I should like to do that.

The Deputy Chairman: Has the minister leave to put these tables on *Hansard*?

Some hon. Members: Agreed.

Mr. Abbott: The tables are as follows:

ARMED FORCES TAXATION

EFFECT OF TAX CREDIT OF $1 PER DAY

Single Serviceman

Rank	Taxable Pay and Allowance	Monthly Tax (1952)	Value of $1.00 per day Tax Credit (30 day month)	Monthly Tax Remaining Payable	Tax Free Foreign Allowance
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Private (1st Class)	140 00	9 36	9 36	.....	9 00
Corporal	153 00	11 70	11 70	.....	9 00
Sergeant	175 67	15 95	15 95	.....	12 00
Staff Sergeant	201 00	21 05	21 05	.....	15 00
Warrant Officer Class II	223 00	25 54	25 54	.....	16 50
Warrant Officer Class I	248 67	30 84	30 00	0 84	16 50
Lieutenant	247 67	30 64	30 00	0 64	.....
Captain	286 67	39 37	30 00	9 37	.....
Major	377 33	60 12	30 00	30 12	.....
Lieut-Colonel	439 00	74 66	30 00	44 66	.....
Colonel	596 33	116 81	30 00	86 81	.....
Brigadier	774 33	173 32	30 00	143 32	.....

NOTE: 1—Taxable pay and allowances consists of basic pay of rank for officers and basic pay of rank plus group 2 trades pay for soldiers, plus $\frac{2}{3}$ the allowance for rations and quarters and, in the case of married personnel, marriage allowance.

ARMED FORCES TAXATION

EFFECT OF TAX CREDIT OF $1 PER DAY

Married Serviceman—No Dependents

Rank	Taxable Pay and Allowance	Monthly Tax (1952)	Value of $1.00 per day Tax Credit (30 day month)	Monthly Tax Remaining Payable	Tax Free Foreing Allowance
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Private (1st Class)	170 00	.....	.....	.....	9 00
Corporal	183 00	2 16	2 16	.....	9 00
Sergeant	205 67	6 30	6 30	.....	12 00
Staff Sergeant	231 00	10 80	10 80	.....	15 00
Warrant Officer Class II	253 00	14 76	14 76	.....	16 50
Warrant Officer Class I	278 67	20 03	20 03	.....	16 50
Lieutenant	287 67	21 87	21 87	.....	.....
Captain	326 67	29 82	29 82	.....	.....
Major	417 33	50 09	30 00	20 09	.....
Lieut-Colonel	479 00	64 22	30 00	34 22	.....
Colonel	636 33	104 76	30 00	74 76	.....
Brigadier	814 33	158 82	30 00	128 82	.....

NOTE: 1—Taxable pay and allowances consists of basic pay of rank for officers and basic pay of rank plus group 2 trades pay for soldiers, plus ⅔ the allowance for rations and quarters and, in the case of married personnel, marriage allowance.

ARMED FORCES TAXATION

EFFECT OF TAX CREDIT OF $1 PER DAY

Married Serviceman—Two Family Allowance Dependents

Rank	Taxable Pay and Allowance	Monthly Tax (1952)	Value of $1.00 per day Tax Credit (30 day month)	Monthly Tax Remaining Payable	Tax Free Foreign Allowance
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Private (1st Class)	170 00	.....	.....	.....	9 00
Corporal	183 00	.....	.....	.....	9 00
Sergeant	205 67	1 80	1 80	.....	12 00
Staff Sergeant	231 00	6 30	6 30	.....	15 00
Warrant Officer Class II	253 00	10 26	10 26	.....	16 50
Warrant Officer Class I	278 67	14 94	14 94	.....	16 50
Lieutenant	287 67	16 77	16 77	.....	.....
Captain	326 67	24 72	24 72	.....	.....
Major	417 33	44 39	30 00	14 39	.....
Lieut-Colonel	479 00	58 52	30 00	28 52	.....
Colonel	636 33	98 16	30 00	68 16	.....
Brigadier	814 33	151 02	30 00	121 02	.....

NOTE: 1—Taxable pay and allowances consists of basic pay of rank for officers and basic pay of rank plus group 2 trades pay for soldiers, plus ⅔ the allowance for rations and quarters and, in the case of married personnel, marriage allowance.

Section as amended agreed to.

On section 22—*Foreign business corporations.*

Mr. Fleming: There are several points I should like to raise with respect to section 22. In the first place, it will be noted that the section applies to foreign business corporations, and the effect of subsection 1 is to require an application of the kind contemplated here to be filed within 120 days from the end of the year. The question immediately arises: Why 120 days? The Companies Act makes a clear distinction between those companies whose business is carried on abroad and those companies whose business is domestic. I would suggest that the flat provision of 120 days from the end of the year is not entirely fair to corporations whose undertakings are largely carried on outside Canada. I should like to refer to

section 112, subsection 1, of the Companies Act which reads:

> At each annual meeting the directors shall lay before the company
>
> (a) a balance sheet made up to a date not more than four months before such annual meeting:
>
> Provided however that a company which carries on its undertaking out of Canada may by its bylaws extend this period to not more than six months.

I suggest in the case of such a corporation, one which carries on its undertaking outside Canada, that similar recognition should be made in this section of the difficulty of closing its books and making its return. I would urge that in that case the time allowed should be extended to six months.

Then there is a further question. In paragraph (b) of the proposed new subsection 4 of section 64, the benefit is narrowed by these terms to companies of an industrial, mining, commercial, public utility or public service nature. I should like to ask the minister why there is any necessity for narrowing this provision to companies of these particular natures. Why should it not be made broader?

Mr. Abbott: The present wording is not very narrow. This definition was put in because it was called to our attention that one or two foreign business corporations, which had their head offices in Canada and which were paying some taxes here, in fact were carrying on their operations entirely abroad, but because of a technicality they might be subject to double taxation, and under those circumstances they would be obliged to remove their offices from Canada. We could not see any particular advantage to Canada in losing the taxes which they were paying. Therefore this latter part of the amendment, subsection 4, was provided to meet these cases. As my hon. friend is aware, there are not a great many of these corporations now. They are relatively few. There are one or two very well known ones. I suppose Brazilian Traction is one of the best known.

As to the first part of my hon. friend's question concerning the 120 days or four months, that provision was in the Income War Tax Act and has not been extended. Paragraph (ii) of section 1(b) is intended to be a relieving section because under the old section as it stood after the expiry of 120 days they simply lost their right to qualify as what we used to call 4-k companies, being foreign business corporations. Now they do not lose their status as such, but if they fail to file within a certain time and in the prescribed form there is a mild penalty for failing to do so within the normal period of 120 days.

Mr. Fleming: Would it not be reasonable to allow them six months?

[Mr. Fleming.]

Mr. Abbott: Well, 120 days has always applied to these companies, and for that reason we did not think of changing it.

Mr. Fleming: When you look at the recognition given by the Companies Act to the position of such companies, would it not be reasonable to put their tax position on the same basis?

Mr. Abbott: I will have a look at it again; I confess the point had not occurred to me.

Mr. Fraser: Is that the end of their calendar year or their fiscal year?

Mr. Abbott: The end of their fiscal year.

Mr. Macdonnell (Greenwood): It seems to me the request of the hon. member for Eglinton to have the 120 days extended to six months is reasonable unless there is something against it, particularly when you consider the terms of the dominion Companies Act which seem to me sound.

Section agreed to.

Section 23 agreed to.

On section 24—*Undistributed income on hand.*

Mr. Fleming: This relates in part to the subject matter covered by section 30, but I take it that if this section is now carried our opportunity to discuss the broad question of the distribution of these surpluses under section 30 of this bill will not be restricted.

Mr. Abbott: Oh, no.

Mr. Fleming: There is one specific point I would like to raise under subsection 5, which provides that this section shall be deemed to have come into force on June 30, 1950. In other words, it is made retroactive for practically twelve months, certainly ten months prior to the introduction of the budget resolutions. I am told that litigation is pending in which the definitions provided in section 24 and the new provisions there are likely to have a very direct bearing. For that reason I strongly urge that a section of this kind ought not to be made retroactive. Surely in legislation imposing taxation above all other kinds we should avoid retrospective enactment. In this case, in view of the fact that the rights of persons now engaged in litigation are likely to be affected by this enactment, I would urge that it should not be given retrospective effect.

Mr. Abbott: I am told this date was selected because it is the date on which the definition of undistributed income was brought into the act. This is a pretty technical section, as my hon. friend will appreciate, and I am told that it was discussed with the tax foundation, who felt that it was satisfactory. It is really

corrective. Some of the provisions are relieving; some might be interpreted as being more restrictive, but I think on balance it is more relieving than restrictive. I am told that the appropriate date to bring in these changes is the date on which undistributed income was defined under our act last year.

Mr. Fleming: Suppose the minister were a litigant who was affected by some of the more restrictive features of this amendment and did not receive the benefit of any of the less restrictive features.

Mr. Abbott: Certainly I would not want to take away the right of anyone who is now in litigation, but the assistant deputy minister of national revenue who is sitting in front of me tells me he does not know of any such case and certainly I had none under consideration when this section was being prepared. It was not intended to legislate anybody out of their rights. Of course it only affects undistributed income.

Mr. Fleming: Someone spoke to me the other day, indicating that the rights of his clients were going to be affected by the retrospective operation of this amendment.

Mr. Abbott: I would be surprised if that were the case. If my hon. friend wants it to stand I have no objection, but I would hope that we might pass it.

Mr. Fleming: I do not wish to hold anything up at this stage of the session, but after all what purpose can there be in enacting retroactive legislation now simply because of the definitions introduced last year? It does not seem to me we should go back and change the definition as of that date.

Mr. Abbott: Sections such as these are introduced as a rule because of representations made to us that this should be done. This section in fact reflects the departmental practice since this question of undistributed income was first defined in last year's act, and I really would be very much surprised if any matter now in litigation would be prejudicially affected by the provisions of this section.

Section agreed to.

On section 25—*Mining companies.*

Mr. Herridge: I would like to urge the minister, in preparing his budget next year, to make some similar provision for those who are practising forest conservation and silviculture, because these are the people who will be providing wealth for future generations, from which they themselves will receive no direct benefit at the present time. I know the government is conscious of the need for forest conservation. So are many people across Canada, and I do believe something should be done to assist those individuals who are doing something to benefit future generations. They are expending money which will bring them no direct benefit, and I feel that those people undertaking forest conservation are doing something very worth while. We know we have to protect our forests if we are to have a consistent yield of forest products. We have to protect them if we are to protect our water resources; and we have to protect our forests if we are to prevent land erosion through floods. Some exemption from taxation for those willing to do this sort of work on behalf of future generations would be a good investment because it would bring the country wealth in later years. It would also be a good investment because large sums of money would be saved which otherwise would have to be expended to repair water damage and soil erosion as the result of overcutting. I would like the minister to give his opinion on this suggestion, but before he does so I believe another hon. member would like to say a few words on the matter.

Mr. Gibson: I know the minister has had this question and the lack of a forest policy for Canada brought to his attention already, and certainly I do not want to take the time of the house unnecessarily in presenting a point I believe his experts are studying now. I only want to point out that British Columbia is recognizing the fact that we must encourage people to plant timber for future generations. The provincial minister of mines and forests introduced a resolution at this session of the British Columbia legislature which provided for a two-thirds reduction in taxation on land which the owners would undertake to use as forest farms, and I should think the government here would be well advised to go along with that policy and co-operate in every possible way in this worthwhile project.

It is generally assumed down here, of course, that anyone taking up a forest management licence in British Columbia is getting something of great value and that as a result their capital interest in timber must be increased. Actually that is hardly the case. At the present time if the owners of standing timber in British Columbia enter into one of these forest management licences they must expect to have their present cutting rights abridged to a very great extent. It is only their realization that in the public interest they have a responsibility that could possibly justify their entering one of these contracts, because certainly the present generation will get no personal benefit. I was rather shocked to learn, as a

matter of fact, that the Department of National Revenue was imposing taxation on funds expended by timber companies in British Columbia on the mapping and planning of these forest management licences. It seems to me that is entirely inconsistent with the policy announced in this house by the Minister of Resources and Development, who said we were going to set aside $2 million for the purpose of assisting the provinces to take a forest inventory. I think we should co-operate with the provincial governments in every possible way, and with regard to timber we should take the same attitude that we take to oil and minerals. I would ask that the minister give this matter his usual able consideration.

Mr. Abbott: I think I did mention at the resolution state—and if I did not I do so now—that this very important question is now being considered by my colleague the Minister of Resources and Development, and I believe he has been having some discussions with the provinces about it.

Mr. Herridge: I am very pleased to hear that.

Section agreed to.

On section 26—*Right to file consolidated return.*

Mr. Abbott: I have a small amendment which I would ask one of my colleagues to move. It is to substitute in subsection 4 the following: "This section is applicable to the year 1952 and subsequent taxation years."

Mr. Fournier (Hull): I move accordingly.

Amendment agreed to.

Mr. Macdonnell (Greenwood): I am glad the minister has amended this section in one respect, and I very much hope he may amend it in another. I am troubled indeed that the right to file a consolidated return is to be done away with. We have had no explanation as to why this is being done. I am going to ask the minister to give an explanation, and then I wish to say something more. First I want to draw attention to two or three vital points in that connection. This is a right which has existed since 1932. I imagine we will all agree that if it is withdrawn now it will be extremely difficult to ever reinstate it. This practice has been followed by a considerable number of corporations, and they have actually paid an additional rate of two per cent for the privilege. Before I go any farther I wish the minister would give us the reasons for making this important change.

[Mr. Gibson.]

Mr. Abbott: The principal reason of course is that, now we have introduced into the act the principle of carrying losses forward and backward, this has ceased to have the practical significance it used to have. Only in the case of a consistent loser would it be of any benefit. In the case of companies jointly controlled, having one company that never made anything and another one that nearly always did, there would be some advantage in consolidating and paying the extra two per cent in respect thereto. It was thought desirable to eliminate this provision from the act. There is no desire to penalize the comparatively few companies that are still availing themselves of this privilege. It is for that reason I am proposing that it shall not be applicable except to the 1952 and subsequent periods. This will provide ample time for such companies as are still using this privilege to make proper arrangements so that they will not be unduly penalized.

I may say that the amendment to become effective in 1952 was introduced as a result of representations made to me that it might be difficult for one or two companies to so re-arrange their affairs that they would not be penalized.

Mr. Macdonnell (Greenwood): I am still bothered by this, because as I gathered from the minister he does not regard it as a very important matter. He has not give any overwhelming reason for the change, and I should like to answer the reason he has given, because I have representations on that point to the following effect.

The general assumption that the introduction of loss carry-over provisions has eliminated the advantage of consolidated returns is no doubt substantially correct so far as a comparison of aggregate revenue yields is concerned. But it does not apply to certain advantages of a more technical character, as in cases where consolidation permits separate incorporation of a certain part of a business for reasons of provincial law, or meets the case of a chronic loser. In such cases the use of consolidated returns allows flexibility of corporate organization which may be advisable for reasons of business where tax considerations are secondary. Again I want to put this point to the minister. I am doing it because it does seem to me a case where the point is substantial, and unless there is a great balance of convenience I hope the minister will listen.

The next point I wish to make is connected with the proposed repeal of section 75. As I understand it, that is not dictated by calculation of alternative revenue yields, and it is therefore primarily a matter of administrative convenience. If that is the

correct inference, I would strongly urge that the convenience and established practice of the taxpayers concerned, whoever they may be, should receive at least equal consideration before this amendment proceeds further. May I earnestly say to the minister that it seems to me the reasons that have been given are not at all conclusive. Unless some real disadvantage is suffered by the public service, surely the convenience of the long-suffering taxpayer could receive some consideration.

Mr. Abbott: I considered these questions because of similar representations made to me by the tax foundation. I felt that, on balance, this was a case where we should do away with this provision.

Mr. Fleming: I must express regret at the decision made by the minister. However, if he is not prepared to change his mind I shall pass to another point on this section. Has the minister noted the form of the draftsmanship of this section? Where is this section going to go in the act? It does not purport to be amending any section in the act at the present time. All it does is repeal section 75, and then it goes on to enact a new provision without indicating where it is to go in the act.

Mr. Abbott: Section 75, of course, of the act which is repealed is the section giving the right to file consolidated returns. This section 26, subsection 2, will not go into the Income Tax Act at all. It is purely a transitional provision. It will provide for the clearing up of matters by the companies who have been filing under this right. During 1952 and subsequent periods, section 75 will cease to be in the act.

Section agreed to.

Sections 27 to 29 inclusive agreed to.

On section 30—*Corporation election.*

Mr. Fleming: Section 30 is a very important section. I believe there is a number of points that are likely to arise under this section. This is the section by which the government proposes to extend in one case, and narrow in another, the right given to corporations last year to distribute surpluses on the payment of a 15 per cent tax thereon. On the one hand I believe the committee will agree with the minister in his budget statement that the amendment made last year in the enactment of section 95A fully justified itself in the use made of it. Undoubtedly more use was made of it than the minister contemplated at that time, because the device of incorporating stockholding companies for the purpose of qualifying as private corporations with no more than 75 shareholders was hardly foreseen last year by the minister, and certainly the wide use that has been made of it. In proposing now to extend this right more widely, I believe the minister is only recognizing what has largely become an established fact.

At the same time, one wonders why the minister selects a broad class of corporations as an exception to what has now become the general rule that any corporation may distribute its accumulated surplus. This exception is found in subsection 2, lines 36 and 37 of the bill, and instead of being a private corporation as defined by the act, namely one having not more than 75 shareholders, these narrowing words are used:

> A corporation other than a subsidiary controlled corporation.

So that there are no benefits to be extended to a corporation where the dominant shareholder is a corporation. But I think that this exception, made to what has now become the general rule, does not adequately take into account the position of minority shareholders. These minority shareholders may be large in number. It may be that the control held by one dominant corporation is a very tenuous measure of control indeed, yet in such a case the position of the minority shareholders receives no consideration whatever under this legislation. As a matter of fact, I think one could go further and say that corporations which derived benefit under this section will now lose it under the narrowing provisions of this amendment. I can think of a number of corporations which acquired the right to pay the 15 per cent tax on distributed surpluses last year which will lose that right under this amendment.

For that reason, Mr. Chairman, I would urge that if the provision has justified itself, as the minister indicated in his budget speech, and as I think most people recognize, then there is no reason for introducing this qualification. Why not make it general, and in that way avoid doing injustice to the minority shareholders? There are other aspects of this matter which I should like to discuss, but perhaps it would be more orderly if we took them one at a time.

Mr. Macdonnell (Greenwood): May I add a word before the minister answers the member for Eglinton. I should like to endorse as strongly as I can what the member for Eglinton has said. It seems to me that this section is discriminatory to a high degree against minority shareholders; in other words, against people who are apt to be the small holders. Unless there is some overwhelming reason for it, I do not think there is

any justification, as you are leaving the minority shareholders, perhaps 49 per cent of the corporation, with what was a valuable right, conveyed so short a time ago, now entirely destroyed. I earnestly hope that the minister will see his way clear to deal with the matter.

Mr. Abbott: As my hon. friend appreciates, it is a loophole provision. There is a wide-open street there which we were afraid, without too great difficulty, could be made the subject of great abuse. This was a new provision introduced last year. As members of the committee have said, it introduced a special privilege to enable the distribution of surpluses on payment of a 15 per cent tax. I think it was a desirable piece of legislation. It has now been extended to public companies. It may be, to use the language of the tax foundation report, that the weight of the plug may be out of proportion to the size of the loophole, and we are prepared to explore alternative measures that can be entertained at this stage.

I will be prepared to pursue alternative measures. I have not been able to find anything yet; so that at this time I think that this is a provision which must be inserted in the act.

Mr. Fleming: I wish the minister would be more explicit. I do not think he has covered the whole ground by any means.

Mr. Abbott: I have done the best I can.

Mr. Fleming: On this point I have more confidence in the minister than he apparently has in himself. I think he can do better.

Speaking of loopholes, obviously the 1950 legislation left a great big loophole. I doubt greatly if the department foresaw the loophole there was in the 1950 legislation. The fact of the matter is that the minister derived a great deal of revenue from the fact that there was a great big loophole. If I am not mistaken, his revenue from this source, this new section 95A, was about $95 million in the last fiscal year. It contributed greatly to the surplus which the minister was able to report to the house in his budget speech. Much of the surplus is attributable to the fact that a loophole was left in last year's legislation.

I am sure that every lawyer in the house is aware of the loophole, Mr. Chairman, because the right was confined to private corporations, and they were defined as corporations having no more than 75 shareholders. A great many incorporations resulted for the purpose of consolidating stock ownership, in order to bring the stock ownership within the definition of a private corporation. So let us not be too seriously talking now about a loophole. It was last year's loophole that was the big one, and the minister's budget was the beneficiary of that loophole.

The minister accepts the principle of last year's legislation. He says he approves it to the point where he is prepared to extend it more widely. He therefore proposes to eliminate altogether the requirement of last year's legislation that it be confined to corporations having no more than 75 shareholders. But then he comes along and proposes to take away the right from some corporations that already have it, having qualified last year as private corporations. He proposes to take that right away from them this year. Surely if the principle were sound last year, it is sound this year.

Mr. Abbott: It is for the future, not for the past.

Mr. Fleming: Oh, yes. I appreciate the fact that this provision is not retroactive. It does not have to answer for that additional vice. We will acquit it of that charge.

Mr. Abbott: The matching provision does not apply to this type of corporation in the future.

Mr. Fleming: All right. There is the point. I say that if the principle of last year's legislation was sound, and if it is so sound that it deserves quite wide extension as is proposed in this amendment, then I cannot for the life of me see that the minister has made out any case for carrying that extension to the point where he not only withdraws it from some corporations which would acquire it this year but also withdraws it from some that acquired it under last year's legislation. It seems to me that he has not taken account at all, in his explanation, of the position of the minority shareholders in those cases. It may be that the minister has some legitimate concern which he has not yet expressed to the committee as to the position of the majority or dominant shareholders in a case of that kind where one corporation holds the control of the other. But he has not dealt with the question of the position of the minority shareholders, and it may be an important one in that particular company. It seems to me that they are the people who are deserving of the utmost consideration in a case of this kind.

Mr. Macdonnell (Greenwood): Mr. Chairman, I am going to be persistent enough also to have another go at this matter. It seems

to me that what is happening is that by reason of the chance of abuse the minister is ready to accept the certainty of doing a grave injustice to a considerable number of people of the kind that most deserve the protection of this committee, namely the smaller people in the main. I am not suggesting for a moment that the minister—

Mr. Abbott: There is almost certainly abuse.

Mr. Macdonnell (Greenwood): I have considerable confidence in the minister's staff. The minister says there is almost certainly abuse. I will not quibble about words. I will say to him that there is an absolute certainty—no doubt whatever—that as it is now an injustice is being done to the minority shareholders. Will the minister say there is a hardship where I called it an injustice? Is the minister agreed that there is a hardship?

Mr. Abbott: No. I do not think there is a hardship. Minority shareholders are always subject to certain disabilities and this may happen to be one of them.

Mr. Macdonnell (Greenwood): Oh, I do not think that that answers the point.

Mr. Abbott: My hon. friend knows just as well as I do what is going to happen; or if he does not, he is the only man in Canada who does not. This matching legislation was designed with the idea in mind that half of the profits of the corporation would be distributed and be subject to tax and the other half could be created as a tax-free surplus by paying 15 per cent. If the situation of a parent and subsidiary is involved what happens is this. Half is distributed in accordance with the provision of the act as it now stands. It goes to the parent but it does not pay any tax unless the parent should see fit to distribute that. It is only the remaining half of which some may happen to go to the minority shareholders—if there are minority shareholders. The remaining half pays tax at the rate of 15 per cent. So you could have a situation where the only tax that would be paid would be 15 per cent and the parent could accumulate and accumulate on that basis. That never was intended; and unless I can find some other way of making sure that it cannot be done, that provision cannot stay in this section. If, incidentally, some minority shareholders are inconvenienced, that is unfortunate. But certainly they are no worse off than they were before this section was put into this act.

Mr. Macdonnell (Greenwood): I do not think the minister has answered my point at all. I accept his rebuke if he wishes to give it. But it does not affect the point at all. It simply means that—I will not say because no effort has been made, for of course some effort has been made—because they have not yet finally found a satisfactory way of doing it, these people have to suffer.

Mr. Fleming: If the minister's heart is not to be warmed on that point, I will try him on another one. This is a point that I think must be within the minister's knowledge as having arisen under last year's legislation. It is a point of some difficulty. When the minister brought in his legislation a year ago he intimated—in fact I think he said this on several occasions—that the way in which the corporation, having paid this 15 per cent tax on that undistributed surplus, could then effect distribution among the shareholders, was through such forms as stock bonus, issuance of preferred stock and so on. I do not think that due account could have been taken at the time of the effect of one provision of the Companies Act on this matter. I believe this problem has arisen in the experience of a number of companies. As I understand it, the idea back of section 95A was to eliminate a surplus as a surplus and to effect distribution. Of course there are many corporations which did not have preferred stock or did not have the right to issue preferred stock, which in the meantime have acquired that right, have issued preferred stock, have made their election, paid their 15 per cent and wish to distribute by way of redemption, in whole or in part, of preferred stock where the preferred stock was issued in amounts equal to the amount of the surplus heretofore undistributed, now distributable by paying 15 per cent tax. They run up against the provisions of section 61 of the Companies Act, in the case of dominion corporations. I am sorry to bring in a long section in a technical discussion, Mr. Chairman, but I think I have to quote most of this rather long section to the minister to illustrate the point, which is this: While the purpose of the legislation was to eliminate what had been undistributed surplus from the company's balance sheet as a surplus, as I understood it, nevertheless it seems to me that the effect of section 61 of the Companies Act, as applied to companies incorporated under that act or subject to it, is to prevent that surplus from being removed from the balance sheet of the company—

Mr. Abbott: May I interrupt my hon. friend to make a brief comment? The purpose of the section was to facilitate capitalization of an earned surplus. It was not necessarily or primarily intended to facilitate

the distribution of the capitalized surplus if it had been capitalized. I know that in fact in law it has not been too difficult to effect that distribution, but the primary purpose was not to facilitate an easy distribution; it was to facilitate an easy capitalization without attracting too high a tax.

Mr. Fleming: I think that some of us formed a quite different impression from the statements that were made last year, and certainly when wide publicity was given to the new section 95A it was done on the basis of this provision now making it possible to effect distribution tax-free of—

Mr. Abbott: I did not make the publicity about it.

Mr. Fleming: —what hitherto had not been distributable tax-free apart from the 15 per cent. I do not know whether the minister had this particular problem brought to his attention, but section 61 of the Companies Act in effect provides:

> The redemption or purchase for cancellation of any fully paid preference shares, whether the same are created by by-law pursuant to the provisions of section 59, or by the letters patent or supplementary letters patent, in accordance with any right of redemption or purchase for cancellation reserved in favour of the company in the provisions attaching to such preferred shares, . . . shall not be deemed to be a reduction of the paid-up capital of the company, if such redemption or purchase for cancellation is made out of the proceeds of an issue of shares made for the purpose of such redemption or purchase for cancellation, or if—

Then I pass over (a) and (b) in the hope that the minister is familiar with them and I do not have to take the time of the committee to read them. Then follows this provision:

> And subject as aforesaid any such shares may be redeemed or purchased for cancellation by the company on such terms and in such manner as is set forth in the provisions attaching to such shares, and the surplus resulting from such redemption or purchase for cancellation shall be designated as a capital surplus, which shall not be reduced or distributed by the company except as provided in sections forty-nine to fifty-eight, both inclusive, of this act.

Mr. Abbott: Which relate to the reduction of capital.

Mr. Fleming: Sections 49 to 58 relate to the reduction of capital. I am not the only member of the legal profession who has had to deal with this problem. These sections do not make provision for the elimination of the surplus as a surplus from the balance sheet of the company. I think that is a matter of quite general concern at this stage when so many of the corporations which proceeded under section 95A last fall are now proceeding to redeem in whole or in part preferred stock that was issued at that time as a means by which the distribution in the first instance was permitted after payment of the 15 per cent tax.

Mr. Abbott: Well, it is some little time since I have been able to earn a modest living by giving advice on these matters, but I did assume when we introduced this legislation last year that the capitalized surplus could only be withdrawn by way of a reduction of capital under sections 49 and following of the Companies Act. It was not then intended that it should be automatically paid out as dividends. The main underlying purpose of the legislation was to enable earnings which in fact had been reinvested in the business and were shown on the company's balance sheet as an unearned surplus of capital, and under the proper circumstances, to be withdrawn from the company.

From what I have seen and heard, while we may have given a little extra work to the members of parliament in the accounting and legal profession, I must say that it has not proved an insuperable difficulty to get out this capital surplus if it is desired to do so. Mind you, I think that in most cases where this surplus has been capitalized there has been no intention of withdrawing it from the company. I think that in a good many cases it has been necessary to leave it in there as working capital, or as a reinvestment in the business, but it was desirable, in order to eliminate the double punitive taxation features of succession duties and income taxes, to provide this way of dealing with that capitalized undistributed surplus.

Mr. Fleming: It may be that what the minister has had to say today does clarify the situation, although it is not the interpretation that was widely put on the remarks the minister made last year in indicating the purpose of the section, because under what has become the common practice now, where preferred stock was issued following the election under 95A, and the companies now are proceeding to redeem that preferred stock in whole or in part, they cannot even by the fact of that redemption effect the reduction in surplus that I think it was generally felt they could.

Mr. Abbott: That may be. I had always assumed that they would have to get supplementary letters patent to authorize a reduction in capital.

Mr. Fleming: I would say myself that even if they have the full right to redeem the preferred stock, and proceed to do so, that still does not eliminate the surplus from their books. It remains as a capital surplus, and they would have to take another means

altogether to eliminate that capital surplus from the company's balance sheet.

Section agreed to.

Sections 31 to 37 inclusive agreed to.

On section 38—*Reference to Income Tax Act,—References to this act.*

Mr. Fleming: This section is so broad that it is a little hard to see the end from the beginning. Subsection 5 reads:

A reference in any other statute or in any rule, order or regulation made under any other statute to the Income War Tax Act shall, as regards any transaction, matter or thing in a period to which this act is applicable, be construed to be a reference to this act.

Then you have the like provision in the new subsection 6 which reads:

A reference in any other statute or in any rule, order or regulation made under any other statute to any provision in the Income War Tax Act shall, as regards any transaction, matter or thing in a period to which this act is applicable, be construed to be

(a) if there is a provision in this act relating to the same subject-matter, a reference to that provision, and

(b) in any other case, a reference to the provision in the Income War Tax Act referred to.

It is pretty hard to see all the cases to which a provision of this kind might be made to apply. It says: "any statute, any order or regulation". I do not know how many of these there are. It would take a pretty careful review to go through them to satisfy oneself that one had exhausted the list. This is a form of general legislation which should be approached with the greatest possible care.

Mr. Abbott: My hon. friend appreciates that it is almost like an amendment to the Interpretation Act, the Succession Duty Act, the Income War Tax Act and there are probably a good many others. One way to do it would be to open all these acts and bring in a technical amendment to substitute the Income Tax Act for the Income War Tax Act. This seems to be the practical way of doing it. I am assured that there is no substantive effect other than the one which I have indicated.

Mr. Fleming: Some of us may have a certain concern about applying the provision of a new act in place of an old one without actually seeing the particular provision that is supposed to be amended.

Mr. Abbott: It can only affect matters which have arisen since June 30, 1948, when the present Income Tax Act came into force, and which superseded the previous act. Any matters which had arisen prior to that date would of course have to be governed by the provisions of the old act.

Section agreed to.

Sections 39 and 40 agreed to.

On section 7—*Dividends received by a corporation.*

Mr. Macdonnell (Greenwood): I should like to raise again the question I raised the other day and which the minister said he would consider, that is to say, whether the adoption of the winding-up priority as a sort of working rule would cover the cases where you have A and B shares with different priority as to earnings but with equal rating as to capital distribution.

Mr. Abbott: I am told that this is a most complicated question. It relates, of course, to the blocked surplus. In order to effect what may be necessary it will require two definitions and they will have to integrate the blocked surplus with dividends. It has not been possible to work that out. I am informed that the Department of National Revenue are working on this problem and if, as was the case in connection with other amendments, a suitable solution is found we will make it applicable to the same taxation period.

Section agreed to.

On section 12—*Defence surtax.*

Mr. Macdonnell (Greenwood): There is a question I should like to ask with regard to section 11. I appreciate that that section is carried, but the minister made a statement which puzzled me at the time and I have thought about it since. The minister stated that the introduction of the words "directly or indirectly" was a relieving provision.

Mr. Abbott: I did not say that; I said that the section as a whole was a relieving provision.

Mr. Macdonnell (Greenwood): Perhaps I misunderstood the minister, but I do not think entirely. He was applying this to those words which are new words.

Mr. Abbott: Subsection (b) is the relieving part of the section.

Mr. Macdonnell (Greenwood): I directed the minister's attention to the fact that certain people were suffering by reason of the change, and he answered that there were more people interested in the relieving nature of this provision. I find it difficult to understand the relieving nature. Is the minister not extending the number of corporations which can get benefits?

Mr. Abbott: The best example under (b) is the brother and brother corporation. As the law now stands, if one brother has a corporation in which he has controlling interest and another brother has another corporation in

which he has a controlling interest or of which he is the sole owner; and if neither of them has any interest in the other, as the definition now stands, because of the blood relationship between the two owners—I cited the case of brothers who might not even be speaking to each other—it might be pretty difficult under those circumstances to determine which corporation would be entitled to the benefit of the lower rate on the first $10,000 when only one could get it. This subsection (b) will permit that type of corporation to qualify as a small corporation and have the benefit of the lower tax rate.

Mr. Macdonnell (Greenwood): Does it add to the number of corporations getting the benefit?

Mr. Abbott: It will add considerably. In the example I cited, both corporations would get the exemption. The only part of the section which could be considered as imposing any greater obligation on the taxpayer is the insertion of the words "directly or indirectly" in (a). I think that that must flow as a matter of course. If the real owner of two corporations puts shares in the name of someone else purely as a nominee or as a dummy he should not get the benefit of the special tax treatment which a section of this kind gives. I think it is quite proper in any section of this kind to use the legal phrase "owned directly or indirectly."

Mr. Fleming: I know that concern has been expressed by some—

Mr. Abbott: Is this on section 12?

Mr. Fleming: No, on section 11.

Mr. Abbott: We passed that section.

Mr. Fleming: The other day the minister spoke about the retroactive feature and there are those who are engaged in litigation who have expressed concern.

Mr. Abbott: As I indicated the other day, the simple thing to do would be to make it 1951. I indicated that I would be prepared to do that. I know if I do it at my hon. friend's suggestion, or at the suggestion of the hon. member for Greenwood, they will get inquiries from people who are penalized as a result of that action. I have not the slightest objection to doing it, but I do not want to take the responsibility of doing it. I think the balance of convenience is wholly in favour of making the definition of related companies and thereby broadening the application to start right from the time we put that conception in the act, namely, in 1949 and the subsequent taxation years. The only retroactive effect it could have on the litigation my hon. friend is referring to would be through the use of the phrase "directly or indirectly." I do not know what the law is in Ontario, but in Quebec we have a pretty well defined rule that you cannot do indirectly what you are prohibited from doing directly. It is a question of fact whether a corporation is owned by one person or another.

Mr. Macdonnell (Greenwood): I should like to go back to the discussion we were having last Wednesday when this came up and when the minister explained to us what had happened since the making of the budget speech. I want to read to the minister what he said in his budget speech which to me appeared to be departed from in the budget resolutions. I am doing this because I think if the matter is left as it is now it will create a serious situation indeed and one which I hope we can persuade the minister to consider seriously. The minister is reported on page 1810 of *Hansard* as saying:

> I am conscious of the fact, however, that this 20 per cent surcharge will weigh very heavily on those kinds of companies which for a variety of reasons, public control of rates or otherwise, are never able to earn more than a very modest rate on their capital. To such companies the next few years can offer little expectation of increased profits, yet many of them are engaged in activities which will require them to raise very large sums of additional capital for essential expansion.

I draw the minister's attention to that because my belief is that as matters stand that will be almost impossible of accomplishment. The minister continued:

> If we are not to cripple their borrowing capacity we must not cripple their capacity to earn their normal profits after tax. For these reasons I propose that the 20 per cent defence surcharge shall not operate so as to reduce the net income after federal tax, but before any provincial income taxes, of any company to a point below a five per cent return on capital employed.

Then I should like to refer to last Wednesday when the minister said:

> I found I simply could not evolve a definition which would be fair to all taxpayers. Therefore I am reluctantly forced to drop what I hoped might be a relieving provision.

I want to emphasize at the outset that what I am concentrating on is the minister's statement of April 10 when he spoke about utility corporations, particularly when he pointed out first of all the narrowness of their earnings which in a great many cases are fixed by regulating boards so that there is just enough to carry on with, and second, when he pointed out that they were going to need great expansion and would have to be in a position where their borrowing power was not crippled. I might add here that I think the Minister of Defence Production has been at great pains to indicate the importance of public utilities and the necessity of their expansion.

It is with that in mind that I wish to make certain representations to the minister. I

want to emphasize again the position of utility companies if the matter stands as it is now. In most cases they are just getting enough earnings. They will have to apply for increased rates if the matter stands as it is. The increased rates which they will have to charge will just be added on to the cost of living and will be another addition to the inflationary pressure. First of all I want to ask the minister if he agrees so that we shall see whether we have a common basis. I want to ask the minister whether he agrees that if the matter stands as it is now there will of necessity be applications for increased rates. I also want to ask him if he agrees that corporations will be in the ironical position where they will really have to ask for $2 for every $1 that the minister is going to get because of the fact that they only get half of their earnings anyway. The tax is now up to 50 per cent. In other words, if a company has to raise money to pay the surcharge, if it has to apply for additional rates, it will have to get $2 for every $1. I should like to know whether the minister accepts that view because what I want to go on to say is to some extent based on that proposition.

Mr. Abbott: Of course public utility companies are no different from any other company in theory so far as the imposition of corporation taxes is concerned. Those taxes must be passed on to the purchaser of the service or the goods of the corporation which pays the tax. In the case of public utility corporations they have to go to a board, some public body, to get an authorized rate increase. In the case of commercial corporations they have to add it on to the price, or squeeze their profits and dividends a bit, or both. However, in essence what people should always realize is that the corporation tax has to be paid by the people who buy the service of the corporation or who buy the products that it manufactures. That is the only way it can be paid. The corporation has not any money except what it obtains from the people to whom it sells its goods. If it does not at least sell for its costs and a reasonable return on its capital, then over a period of time I suppose the inevitable happens as it has in other places and it goes bankrupt. There is nothing new about that. Of course I agree with my hon. friend.

Mr. Macdonnell (Greenwood): I am grateful that the minister agrees with me although he took quite a long while to say yes.

Mr. Abbott: Oh yes, but it requires a little explanation.

Mr. Macdonnell (Greenwood): I want to remind the minister that I am basing myself on the often very sound authority of the minister himself.

Mr. Abbott: No sounder.

Mr. Macdonnell (Greenwood): I want to repeat what he said. At page 1810 of *Hansard* he said:

> I am conscious of the fact, however, that this 20 per cent surcharge will weigh very heavily on those kinds of companies which for a variety of reasons, public control of rates or otherwise, are never able to earn more than a very modest rate . . .

That is the great and very important difference, just as he has pointed out, between those companies and companies which are not restricted in that way. As we all know, those companies which come before boards are usually allowed just enough to get by, and just as soon as they have extra charges then they are in trouble. I have already said that the present situation will be inflationary, to use that word that we are all getting so tired of. I want to remind you, Mr. Chairman, again of the importance of the utilities and of the absolute necessity of their being able to expand. Then I want to come to the point which the minister makes that it is not possible to find a definition to deal with the situation. That is the thing that I do not like to accept, and which I do not think we should accept, because I think it is far too serious for the whole economy of the country.

The minister says he has been unable to work out a definition of capital employed which would be satisfactory from the point of view of its general application to all companies. I am talking particularly, as I said, about utility companies, and that is what I want to emphasize. I do not believe it would be difficult to devise a definition to apply to public utilities which is the field most pressingly involved, and which by the nature of the budget address it was chiefly intended to cover. We have a very useful precedent in the United States because earlier this year the United States congress had to meet the same problem.

Mr. Abbott: That is under the excess profits tax act of the United States?

Mr. Macdonnell (Greenwood): Yes, I will come to that. I will make that clear. Congress stipulated that electrical, gas, telephone, transit and water utilities were exempt from the provisions of the excess profits tax act, which the 20 per cent surcharge takes the place of in Canada, up to 6 per cent return on capital employed in the case of all but telephone and gas utilities where the allowed return was 7 per cent. I come to what I think

is the most important point of all. The definition of return on capital employed covered dividend requirements of common and preferred shares, interest on bonded indebtedness and surplus. The same sort of treatment would meet the requirements of the public utilities in Canada that the minister has been talking about, and it is no less essential for the war preparedness effort here than it is in the United States.

When this matter came up last Wednesday the minister spoke as if it might work into possibly a major reconstruction of our tax system next year, but what I want to represent to the minister is that the present situation is going to create a difficult if not impossible situation this year. I hope the minister will agree, and if he does not I think it is desirable that he should say so, that the utilities will have to raise millions of dollars of new capital this year as well as next, and anyone who has any knowledge of the capital markets appreciates that the monetary policy against inflation that the country has been following since April makes it more difficult than previously to raise new capital through bonds and preferred stocks. To apply a 20 per cent surcharge to utilities would so depress their earnings as to make it impossible for them to raise capital through the sale of common stock this year.

When I say "impossible" that is perhaps a strong word. I am speaking of the difficulties which it is reasonable to take into account, and I come back again and again to emphasize the minister's own words. I submit again that if the minister had confined himself to the objective which he laid down in April with regard to utilities the problem would have been a very different one, and that we might not have had the minister coming to us last Wednesday and confessing failure.

There is another point that I should make. Inevitably we are going to have a demand for increased rates which will bear hard on everybody, and even then the situation will not be wholly cured because the increased rates probably will not become effective in the immediate future. Therefore I put it to the minister that the present situation is one that he cannot possibly tolerate with equanimity, and that to merely say it cannot be done and leave it at that is to fail to deal with a problem which I think cries out for a solution. I suggest to the minister that our problem is the same as the problem they had in the United States, and that *mutatis mutandis* the solution which has worked there might very well work here.

Mr. Low: I thought when the minister brought down his budget that this abatement of the 20 per cent surcharge was a wise provision, and I still think so. It is particularly wise, I think, when we begin to apply it to the group of corporations in the country known as utilities.

Mr. Abbott: I thought my hon. friend was asking me to increase the corporation tax.

Mr. Low: Not at all; not on this part. I have always had in mind this abatement provision and the 5 per cent. I think the minister knows that quite well. Certainly I agreed with him and with all those who took the position that in no case should we tax corporations to a point where they would net less than a fair percentage on the capital employed. I realize all too well how difficult it is to determine in formal language and for all corporations the meaning of capital employed, but a suggestion was just made by the hon. member for Greenwood which I think is wise and quite possible of application here. That is the definition as laid down in the United States under the excess profits tax, which provides that in the case of utilities there are three component parts to the capital employed, the share capital, the bonded indebtedness and the surplus. Certainly it should be possible to spell out in any amendment a specification of that kind applying particularly to utilities, so I would ask the minister to give very careful consideration to including for this year at least the provision of the abatement principle for utilities, if not for all corporations.

I should like to emphasize a little more one point made by the hon. member for Greenwood. If the abatement provision is withdrawn, as the minister suggests he is going to withdraw it, not only will it be necessary for many of the utilities to apply to the public service commissions for increases in rates. It will also be necessary for many of those corporations to wait for months before they can apply any such increase. As everyone knows it takes all the the way from three to six, seven or eight months to get permission from a provincial commission to apply a new rate, and in the meantime these utilities are going to suffer. They will be put in a very embarrassing position, and this at a time when the Minister of Defence Production is asking them to go all out to aid defence production. It does not seem to me that the two ministers are quite in accord. Certainly I would suggest that the Minister of Finance give careful consideration to the case that has been presented by the hon. member for Greenwood, and I support his request that for this year at any rate the abatement principle be applied to the utilities and that capital employed be defined as has been suggested, to include bonded indebtedness, surplus, and share capital.

Mr. Fleming: Six weeks ago the house adopted a resolution to this effect: that in respect of income earned after the commencement of the 1951 calendar year a corporation shall pay a defence surtax equal to 20 per cent, subject to the provision that the tax should not reduce the corporation's taxable income after payment of ordinary income tax to an amount less than 5 per cent of the capital employed. That was a decision of this house; the house adopted that resolution. I fail to see how it is possible for the minister to come forward now with a proposal that has the effect of tearing up the second half of that resolution.

Mr. Abbott: It has been done plenty of times before. Occasionally my hon. friend or other hon. members suggest that I should be more generous in the budget, and sometimes I have acceded to that request. In that case the resolution would have been on a basis much less favourable. It works both ways.

Mr. Fleming: That was a decision of this house, and for the life of me I do not see how the minister can now, during the same session and within a matter of weeks, invite the house to revoke and repudiate that decision.

Mr. Abbott: Why not?

Mr. Fleming: This is not just a case of carrying a budget resolution into legislative form. In this case the bill has undertaken to do that, and the minister comes along and invites the house to reject a section in his bill and with it to repudiate a decision taken by this house a matter of six weeks ago. I submit that cannot be done.

Let us have regard to this fact. The hon. member for Greenwood read to the committee the language used by the minister in his budget speech at page 1810 of *Hansard* for April 10, where presumably he gave reasons justifying this abatement clause or limitation so that a corporation's taxable income after payment of ordinary income tax should not be less than 5 per cent of the capital employed. This raises a question of fundamental ambiguity in the budget speech in describing the purpose behind this budget resolution. In his budget speech the minister supported this proposal on the experience of public utility corporations.

Mr. Abbott: Not exclusively.

Mr. Fleming: There is the point. In his budget speech the minister supported the proposal on that ground and did not mention any other.

Mr. Abbott: Yes, I did. Read the language.

Mr. Fleming: I will read the paragraph. The minister said:

> I am conscious of the fact, however, that this 20 per cent surcharge will weigh very heavily on those kinds of companies which for a variety of reasons—

Mr. Abbott: "A variety of reasons."

Mr. Fleming:

> —public control of rates or otherwise, are never able to earn more than a very modest rate on their capital.

Mr. Abbott: Pretty general.

Mr. Fleming:

> To such companies the next few years can offer little expectation of increased profits, yet many of them are engaged in activities which will require them to raise very large sums of additional capital for essential expansion. If we are not to cripple their borrowing capacity we must not cripple their capacity to earn their normal profits after tax. For these reasons I propose that the 20 per cent surcharge shall not operate so as to reduce the net income after federal tax, but before any provincial income taxes, of any company to a point below a 5 per cent return on capital employed.

The minister has now cleared up quite satisfactorily, I think, what was to most people who read that paragraph an ambiguity, because I believe most people in reading it thought the minister was supporting the proposed 5 per cent saving clause on the basis of the experience of public utility companies alone. Now he has indicated that this was an example—

Mr. Abbott: They are an outstanding example, but they were not by any means the only group in my mind.

Mr. Fleming: All right; we have that clear, that the minister did not have in mind public utility companies only.

Mr. Abbott: The language was quite clear.

Mr. Fleming: He had in mind in general companies which will not be able to increase their earnings in the coming years. The minister gets his budget resolutions adopted; and now, having indicated to us that this is intended to apply broadly to all corporations, he invites us to accept the failure to define the capital employed and on that ground to tear up or repudiate a decision taken by this house six weeks ago.

When I first read the section I felt that the first point I should like to raise was the fact that in subsection 4 of the new section 37 of the act the minister was reserving the right to define the capital employed by regulation, rather than have it written into the act. For my part I wanted to see that definition written into the act, because it seemed to me something of sufficient importance to warrant its being so written into the act. If it were possible to define it

by regulation, it ought to be possible to do it with equal facility by statute. But the minister invites the committee to accept his conclusion that it is not possible to prepare a definition of the expression "capital employed."

Mr. Abbott: Not possible to satisfactorily define it.

Mr. Fleming: All right, to define it satisfactorily. There is no quarrel on that; it is a matter of terms. I would be the first one to recognize the difficulty facing the minister in working out a satisfactory general definition to apply to all cases. But I do not think we can accept that as sufficient ground for repudiating a decision taken by the house, a decision that was an essential feature of the budget proposals of the minister. In justifying this second increase in the corporation tax within about nine months, the minister laid great stress on the fact that it was not going to prevent any corporation from earning a rate of five per cent on its employed capital. Unquestionably, there are difficulties. Anyone who had any experience with our Excess Profits Tax Act will not be unaware of the difficulties of defining capital employed.

But I submit we must go on with this problem, and find a satisfactory definition of capital employed. For the sake of bringing that about, I am prepared to curb my own objections in order to provide the minister and his advisers with sufficient time. I do urge that the problem should not be treated in the way the minister invites us in his amendment to do, simply admit defeat and cast out a saving provision which was an integral part of the general proposal for an increase in corporation taxes. The member for Greenwood and the member for Peace River have quite rightly stated that if you do not add such a saving provision as this in the case of public utilities, then inevitably those public utilities are going to have to go to the boards that set their rates and make applications for increases. One of the things that will happen will be another application by the railways of this country to the board of transport commissioners for another increase in freight rates. The same will be true of the Bell Telephone Company, and other public utilities that are subject to the jurisdiction of provincial boards in practically every province in this country. The public is going to be called upon to pay.

Surely, Mr. Chairman, we are not going to accept defeat in a matter so important. Surely, we are not going to perpetuate a situation now by means of which we are going to embark on a program of repudiating decisions of this house. We must now tell the public utilities up and down this country that if they are going to maintain the rate of return on their employed capital—it is not a very large return at best—then they shall have to launch their applications now for an increase in rates. It is just as inflationary as it can be, and it is going to defeat many of the pleas that the Minister of Defence Production is making to these corporations to expand their output.

Let us recall what the Minister of Finance said in his budget speech, that the next few years could offer little expectation for increased profits, yet many of the companies are engaged in activities which require them to raise very large sums of additional capital for essential expansion. With the curbs there are on credit now, that additional capital for essential expansion is not going to be available to those companies. I urge the minister not to be content to accept defeat in his efforts to bring about a satisfactory definition of employed capital. The committee recognizes the difficulties. No one who knows anything about this problem will underestimate the difficulties with which we are faced, but surely we are not going to admit we cannot work out a definition, given the time and the opportunity of consultation with the advisers of the government and others. I would urge that in something so important, so integral a feature of the budget proposals of the minister, this committee should insist that the scheme of those proposals be proceeded with, and that a definition be worked out. This would enable the decision of the house to be implemented.

Mr. Abbott: There is really nothing I can add to what I said the other night on the technical point raised by the hon. member. The government's budgetary proposals are always subject to revision until the acts implementing them are finally passed by the house. It is true that it is fairly rare for a minister of finance to suggest taking away something he hoped to be able to give to some taxpayers; that happens to be the case here. More often some additional concession is given, as is the case in the special tax exemption for the armed forces. No one regrets more than I do that it has not been possible to evolve a satisfactory definition which would be fair to all taxpayers. As I said the other day, we have made extended efforts to do so and we have failed. So far as I am concerned I can only say to the house that for this coming year, for the reasons I have given, the twenty per cent surcharge will apply to all corporations who have profits during the year.

Mr. Gibson: I would be interested in hearing the minister's reply to the suggestion

made by the hon. member for Greenwood concerning the taxation of public utilities. Would it not be generally better to put public utilities in a different taxation set-up from the ordinary company? Probably the minister will confirm this, but I have always felt that British Columbia suffered a greater disability, since most of the public utilities are privately owned, than the people of Ontario where they have the Ontario Hydro Electric Power Commission.

Mr. Abbott: That, of course, is a situation which has existed for some time. It is true not only of the province of British Columbia but also of the province of Quebec, where we have large privately owned utilities. We now have some that are publicly owned. In the province of Ontario power interests are principally publicly owned, but that is not true of telephone companies. Power companies are perhaps entirely publicly owned, with the exception of some in northern Ontario. There is no doubt it would be desirable to try to evolve some tax plan which might be more equitable. As my hon. friend appreciates, there are considerable difficulties. Perhaps a fairer way might be to put the load directly on the consumers instead of collecting it through the corporation tax. As I said a few minutes ago, that is what the corporation tax does; it collects from the consumers the corporation tax imposed in this particular situation.

I am sorry now that I made this proposal at all. I hoped that it might be possible, during this period when we were putting on this twenty per cent surcharge, to evolve some definition which might give some measure of relief to certain companies. It has not been found possible to do it. No one regrets it more than I do. As I said a moment ago, I have to take the position that the twenty per cent surcharge on profits will apply this year to all corporations.

Mr. Low: Will the minister comment on the provisions of a United States bill which defines capital employed as share capital, service and bonded indebtedness.

Mr. Abbott: This is a very complex question. That definition is contained in the Excess Profits Tax Act, and we have not such an act now. It is a little difficult to justify, in principle, as capital employed, borrowed money the interest on which can be deducted from the gross income for the purpose of arriving at taxable income. We have explored all these different formulae. We have tried to find one that would be fair to everybody. We have considered the American definition. I can only assert that the best brains I have available to advise me have not been able to get a proper one. So I am not prepared to recommend—and I am repeating myself time and time again—this type, and I therefore ask one of my colleagues to move an amendment that it be dropped.

Mr. Macdonnell (Greenwood): I do not like to persist but I feel extremely unhappy about this matter, and I want to ask one or two more questions.

Mr. Abbott: I find that the amendment was moved.

Mr. Macdonnell (Greenwood): Does the minister think that I exaggerated the difficulties which may likely face public utility companies, and does he think I exaggerated the important part they may have to play as part of the defence effort? If I am wrong on all that, or if I am conjuring up a bogey, maybe I should not say anything more. But I should like to know whether the minister agrees with that. Because if he does, then it seems to me he is putting us—and, if I may say so, himself—in a rather extraordinary position by saying this thing cannot be done. He has done what is now required, before, in different situations. It is being done elsewhere in almost identical circumstances. I come back and repeat my question: Does the minister think I am exaggerating the difficulties which may face the public utility companies?

Mr. Abbott: I do not know whether my hon. friend is exaggerating them or not. These added taxes will of course impose a heavy added burden on the public utility companies. It will also impose added charges on a good many other companies. Public utility companies, because of the fact that they have to apply for an increase in rates, may find it more difficult than others. But the difficulty created by the added tax is not confined to public utility companies.

Mr. Macdonnell (Greenwood): No. But the minister was the first to point out very clearly in his budget speech that their position is radically different.

Mr. Abbott: No, it is not. I only used public utility companies as an illustration of a wider group; and if my friend will read what I said—and he does not need to read it into *Hansard* again, because it has already been done two or three times—he will see what I said. Those words in my budget speech were carefully considered. I can assure my hon. friend that they were not words quickly written down, haphazardly. They were carefully considered. We deliberately brought in a reference to public utility companies as illustrative of corporations which were particularly affected by increased corporation tax. I am neither condemning

nor justifying public utility companies. I should like to see them and some others get some relief from this 20 per cent surcharge, but I have not been able to find a way of doing it.

Mr. Macdonnell (Greenwood): I am not trying to tie the minister to any interpretation of his speech on April 10 that he does not like. I am asking a question with regard to the difficulties. I want to say also that I appreciate the difficulty. I can well understand that the minister has been under a great deal of pressure and that is why he is so bored at listening to me this afternoon.

Mr. Abbott: I have had all the representations that my hon. friend has had.

Mr. Macdonnell (Greenwood): We have wound up here in a situation which is entirely different from that in which we have ever wound up before in my experience, by being told that there is something that cannot be done because we cannot define what we want to do. To me that seems to be extremely unsatisfactory, to put it mildly. The minister has admitted that what inevitably is going to happen is that the public utility companies, whose earnings are so streamlined that they just get by—

Mr. Abbott: Some of them get by better than others.

Mr. Macdonnell (Greenwood): The minister has admitted that what we are going to have is applications for increased rates in a good many cases and that the companies will have to ask for twice the amount because they get only half the returns themselves, fifty per cent or a little more, owing to taxation. Therefore we are going to have this additional burden in costs. Meanwhile we are going to leave the public utility companies in that position which I think would be unsatisfactory to the Minister of Defence Production. The Minister of Finance has not said that there is any impossibility in the formula which I read him and which I believe is the one used in the United States. He has not said it is impossible. He has said that he looked at it. But I am putting it forward again as something which, so far as I can see, is eminently possible in connection with public utility companies. I still hope that the minister is not going to bang the door. I think that the hon. member for Eglinton made a constructive suggestion when he said—I have no doubt unwillingly, but nevertheless he did say, seeing the difficulties and trying to get over them—to leave it to regulations. I would associate myself with him, although also unwillingly. In the light of that surely the minister is not going to tell us that he is going to bang the door and is going to create the situation which may at the very least be embarrassing and at the worst be extremely serious, by leaving this situation as it is now for a year.

Some hon. Members: Carried.

Mr. Macdonnell (Greenwood): No.

Mr. Abbott: Mr. Chairman, I cannot add anything to what I have already said. I am afraid that I have repeated myself too much already. I have given this matter my best consideration. I have come to a conclusion. I have a certain responsibility here which I have to discharge, and I am endeavouring to discharge it. The amendment which I have asked my colleague to move, and which has been moved, represents my best judgment and I am not prepared to recommend any other action.

Mr. Drew: Just before this motion carries, I should like to ask one question. I have not been here during the entire debate because of discussions which are taking place elsewhere. But the minister in effect is now saying: I am withdrawing this proposal because of the difficulty of definition. It has been pointed out to the minister that a similar definition was employed in a manner which the minister evidently felt he was able to interpret with sufficient accuracy on an earlier occasion. Before this is done and a further load in freight rates and a burden through other public utilities are imposed by this act, it seems to me that we should have a better understanding than apparently now is being offered as to why a definition that worked earlier will not work in this case.

Mr. Abbott: My hon. friend was not in the chamber at the time, but I discussed the definition in the Excess Profits Tax Act which we had in effect during the war, and those who had practical experience in its application know that there was not one company in one hundred to whom that definition applied. Most of them had an attributed standard profit set by the board of referees. If we are going to have to set up a whole paraphernalia of an excess profits tax act with a board of referees, I pray that it may not be in the immediate future.

Mr. Macdonnell (Greenwood): I want finally to express my regret that what we are going to do here is to create a situation where, as the minister has admitted, public utility companies will have to come and apply for increased rates and they will have to apply for twice what they need, in the sense that they will get only half of the amount because of

the taxation situation. That means that we are going to have an additional rise in the cost of living.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Mr. Fleming: No; put the question, Mr. Chairman.

Amendment agreed to: Yeas, 40; nays 18.

The Deputy Chairman: I declare the amendment carried. Shall clause 12 as amended carry?

Section as amended agreed to.

Mr. Drew: On division.

The Deputy Chairman: May I say that if a vote has been taken, and the members counted, it is considered as having been on division.

On section 15—*Withholding.*

Mr. Abbott: May I say that my colleague the Minister of National Revenue would like to make a statement on withholding tax which was raised under this section.

Mr. McCann: Some hon. members have expressed concern that the new tax deduction tables, which are to become effective as from July 1, 1951, provide for greater deductions than the 20 per cent defence surtax. Similar complaints have been received from outside quarters. First of all, let me state definitely that the tax itself is not increased by one cent more than my colleague the Minister of Finance announced in his budget address. However, the proportion of the tax that is collected in the least painful way, that is, at the source, from wages and salaries, has been increased.

Barely two months ago, many editorials and news stories called attention to and criticized the department because large balances of taxes were payable by wage earners last April. Generally speaking, these payments ranged from $15 to $25 per person, and in the aggregate they totalled about $40 million, to be paid largely out of the pockets of the working people at that time.

The feeling may have developed during the years after the war, when taxes were declining, that there was a strong tendency towards the creation of overpayments, although this tendency was not fostered by the basis of tax deduction. There seems to be little doubt that the wage earner prefers that his tax be paid as fully as possible by deductions at the source. The department subscribes to this view, but it was not deemed practicable to issue a new and slightly higher table of deductions until such time as a general adjustment of taxes was before parliament. There were two sound reasons for this. First, a change of this nature places a severe strain on the payroll operation of all employers—large or small—and it is desirable that the number of such changes should be kept to an absolute minimum. Secondly, the employee would in many cases interpret the change to be an increase in tax imposed by my department without sanction of parliament.

When the budget was brought down this year, necessitating the issuance of a new set of tables, the opportunity for revising the basis presented itself. It was realized, however, that circumstances were not wholly favourable because, for a majority of persons, the deduction per pay period would increase by more than 20 per cent. On the other hand, we were confronted with the fact that the year-end balances would automatically be 20 per cent higher in the future if we did not do something about it immediately.

A careful study was made of all the factors bearing on the problem and it was decided to recast the tax deduction tables in such a way that the least possible amount should be left to be paid at the end of the year, but that in the process no person should deliberately have an over-deduction made at the source. The steps taken to accomplish this were, first of all, to narrow the range of the income brackets within which a specified amount of tax deduction was to apply. When the income bracket is narrowed, the tax deduction becomes more precise. Secondly, the amount of tax specified for a given bracket was the full amount payable for the income which constituted the bottom of the bracket—that is the highest level. For an income which is in the middle of the bracket, the rate of deduction falls slightly short of 100 per cent of the tax payable; while at the top of the bracket, the deduction is still further short of the full tax. That is, we range it for an income that runs from $40 to $50 a week.

The average weekly wage across Canada in February, 1951, was $47.76, according to the dominion bureau of statistics. In the new tax deduction table, this wage falls within the weekly bracket $47.50 to $48.49. That is the dollar range. To illustrate my point, I will show below the effect of the new basis of tax deduction at 10 cents intervals of income within this bracket for a single person with no dependents. There will be shown the percentage deduction, the balance payable at the end of the year and the amount of charitable donations, over and above any investment income that might be earned, that would be required to convert the balance payable into a refund.

Single—No dependents

Weekly income	Annual Tax Payable	Tax deduction per table 7		Balance due following April	Donations required to offset balance
		Amount	Per cent		
$47.50	$275.88	$275.60	99·9	$0.28	$ 1.37
47.60	276.93	275.60	99·5	1.33	6.52
47.70	277.99	275.60	99·1	2.39	11.71
47.80	279.05	275.60	98·8	3.45	16.91
47.90	280.11	275.60	98·4	4.51	22.11
48.00	281.17	275.60	98·0	5.57	27.30
48.10	282.23	275.60	97·6	6.63	32.50
48.20	283.29	275.60	97·3	7.69	37.70
48.30	284.35	275.60	96·9	8.75	42.89
48.40	285.41	275.60	96·6	9.81	48.08

It is now necessary to deal with the question of charitable donations and their influence towards the creation of refunds under the new table. At the same time, the influence of investment income of wage earners must also be considered because these two factors tend to counteract each other. Any income which is additional to the wage income increases the balance payable at the end of the year because, generally, such income is not subject to tax deduction at source. Charitable donations or allowable medical expenses tend to reduce the balance payable. In the year 1949, the total investment income of wage earners and salaried people was $71½ million. On the other hand, their charitable donations claimed totalled $53½ million and the medical expenses totalled $23½ million. Over the whole picture, therefore, the investment income exceeded the charitable donations and almost equalled the combined donations and medical expenses. However, the investment income of employees is undoubtedly concentrated into fewer hands than are the allowances and for this reason the figures may be used only as a general indication of the relative weight of these two opposing factors.

Turning to something more specific, a study of twenty thousand returns of employees, filed in our Toronto and Winnipeg district offices, showed that charitable donations were claimed as follows: Of the 20,000 taxpayers 69 per cent made no claim or claimed less than $5; 12 per cent claimed from $5 to $14; 5 per cent claimed from $15 to $24; 3 per cent claimed from $25 to $34; 2 per cent claimed from $35 to $44; and 9 per cent claimed $45 or more.

We come finally to the actual increase in tax deductions which arises purely from the revised basis and is over and above the 20 per cent increase resulting from the defence surtax. Across the whole field of wage earners, it is estimated that the increase might be about 5 or 6 per cent. In the case of those taxpayers who are earning a low income, the percentage increase might be much higher. As an extreme case, the weekly deduction for a single person without dependents, earning $25 a week, will be increased from 55 cents to 95 cents, or by 40 cents, whereas the defence surtax would only result in an increase of 10 cents. But this same person, instead of having $20.20 to pay at the end of the year, will in future have only $4.60 to pay at the end of the year. Percentages are misleading in these cases because the amounts involved are small. However, if percentages are to be used, it is true that the tax deduction has increased by 73 per cent instead of by the expected 20 per cent. But on the other hand, the year-end balance payable has been reduced by 77 per cent.

As stated at the outset, there has been no increase in the actual tax liability other than the authorized 20 per cent surtax. What has been altered is that the tax liability is spread more evenly throughout the year with a consequent lightening of the burden at the year end. In so far as the department is able to determine, this is the arrangement most suitable to the vast majority of wage earners. If the transition had occurred at a time of declining tax rates, I am sure there would have been no adverse comment. It is perhaps understandable that complaints have arisen when the effect of the change-over is added to the effect of the increased rates. However, had we neglected to make the change-over, the condition would be 20 per cent worse next April.

Finally, I should add that in those cases where the incidence of intermittent employment, charitable donations, or unusual medical expenses, brings about over-deductions of tax, refunds can and will be made within a very short time after the taxpayer files his annual return. This year, for example, all district offices had processed refunds within two to four weeks after the receipt of the returns. If the taxpayer will file his return promptly, the department will see to it that he gets his cheque with all possible dispatch.

Mrs. Fairclough: Mr. Chairman, the minister has just given us a very interesting statement. I have given this matter considerable attention since the minister made his previous announcement. While I realize that many people would like to have the tax deducted at the source, while I realize that for most of them this is a most convenient method, there still are those who have hospital and medical bills to pay or who habitually donate to charities. I ask the minister if he will not given consideration to making appropriate alterations in the TD-1A form on which employees indicate their deductions so that when people are faced with what they know are going to be prolonged medical expenses they may indicate the approximate amount of those expenses and not be asked to pay income tax on them at the time they are paid.

I think this could be done with a simple alteration to the form. In spite of statistics to the contrary, many people do contribute heavily to charities. It is not fair that they should have to pay income tax on what they contribute and then have to wait nearly a year before they get their money back. The minister has said that it is the intention of the department to make refunds in a short time, but we must realize that no taxpayer can complete his return much before March 1 because he must wait until February 28 before his employer completes his return on the wages or salary paid. A refund could not be received until April at the earliest, and I think most people would do pretty well to get their refunds by June. When I say six months I think I am being quite optimistic.

The money is in the hands of the government and it is the old story that when the government owes you money, you do not get interest, but when you owe the government money, you pay interest. I think this objectionable position could be corrected, by making alterations on this form.

Mr. McCann: We will look into the matter raised by the hon. member for Hamilton West. It is just as hard for the taxpayer to anticipate what his medical expenses will be as it is to anticipate what his increased income may be.

Mrs. Fairclough: That may be, provided you do not have a specific instance. If you know that someone in your family has gone to hospital, if you know how long he may be there and how much you must pay per week, plus the surgery bills, you can make an estimate of the money you will have to spend before the end of the year.

Mr. Fleming: I think the statement made by the Minister of National Revenue has been useful and I am glad he has given us such an extended statement. However, I think he has revealed a more stringent approach to the problem than some of us had supposed would be made. I am not going to criticize the department for breaking down the present categories with a view to narrowing them. That is a perfectly reasonable approach. But when we find deductions scheduled to take 99·9 per cent of the income tax in certain categories, it seems to me that that is going too far. That is the whole basis of my reaction to the statement.

The fact is that you are going to create a great deal more work in the department and add to the administrative tasks of those who review the applications for refunds. It is going to mean that far more people are going to be overpaid than has hitherto been the case. In the meantime they will have to forgo interest, and wait until the department makes a refund. I agree that the department is showing better results in connection with refunds, but there is no sense in trying to extend these deductions to the point where inevitably you are going to increase the number of overpayments and the consequent applications for refund.

The minister has mentioned that this is not an increased deduction of 20 per cent to take care of the surcharge. That is perfectly obvious. Instead they have provided for its being pushed up by 73 per cent. It seems to me quite obvious that the department is going too far in this matter. The department is simply creating inconvenience for many taxpayers and more work for itself. A more moderate approach to this question would have been infinitely desirable.

Section agreed to.

On section 19—*Refunds.*

The Deputy Chairman: There was an amendment to section 20 moved the other day by the Minister of Agriculture. Does the committee wish me to read it again?

Mr. Abbott: The amendment that was introduced the other day was with respect to section 20. The amendment which I am now proposing is with respect to section 19, which replaces section 52 of the act relating to refunds. The hon. member for Eglinton raised the point that in the new section as amended reference had been omitted with respect to refunds without application therefor. I was informed that there was no intention of changing the law, and the section has now been redrafted to make it quite clear that upon the mailing of the notice of assessment for the year the minister may refund

without application therefor where any overpayment has been made on account of tax. The amendment is to provide for the case where deductions have been made and no return filed. The taxpayer becomes entitled to a refund, and the section will now provide that if he wishes a refund he must file a return within two years in order to get that refund. I think that covers the point raised by the hon. member for Eglinton.

Mr. Fournier (Hull): I move:

That subclause (1) of clause 19 of Bill 296 be amended by deleting subsection (1) of section 52 of The Income Tax Act set out therein and substituting the following therefor:

"52. (1) If the return of a taxpayer's income for a taxation year has been made within two years from the end of the year, the minister

(a) may, upon mailing the notice of assessment for the year, refund, without application therefor, any overpayment made on account of the tax, and

(b) shall make such refund after mailing the notice of assessment if application therefor has been made in writing by the taxpayer within twelve months from the day on which the overpayment was made or the day on which the notice of assessment was sent."

The Deputy Chairman: Shall the amendment carry?

Mr. Fleming: It is six o'clock. I should like to look it over. There is an amendment to another section standing, and I do not think we will lose any time.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Fleming: I think the amendment introduced just before the six o'clock adjournment makes a decided improvement in section 19 of the bill. I should like to ask one question in regard to the effect of the alternative provisions of clause (b) which reads:

shall make such refund after mailing the notice of assessment if application therefor has been made in writing by the taxpayer within twelve months from the day on which the overpayment was made or the day on which the notice of assessment was sent.

I take it the department is going to interpret that as giving the taxpayer the benefit of both those dates, and that the twelve months will operate from the later of the two?

Mr. Abbott: That is correct.

Amendment agreed to.

Section as amended agreed to.

On section 20—*Non-profit corporation.*

The Chairman: There is an amendment to this section.

[Mr. Abbott.]

Amendment agreed to.

Section as amended agreed to.

Bill reported.

EMERGENCY GOLD MINING ASSISTANCE ACT

MODIFICATION OF APPLICATION AS TO LAST QUARTER OF 1950 AND EXTENSION IN MODIFIED FORM TO 1951

Hon. George Prudham (Minister of Mines and Technical Surveys) moved the second reading of Bill No. 194, to amend the Emergency Gold Mining Assistance Act.

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

Mr. Prudham: Yes. At the resolution stage we had a very comprehensive and constructive debate. The speeches were on a high level, and many helpful suggestions were made. I had prepared a rather full statement for delivery at this second reading stage, but at the insistence of the opposition I was persuaded to put it on the record at that time. My colleague the Minister of Finance (Mr. Abbott) will make a statement covering the international monetary fund and free market aspects of the problem. With your permission, Mr. Speaker, and with the consent of hon. members I would ask that his statement follow immediately upon the conclusion of my remarks.

During the time that has elapsed since the first reading of this bill we have undertaken a very careful review of the whole situation, and as a result of our study the government is now prepared to propose in the committee stage an amendment that will broaden the application of cost aid and give further assistance to the gold mines. Hon. members will recall that on the introduction of Bill No. 194 to amend the Emergency Gold Mining Assistance Act, certain questions were raised in respect to possible decreased payments to British Columbia lode gold mines as a result of the revision of the formula to be applied this year, 1951. The recent change in the formula for 1951, as in the bill now before the house, allows for payments on more assistance ounces than the original formula; and, assuming a similar production in 1951 as in 1950, it is estimated that five mines in British Columbia namely Bralorne, Cariboo Gold Quartz, Island Mountain, Kelowna Exploration and Pioneer, will be paid in 1951 on 103,250 assistance ounces in comparison with 98,086 assistance ounces in 1950, an estimated increase of 4·2 per cent in the number of ounces. In the British Columbia submission received by a number of hon. members, Polaris Taku was included. It is

understood that this mine is being closed and the mill being taken over by other operators. It will thus receive payments for only a small production of 1951 previous to the cessation of operations. For this reason it is here omitted for comparative purposes of payments in 1950 and 1951.

Assuming that the production of the five British Columbia mines will be the same in 1951 as in 1950, applying the new formula as contained in this measure those five mines will receive $71,000 additional in cost-aid payments. The amendment we plan to propose in committee stage will give further cost aid to these mines. It is expected that the additional cost aid will compensate, if not fully at least to a large extent, for the reduction in the exchange premium. If the cost of production increases the amount of cost aid payments will likewise increase.

Hon. members will recall that when Bill No. 194 was introduced reference was made to the fact that smaller total payments were made to the mines in Canada in 1950 under the Emergency Gold Mining Assistance Act than in 1949. Payments in 1949 amounted to $12,500,000 on 3,614,000 ounces of gold production eligible for assistance. In 1950 the assistance is estimated at $9,200,000 on 3,874,523 assistance ounces. The explanation for the decrease in payments is due to the fact that the Canadian dollar was devalued in relation to the United States dollar and the $3.50 per assistance ounce was deducted from the assistance paid on all ounces eligible for assistance. In 1950 the exchange premium received by the gold mines amounted to about $11,500,000. Thus in that year the benefits received by the mines over and above the price of $35 an ounce was $20,700,000, including cost aid amounting to $9,200,000. In 1949 the exchange premium received by the gold mines amounted to $3,100,000. Thus in 1949 the benefits received by the mines over and above the price of $35 an ounce was $15,600,000, including cost aid of $12,500,000.

It should be remembered in making this comparison that gold production was increasing, so that production from lode and placer mines eligible for assistance was 236,000 ounces greater in 1950 than in 1949. It should be remembered also that during this period costs were rising and the formula under the Emergency Gold Mining Assistance Act is designed to give greater aid with higher costs. On the same production and same costs in 1951 as in 1950 it is expected that the amount of assistance that will be paid under the measure now before the house will be $10,500,000. If, as in 1950, a gold production of 3,850,000 ounces is eligible for assistance, the amount of premium at a discount of 6 per cent for the Canadian dollar in relation to the United States dollar will be about $8,085,000. Thus in addition to the $35 an ounce the gold mines are expected to receive from assistance and the dollar premium a total of $18,585,000 in 1951. Thus the amount that will be received by the gold mines under the conditions outlined above will be approximately $2,100,000 less in 1951 than in 1950, but will exceed the 1949 figures by approximately $2 million.

The amendment which we propose to introduce in committee is designed to increase cost-aid payments to the mines by further substantial amounts. Some hon. members drew the conclusion that because the number of mines receiving assistance decreased last year, there must have been a number of companies going out of existence. What was actually happening was something very different. Following the devaluation of the Canadian dollar on September 20, 1949, the gold mines received $38.50 per fine ounce of gold produced and sold to the Royal Canadian Mint. In the months of 1949 after devaluation the gold mines received not only the benefit from devaluation but also the full amount of cost-aid. By the amendments of December 10, 1949, the amount of cost-aid was reduced to the extent of $3.50 per ounce by changing the cost-aid formula rate from cost minus eighteen to cost minus twenty-five. This eliminated from emergency assistance benefits mines whose costs per ounce were between $18 and $25. What these mines lost by cost-aid was offset by the increased exchange premium. Although not an exactly technically correct description of the method adopted, this is the practical effect of what has been done.

Accordingly, when the hon. member for Eglinton stated that the total number of mines being assisted was dropping from 111 in 1948 to 95 in 1949 and to 75 in 1950, the adjustment I have just described accounts for the non-appearance of several mines on the list of those receiving emergency aid. But the explanation of the chief discrepancy in the totals given of mines being assisted is that the hon. member was quoting totals appearing in the 1950 annual report on the administration of the Emergency Gold Mining Assistance Act. These totals were incomplete because the necessary audits were delayed in the case of certain applications, especially in regard to placer mining companies in northern British Columbia and the Yukon.

Reference to the 1951 annual report shows that instead of a decrease in the number of mines assisted, the total in 1948 of 117 was increased to 121 in 1949. The total given for 1950, namely 83, is of course not a complete

figure but there is no reason to suppose that the 1950 total will not be as high as that of 1949, less probably three or four mines. The aim of the Emergency Gold Mining Assistance Act that this bill amends was, as the name implies, to assist the gold mines during an emergency period, and it is generally admitted that the act has operated successfully to accomplish this purpose. It is believed that the revision now being presented will accomplish a similar purpose.

Hon. Douglas Abbott (Minister of Finance): As my colleague the Minister of Mines and Technical Surveys (Mr. Prudham) indicated, Mr. Speaker, I intend to make a comparatively brief statement supplementing what he has just said. The house will recall that on December 27 last a delegation representing the Canadian gold mining industry in all parts of Canada came to Ottawa and made representations to the Prime Minister (Mr. St. Laurent) and a group of his colleagues. These representations related to the prevailing difficult conditions in the industry resulting from the increasing cost of production in the face of a fixed price for the industry's product, and included recommendations for various changes in legislation or policy designed to assist the industry in meeting the prevailing conditions and to avoid the closing down of mines with the hardships that this would cause to a number of small northern communities largely or wholly dependent upon such mines. Two of the major recommendations made by the delegation were that the Canadian gold mining industry should have access to premium markets on the same basis as other countries, and alternatively that the assistance payable under the Emergency Gold Mining Assistance Act should be increased.

I made a statement in this house on March 9 in which I referred to the government's awareness of the special difficulties facing the industry. In referring to the question of premium sales I told the house that we had initiated discussions with officers of the international monetary fund, in order that our mines might obtain access to premium markets for gold under arrangements similar to those which the fund had agreed upon in the case of South Africa. We were informed that the fund's staff was studying the situation arising out of the sharp increase in premium gold sales, and were requesting the executive board of the fund to give urgent consideration to the question. We were asked to defer the submission of a formal proposal to the board, pending the outcome of the general review which it was undertaking.

The executive board considered the problem and passed the resolution which I quoted in my statement on March 9. This resolution noted that:

> the board considers the existing arrangements and practices of several countries, including South Africa, are no longer a satisfactory basis to implement the fund's gold policy and directs the staff of the fund urgently to elaborate, after consultation with the countries concerned, more effective measures than the existing ones.

That consultation has taken place. Officials representing some of the major gold producing and importing countries, including Canada, met with fund officials in April and exchanged information about the administrative arrangements in effect in these countries for the control of the export and import of gold. The results of this review by the fund are not yet available.

With the matter under such active consideration at the fund, we felt that it would be inappropriate for us to press our proposal for premium sales, at least for the time being. This is a question in which all members of the fund, including Canada, have an interest, and in which all have undertaken certain responsibilities. We believe that we should consult together in seeking to establish a consistent policy that can be enforced. It is particularly important in this period of international tension that we co-operate wholeheartedly with our friends.

In view of this decision, the government gave further consideration to possible adjustments in the payments to be made under the Emergency Gold Mining Assistance Act, with a view to carrying out certain modifications which should more effectively assist the industry in overcoming the special difficulties with which it is confronted in the present circumstances. In my statement on March 9 I referred to the changes which we intended to bring before this house in the form of amendments to the Emergency Gold Mining Assistance Act. These amendments are contained in the bill which we are now considering. When we are in committee, as my colleague the Minister of Mines and Technical Surveys has indicated, a further amendment will be proposed to this bill regarding the base year in the formula. We believe that this new program, which extends the Emergency Gold Mining Assistance Act on a modified basis to the year 1951, will be of further assistance to the industry generally in meeting rising costs of production, and will enable the continued operation of many mines in northern communities wholly or largely dependent on them.

I believe that the changes now proposed in the act would in fact be of greater assistance to that segment of the industry in

need of help than would be the case under the alternative proposed of access to premium markets. Frankly, the government feels that the possible benefits to be obtained at the present time by exporting gold at premium prices have been exaggerated. We have given consideration to premium sales because the industry has requested it, and because we believe that Canadian gold mines should be in the same position with respect to these sales as the gold mining industry of other countries, particularly those which are members of the international monetary fund. Nevertheless, the best evidence at our disposal suggests that the industry, under present circumstances, will be assisted more effectively by the Emergency Gold Mining Assistance Act than it would be if there were no restrictions on the international sale of gold.

Let me illustrate this by references to the experience of South Africa. It is reported that in the calendar year 1950 the premiums received by the South African gold mines from the sales of gold at prices above the official price amounted to £2·1 million or approximately $6·4 million. In that year the total gold production of South Africa amounted to approximately 11,660,000 ounces. In other words, the average premium per ounce accruing to the industry amounted to 55 cents. By way of contrast, the assistance payments to Canadian gold mines eligible for Emergency Gold Mining Assistance Act aid are expected to average about $2.40 for each ounce produced in 1950, including the increases for the last quarter of 1950 proposed in the present amendment. On the basis of total gold produced in Canada the average assistance would amount to approximately $2.10 per ounce.

It may be suggested that calculations should be based on current prices rather than 1950 prices. There was certainly a sharp rise in premium prices in January and February of this year. The South African figures reported for the first quarter of this year reflect this increase. These reports show that the average premium received in the first quarter—that is, the first quarter of this year—amounted to approximately $1.90 per ounce, when spread over the whole of the South African gold production. The price since then, however, has fallen off in spite of the fact that South Africa has been following a policy of limiting premium gold sales to about 40 per cent of production.

I would like to contrast these figures with the assistance to the Canadian industry under the proposed amendment to the Emergency Gold Mining Assistance Act. Assuming the same production in 1951 as in 1950, the average return to that portion of the industry eligible for assistance under the act will amount to something of the order of $2.90 per ounce, or about $2.50 for each ounce of gold produced in the country.

I think it is clear from these figures that we are justified in assuming that the industry under present conditions would gain more under the act than from premium sales. I exclude, of course, those mines not eligible for assistance under the act; that is, mines producing other metals to the extent of at least 30 per cent of the total value of their production. But the mines which produce gold more or less as a by-product have the advantage of the sharp increase in base metal prices which has taken place during the past year and are not in the same position as mines which obtain the bulk of their income from gold production.

Over the past few years the premium price has been very sensitive to fluctuations in world demand and supply conditions. For this reason, if our mines were to depend upon the premium received from export sales in lieu of the certain returns which they now receive under the Emergency Gold Mining Assistance Act, their incomes would fluctuate sharply with the rise and fall in the premium levels. The situation would be particularly difficult for those marginal mines which receive the maximum assistance under the act. As a result of the changes now proposed, mines with a cost of production in excess of $45 per ounce would receive $11.50 in assistance per eligible ounce or $5.75 for each ounce produced in 1951. These mines know where they stand under the act; a fluctuating return from premium sales would place them in a much more difficult position in planning their future operations.

Quite apart from these considerations, there is another important point I would like to raise in connection with premium sales. I believe that the stability and prosperity of the gold-mining industry depend primarily on the use of gold as a monetary metal. A very large proportion of the gold produced during the last half century has gone into monetary reserves; gold has been used by nations as a standard of value for currencies, as a foreign exchange reserve, and as a backing for domestic currency. It has retained its position as a national and international standard of value largely because its price has remained relatively stable, and has not moved up and down with every change in the general price level.

All of us are keenly aware of the difficulties experienced by the gold mining industry at the present time. The fact that the government has put into effect such a program of assistance as the Emergency Gold Mining

Assistance Act is, I think, a clear indication of our concern for the industry's continuing welfare. There may be different views about the appropriate price of gold at any given time, but it seems clear that if the official price were subject to rapid fluctuations or if gold were to be treated as an ordinary commodity like any other metal, there is a grave danger that the long-term stable market for gold as a monetary standard might be impaired. I think that the gold-mining industry as well as the government must bear this in mind in considering the various alternative methods of dealing with the present problems facing the industry.

Mr. Rodney Adamson (York West): Mr. Speaker, I am glad to have had the minister's statement before I spoke, because I propose to deal with the subject along the lines that he has spoken. I think my remarks will deal in detail with exactly the statement he has given to the house, and I think they will show the mistakes in the present policy, both of the government and of the international monetary fund.

The bill before us does not deal only with the gold mining industry, but because of the monetary policy of the government it involves the whole question of money and inflation. No industry has the right to ask the taxpayers of Canada to support it unless they, through their government, impose conditions upon it which make operation economically impossible. The gold-mining industry today suffers from this; and while I shall support the bill, it will neither save the industry from destruction nor prevent further deterioration in the value of the national currency.

At the present time a great deal is being said about inflation, and there is a clamour for such devices as price controls and other artificial restrictions in order to curb it. One fundamental fact, however, is never mentioned and that is that inflation is politically popular. The promise of more inflation has elected every democratically-chosen government for the last twenty years in every free country. It is a sure-fire bait for the electorate. They love it and want more of it. The leaders of all political parties which form the governments, certainly of the United States, the United Kingdom and Canada, know this and realize that if they are to be returned, they must continue the same policy.

I have used the word "inflation", but this is just another way of saying a political promise of something for nothing. A policy of economy never wins elections. It never has and probably never will. The people of all the free countries have an opportunity to end inflation at the next election, but they will not do it; first, because they do not want to and second—and this is tragic—because they might not find a political party to vote for whose policy would effectively do so. So deluded and frustrated have the people become that no political party would dare to advocate the politically unpopular measures necessary to restore equilibrium to the economy even at today's inflated level. What I propose to say now therefore will certainly not be popular.

The issuing of money for which no goods or services are provided is the cornerstone on which every successful political party builds its policy. This is deliberate inflation, yet it will go on until it has ruined a large enough percentage of the politically-active electorate to enable the government to be turned out. It is already ruining those who are on fixed incomes, on pensions or depending on insurance, and it will also ruin those who have had their bargaining position impaired by age.

Neglecting inflation is like trying to appease dictators. Some people think they can profit by it and encourage it; some actually do profit by it for a short time. But when it really gets going it destroys everybody. The dollar today is worth about fifty cents in terms of pre-war dollars. Yet workers see no danger in being paid $2 for every dollar they earned in 1939, even though it may cost them more than $2 to buy as much as $1 bought before the war.

The principle of the bill before us concerns the bonusing of an industry and the reason that this is necessary is directly due to the government's monetary policy. Therefore some mention must be made of this at this time. Inflation, as has been said, is the result of too much money chasing too few goods. As the government, through the Bank of Canada, exercises a very great control over the money supply, it is interesting to note what has happened in this regard since the beginning of the war. The money supply can be divided into three headings. First, total currency and active bank accounts; second, inactive bank deposits; and third, dominion government securities. In 1938 the total of these was $5,831 million. As of the end of December, 1950, which is the last definite figure available, this had risen to $18,781 million, an increase of some $13 billion, or nearly three and one-quarter times the pre-war figure. During this time the physical as against the monetary volume of business had nowhere nearly tripled. As an example of this I shall quote carloadings, which are generally considered to be a reliable index of the physical volume of production. In 1937, 2,634,000 cars loaded; in 1950, 3,906,000, or an increase of one and a half

times, as against three and a quarter times for the money supply. In other words, there is now over twice as much money available for each freight car loaded as there was before the war. This is a rough, but I consider significant, indication of the condition of too much money chasing too few goods. I took the 1937 figure rather than the first war years because trucking competition to the railways had not at that time been diminished by war restrictions.

Having shown that the money supply has increased over twice the rate of the physical production of goods, and is continuing to do so, we have two courses open to us to check inflation. The first is to increase greatly the supply of goods, and the second is to curb the increase in the supply of money. It is in this last way that we can do most to check continued inflation, although we must have increased productivity at the same time. I believe that we can use our gold to aid us in preventing further excessive increases in the money supply.

Inflation can take place despite the fact that the national budget has been balanced. I wish to emphasize this point because many people believe that if the government balances its budget there can be no increase in the money supply. This unfortunately is not true, as the figures I have just quoted show. An unbalanced budget will of course add to the danger but inflation certainly takes place even though a government budgets for and attains a surplus of revenue over expenditures.

It seems to be forgotten that currency has two functions. The first is as a medium of exchange, and the second is as a store of value. It is this second function of currency which has been destroyed by government action. At the present time a man would be a fool to hoard currency as a means of providing security for himself in the future, as it is obvious that currency is going to be worth less and less as the years go by. Many people are now questioning the wisdom of holding a large, or even a moderate percentage of government securities, or any fixed return obligation such as bonds or non-participating preferred stocks, because the income from these sources has a constantly decreasing purchasing power. At the same time anyone who is now dependent for his future security on life insurance must have grave doubts as to the amount of security he will have when the policies are due. Therefore today the prudent man endeavours to put his savings into common stock equities or real property. Now this is all very well for anyone with a reasonable amount of capital, but the ordinary worker who can only safeguard his future through such measures as insurance or pension plans of some nature must rely for his security not only on the number of dollars he will have at a certain time, but on the purchasing power these dollars will command at the time he is ready to use them. Under the present circumstances he has no guarantee of any security whatsoever. Therefore, Mr. Speaker, in order to safeguard the very lives of the majority of our citizens we must take steps now to see to it that the currency is not further debauched. We know from world history and from bitter experience that no practical system of price control will prevent this. We know that no government in history has ever been able to manage currency, and that all attempts to do so have resulted in ruin. The only safeguard that has ever worked is a gold currency, or a paper currency, exchangeable into gold at a fixed rate. In this regard I was very pleased tonight to hear the minister state that he still has confidence in gold and that gold is the one sheet anchor which has preserved and will preserve the stable economy of any country. This therefore, that is the preservation of a gold currency or a stable currency, should be one of the goals of all responsible governments. Unfortunately there are no signs that it is so by any government in the world today, with the possible exception of Switzerland.

There is another matter which is causing me, and should be causing both this and the United States government, great concern, and that is how are they going to be able to go to the public in an emergency and ask them to buy bonds; with a continual lowering of the purchasing power of the dollar how are the people going to be persuaded to buy bonds when they know that every coupon they clip will be worth just a little bit less than the one before, and that the capital repayment they will get at maturity will suffer the greatest depreciation of all?

There is nothing wrong with Canada's credit. There is abounding faith in our future through the development of our natural resources. If the supply of money continues to go up twice as fast as the physical production of goods, then how can anyone honestly recommend an investment in terms of money, which is obviously going to deteriorate in its relationship to goods? A currency exchangeable on sight demand into gold at a fixed rate will obviously maintain its value in terms of gold. Throughout the history of the world gold has always maintained its value in terms of goods. Irredeemable paper never has. Surely, Mr.

Speaker, it is vital to our national security to prevent further rot in the currency. Surely this must now be plain to most members of the house, even though the people themselves are only now vaguely beginning to be aware of their danger.

Before we can return to a fixed gold standard we must establish what gold is worth, and the only way to do that is through the operation of the free market. No one at this time can arbitrarily state what gold is worth in terms either of the United States or of Canadian paper currency. However, just as the Canadian dollar has stabilized itself in terms of the United States dollar when it was allowed to go free, so will the Canadian dollar and the United States dollar stabilize themselves in terms of gold if a free market were established. In this question there are people and many learned economists who believe that we can return to a gold standard today or that the United States could at the present value of $35 an ounce. I disagree with them, Mr. Speaker, because I feel with the tremendously inflated currency base in the United States, and the tremendously inflated bond issue and national debt, if the United States dollar were put on a gold basis, and were made freely exchangeable into gold, there would be a run on the hoard at Fort Knox, which would rapidly deplete the gold holdings of the United States, so that they could not maintain it. That is exactly what happened in 1926 in England when the British pound was put back on the gold standard at the old rate of 84 shillings to the ounce. When stability has taken place, a return to the full gold standard will be possible without fear of draining the gold reserves of the country, unless the national government decides on a policy of violently unbalanced budgets. If this happens, the gold outflow will force any government to balance its budget. In Canada, where we have rigidly pursued a policy of balanced budgets, there should be no danger of the loss of gold so long as this fiscal policy is pursued.

Having discussed briefly the economic conditions of a free gold market, let us see how this would assist the gold mines. First, I want to make it abundantly clear that the gold mines never asked for any bonus, all they ask is the world price for the product they produce. If gold is not worth more than $35.00 an ounce on the open market, no gold miner will complain, and it is certainly not the taxpayers' duty to pay him more. However, the facts of the case do not show this to be true. Let us take the case of South Africa, where a degree of free marketing has been allowed during the past year. When I say a degree of free gold marketing, there are certain very definite strings to it. First, only 40 per cent of the total production of any month can be marketed, and it has to be marketed during that month, irrespective of market conditions. It cannot be held for better prices. This is the first restriction. The second restriction is that the gold marketed is industrial gold of 22 carats fineness, and not bullion. Gold bullion is what is required on a free market and it should be available in convenient coin sizes, as well as in bars. The third restriction is that gold can only be sold in countries who are members of the international monetary fund. Despite this, the operation has been highly profitable.

For the record, I will give the profits made on this transaction. These figures show the excess over the statutory price gained by African mines for the various periods quoted in pounds sterling:

For the 3 months ending Dec. 31, 1949—	£847,691
For the 3 months ending Mar. 30, 1950—	649,738
For the 3 months ending June 30, 1950—	99,923
For the 3 months ending Sept. 30, 1950—	534,112

The Economist, London, England, in their April 28 issue shows a total added income to the mines from sale of gold for these purposes for the calendar year 1950 as being £2,123,547 and for the first quarter of 1951, ending March 31, £1,937,977.

It is quite obvious from the above figures that the demand on this market for gold and the price offered have been increasing rapidly from the end of June, 1950. If for purpose of rough calculation we assume the pound to be worth $3, the dollar equivalent of the extra income for the whole of 1950 becomes, roughly, $6 million. The total production of gold from the Rand as per the South African "Mining Journal" of February 24, 1951, and for the calendar year 1950 was 11,659,000 ounces. The added income to the mines for that period, therefore, and for total ounces produced worked out at between 50 cents and 60 cents an ounce. For the first quarter of 1951, however, total production in January was 954,791 ounces, in February, 886,057 ounces. For March the figure is not yet available, but assuming 900,000 ounces gives a total production of some 2,750,000 ounces. The added income of almost $6 million for this same period shows additional price per total ounce production of something over $2.00 an ounce.

Knowing something of the growth and demands of this market during the past war, it seems obvious that had the South African mines been permitted to sell 40 per cent of their total production on a cumulative basis

[Mr. Adamson.]

and not restricted to month to month sales, the 1950 benefits would have been materially increased.

Had we followed the courageous lead of South Africa in breaking the frustrating ties of the international monetary fund, which we could have done just as legally as South Africa, the net result would have been a gain on an average output of four million ounces a year of approximately $4.50 an ounce on 1,600,000 ounces per annum, being 40 per cent of our total production, or, expressed in dollars, $7,200,000 a year or over $14 million in the two years since the South Africa plan has been operating. These figures are based on the free marketing price of gold in New York which has fluctuated between $41 and $43 per ounce in the same period. Another way of showing this is to say that South Africa is now making a profit of $2.00 per ounce on her total production, and had we adopted this measure we would now be obtaining approximately $8 million more per annum for our gold production.

In this connection it is interesting to note that the United States allows Alaskan producers to sell commercial gold against what is known as warehouse receipts. This is a device by which these producers obtain the world price for commercial gold. This policy is designed to help Alaskan miners and thereby keep as large as possible a population in Alaska for reasons of national security.

In this regard I would like to mention an article in the *Financial Post* for April 14 of this year because this paper seems to represent the anti-gold policy of the Department of Finance. As a matter of fact, it seems to be almost a spokesman for the department. In this article it belittles the benefits of the free market to the gold mines. Taking the four statements made by this journal in order, I shall make the following rebuttal:

First, the figures given do show that the free market has steadily risen. The lowered profit of under £100,000 for the three months ending June, 1950 was reported to be caused by Russian sales, particularly in Switzerland, not in order to depress the market but to buy war material. The restrictions imposed on the South African mines prevented them from withholding their production during the period of this weaker market and, thus, a lower profit was obtained.

The second statement that the free market is not capable of absorbing all Canadian production is, I think, manifestly untrue—firstly, on the figures of the bank for international settlements at Basle in Switzerland, where the amount of gold that has disappeared into private hands during the past years is actually greater than the total Canadian production at the present rate, and secondly, on the personal observation of men who have actually seen free markets in operation and state that in many cases over a million dollars worth changes hands daily. The actual figures of gold going into private hands during the year 1950 can be shown as follows:

The world gold production for the year is estimated at $850 million. The gold holdings of governments who are members of the international monetary fund was, on December 31, 1949, $35,410 million, and on December 31, 1950, this had risen to $35,830 million, or an increase of $420 million. Taking this from the stated world production of $850 million during the same period, it is easily seen that no less a sum than $430 million actually went into private hands. The figures are from the international financial statistics published by the international monetary fund in April of this year. Actually the figures shown by the federal reserve system at Washington show that even less gold was made available to the monetary authorities of the various governments. The seriousness of this is that as a decreasing amount of gold is being made available to governmental fiscal authorities the time will soon come when new government paper either in the shape of currency or bonds will have no gold backing whatsoever. The consequences of this must be obvious. Continuing with the free gold market, when this operated before the opening of the 1914 war governments had ready access to gold for their own monetary purposes. The only thing they had to do was to pay a fair price for it on the open market or establish convertible gold currency. They had one of two alternatives. Today owing to the strange regulations of the international monetary fund, despite everything we are doing we are driving gold underground. On their own figures more than half the gold production of the world went into hoarding.

One thing we want to do is to stabilize the world's currencies. One way in which we can stabilize the world's currencies is to give them a gold backing, and the one way they can get a gold backing is for the monetary authorities of the various governments to have access to the production of gold. At the present time, on the international monetary fund's own figures, more than half the gold is going to private hoards or through various devices on different markets of the world. If a free gold market were established without restrictions, how many Americans and Canadians would immediately, as a hedge against further inflation, like to buy a little gold? From personal observation I know

their number would be legion. I feel certain that if all restrictions on the sale of gold were removed we would have no difficulty in selling all our production at a price at least $10 over the present statutory price, and probably a great deal higher at the present time.

Refuting the third item of this article, the costs of putting gold into marketable form are not excessive. They run to a maximum of about 30 cents an ounce. The mint charges for this service are from three to ten cents an ounce, and they are making a reasonable charge. They have a sliding scale depending upon the fineness of the gold. On top of this, the Department of Finance collects a handling charge of 20 cents an ounce. The costs of over $2 per ounce, which the South Africans are forced to pay, are caused entirely by the fantastic regulations of the international monetary fund.

The procedure is as follows: Refined gold is produced from South African ore in the refinery in that country. This bullion is then adulterated down to 22 carats by the addition of an alloy. The so-called commercial gold is then shipped to the purchaser who has to manufacture it into objects of art, which generally take the form of easily poured little golden statues, and which are shipped out of the country to non-members of the international monetary fund where it is then re-refined to produce bullion and coins. Naturally, therefore, the cost of first refining the gold, second adulterating it down to 22 carats, third casting it into objects of art and shipping these to non-member countries, and fourth re-refining them into bullion is an expensive operation. The entire cost of this, which is somewhere in the nature of $2 an ounce, is directly due to the ridiculous regulations of the international monetary fund. How much more profitable this market would be if South Africa could obtain this extra $2 an ounce is obvious. I suggest, Mr. Speaker, that this regulation has been deliberately made in order to make the South African operation as unprofitable as possible.

The fourth point in rebuttal is the substantial sales actually being made in increasing volume by South Africa. These figures I have already quoted. Therefore, Mr. Speaker, on these figures the operation of this extremely restricted market has been most profitable to South Africa and, judging from the latest figures, there has been a profit of over $534,000 in the last quarter. In the last available quarterly statement it appears that this market will be very much more profitable to her in the year to come. With regard to the expense and the establishment of a free market, I am convinced that an exchange mechanism could be established for buying and selling bullion similar to the bullion markets which existed before the first war, and that an extraordinarily handsome profit could be made by the brokers if they charged a tenth of 1 per cent commission. Probably it could be done for a great deal less, and I am certain the mining industry would be prepared to establish such a market without cost to anyone.

As a matter of fact I have been told that that is so, and certainly the gold mines of Ontario and the mines generally would be prepared to establish a bullion market similar to the one established in London, and would operate it without cost whatsoever. The device would be the establishment of a non-profit corporation, which is a familiar financial device.

The plight of the gold mines is well known. It can, however, be stated in quite simple terms. The cost of producing a unit of gold has gone up 68 per cent since before the war, and is steadily increasing. The price received is actually less now than obtained in 1939. What other product, whether raw or manufactured, could be sold today at pre-war prices without the producer going bankrupt? The gold mining industry, in simple terms, is going bankrupt.

Here are the facts. In 1940 the industry made a net profit of $55 million. These figures are from the Canada Year Book. In 1947 this had been cut to $6 million after taxes, and half of this came from investment income. In 1950, without investment income, the industry made no profit, and today it is operating at a loss. I should like to mention that for the first time in our history mineral production in Canada passed the billion mark, and actually was, according to the latest D.B.S. estimate, more than 1,041 million. Of this gold was the largest single item, amounting to approximately 16 per cent. The importance of this industry cannot be overestimated, and despite the fact that our production increased last year the facts are plain for anyone to see. You cannot run an industry unless you are making profits. Unfortunately all of us know many enterprises that have had a big turnover and yet have gone bankrupt.

The effect of the bill is that the people of Canada have to pay through this subsidy approximately $12 million this year in order that the government may sell Canadian gold to the United States treasury at a price below that obtainable in the world market, and by so doing make a present to the United States of not only the subsidy but also the difference between the price we could obtain

on the free market for all our gold production and the sum obtained at the statutory price of $35 an ounce imposed on us by the Bretton Woods agreement. In other words, the Canadian people are bonusing the American people by $5 to $10 an ounce on nearly 4 million ounces or, conservatively, $25 million to $30 million this year, assuming a mean differential of only $7.50 per ounce.

Another question enters here. Today we are mining the rich ores of the mines. If this chamber could be considered an ore body, we are merely taking out the rich ore in the centre strip between the two lines of desks, leaving the great mass to the walls of the chamber untouched. That is a scandalous destruction of natural resources, because once the rich ore has been taken from a mine the low grade ore can never be recovered. Were we able to mine the ore bodies to their full width I am certain that the 4 million ounces, more or less, that we presently produce could be increased by at least 50 per cent within a period of three or four years. Given a production of 6 million ounces or the figure of 7 million ounces which has been mentioned to me, at the free market price of approximately $50 an ounce we are losing from $350 million to $400 million a year. We are jeopardizing an industry capable of producing that amount of new wealth every year. We are jeopardizing an industry that in those circumstances would cost the Canadian taxpayers nothing, an industry that above all others would help us in our adverse international balance of payments. We are doing that because of our adherence to the theories of the international monetary fund.

Not only are we doing this but, because our gold industry is operating at far below its productive capacity if the free market price were obtainable, we are losing the opportunity of selling much more of the prime product of our international trade. Today our unfavourable balance of payments with the United States is probably running at the rate of something over $400 million a year, and we cannot afford to lose any market. The free market price for gold in coin form is between $50 and $55 an ounce in Paris this week. I use Paris as being the best known and most steadily quoted rates. The average for the past year in coin form has fluctuated only some $7 an ounce or in the range of $47 to $54 an ounce in terms of United States dollars. Here I emphasize that the dollars quoted are United States dollars. The value of gold as against paper standards on the free market in Paris places the United States dollar at a discount of between 40 and 50 per cent in terms of gold. That is approximately what it has been depreciated to in purchasing power. Bar gold and raw bullion are quoted somewhat lower because the form they are in is not so convenient or acceptable to buyers. In this connection, England recently minted sovereigns and, I believe, gold thalers, a coin acceptable in the Near East. Italy has also minted gold coins, and probably many other countries have wisely done so. If a consumer wants goods in a certain form and will pay for them it seems to me only good marketing practice to let him have them. Actually one can expect that if a free market were established in Canada the difference between the price of gold in coin form and the price in bar form would decrease until it almost disappeared. For the sake of convenience the gold coin will probably always sell for slightly more per ounce than the gold bar. Naturally bullion fineness of 24 carats is essential in all sales. Bullion is bullion, not 22 carats industrial gold or tubes of 80 per cent placer gold dust. Bullion is what is wanted on a free gold market; nothing else should be recognized or sold.

The value of gold to the economy of Canada has been questioned by the Social Credit party. As this party is from Alberta and Alberta quite rightly has pinned its faith on the oil industry, I think it would be interesting to hear what the leaders of the oil industry think about the gold industry. Last September when the provincial ministers of mines met in Victoria they were addressed by Mr. Auxier, president of the natural gas and petroleum association, which is the spokesman for that industry. In discussing the magnificent future he stated:

> By the end of 1952 it is hoped that the Canadian oil industry would save Canada in foreign exchange $130 million annually or nearly as much as Canada's great gold industry.

That is what the spokesman of this industry had to say about gold mining even in its present depressed state. Were the gold industry to be given its head there is no doubt that for many years to come it would be a greater contributor to Canada's foreign exchange than the oil industry. Yet because of a slavish adherence to the instrument of a discredited economic theory, we are kicking the gold industry out of the window. The question which must be asked now is, is our membership in the international monetary fund worth the gold industry? I agree with hon. members of the Social Credit party that they were alone in sensing the danger of this international agency. I regret that I supported it; but originally it was to be an agency for the stabilization and freeing of world currencies. Actually the operations have been the absolute reverse; instead of freeing currencies and stabilizing

them, nowhere in the world do you find freely exchangeable moneys except where there is a gold standard; and as I have pointed out before, the operation of the international monetary fund if anything has driven gold underground.

In resolutely opposing a free market the international monetary fund is doing the one thing that is destroying a return to the gold standard and fastening upon the world controlled currencies, restricted currencies, blocked currencies and several types of currency for every nation. Nothing is so holding up the recovery of Europe as the international frustration caused by currency control. Nothing so militates against us in Canada as our inability to freely exchange our currency with the nationals of other countries in payment for goods or services without either their government or our government interfering in the transaction. I say in all seriousness there is no agency today outside the communist world which has such a great potential for evil as the international monetary fund, and I am convinced that unless and until we withdraw from membership in that hydra-headed monster, the brain child of the Keynesian theorists, neither we nor the rest of the world with whom we wish to trade will recover. This device has been the supreme instrument for placing international trade in a strait-jacket. Unfortunately it has now become the instrument of policy of the United States treasury, and as such is undoing a great deal of the good of the Marshall plan. Having been in Europe for three months this year I can testify that nowhere did I see free currency. Everywhere there are restrictions between countries: national bank restrictions, currency restrictions, restrictions on export sales, restrictions on imports so that the recovery of Europe is being delayed. The efforts of the magnificent Marshall plan were being frustrated and jeopardized because there was no adequate, free currency in Europe. I believe in all seriousness that a freely interchangeable currency is an absolute necessity for world recovery.

In this regard, I should like to quote from a speech made by O. Glen Saxon, professor of economics at Yale University, speaking before the thirty-first annual convention of the national association of mutual savings banks on May 7 of this year. In discussing the evils of the present economic theorists in the United States government, he stated that they had: (1) Devalued the dollar forty-one per cent in terms of gold; (2) partially remonetized silver further to dilute the money supply; (3) operated on an unbalanced budget for twelve years; (4) repudiated the gold clause in government bonds and outlawed the gold clause in both past and future contracts, private and governmental; (5) made all United States money irredeemable in gold, except at the discretion of the treasury, and subject to progressive partial and possible total repudiation through inflation; (6) established arbitrary and artificially high values for foreign currencies; and, lastly, drained away the gold reserves of foreign nations and forced them to managed currencies, and created a monopoly of gold in the United States.

Now, Mr. Speaker, it is this that is destroying world trade. Gold has been and always will be the lubricating medium on which the machinery of world trade operates. Until gold comes out of hoarding at Fort Knox and from private hoards throughout the world, it cannot fulfil this essential function. Therefore, it is imperative that we do everything to start gold flowing in the veins of international trade once more. Freeing it from all restrictions is the surest way to do this.

Mr. H. W. Herridge (Kootenay West): When the resolution preceding this bill was before the house, Mr. Speaker, the members of this group all refrained from speaking, in order to facilitate the passage of the resolution that afternoon. I just want to take a few minutes to place before the house the position of the members of this group with respect to this bill and this type of legislation. This is a very unusual bill because it is sponsored by a government that refuses to subsidize the necessities of life; it is supported by an official opposition that is opposed to subsidies in principle; it is supported by the Social Credit group whose main argument in support of their policies indicates their belief that gold is not the true measure of value or the necessary basis upon which to issue money or credit; it is supported by the members of this group as a purely temporary measure, as a pill you might say to relieve the pains of economic indigestion that are affecting the gold industry today. Now, all these groups are supporting this bill for various reasons. But, Mr. Speaker, the bill is opposed by the independent coalition member for Comox-Alberni (Mr. Gibson), who on February 12 expressed his disappointment at the introduction of this measure by the government.

I want to deal briefly with his remarks, because at that time he did advance a somewhat new economic theory. The member for Comox-Alberni has not issued a written manifesto or policy, but I believe he has indicated the general outline of his policy in the

remarks he has made in various debates, particularly in connection with this bill.

Mr. Gibson: I did not have a Regina manifesto, anyway.

Mr. Herridge: The member supported the C.C.F. policy by endorsing public ownership of pipe lines. He supports Progressive Conservative policy by being a strong supporter of free enterprise. I would judge from his remarks on the occasion of the introduction of this bill that he advocates a sort of super social credit, because he believes in issuing currency and credit and upon the unknown quantity of gold in the earth owned by somebody else. We shall hear more about that later, I believe. It is obvious that in his approach to this bill, and by his remarks on various other bills, the member has indicated he has an all-embracing, somewhat crystal gazing program.

Mr. Gibson: Empirical is a better word.

Mr. Herridge: It is obvious that in connection with this bill he supports the principle of free enterprise to the full, because he says to the gold mining industry "Root hog or die." He supports our C.C.F. principles by suggesting that credit should be based on natural wealth, and not on mined gold. He supports the Social Credit policy by his obvious advocacy of the suggestion that currency and credit should be issued debt free on a private mystery. Without doubt the hon. member's policy in connection with this bill is a strange amalgam of economic theories, which indicates he does have a different economic policy from anyone else. We have on the one hand, Mr. Speaker, the organized trade union movement so far as the gold mining industry is concerned; management so far as the gold mining industry is concerned; the federal government, the provincial governments, municipal governments: in fact we have all Canada supporting this bill for various reasons, at least as a temporary expedient to assist the gold mining industry of this country. On the other side we have the member for Comox-Alberni. Before proceeding with my arguments in connection with this bill, I must say that I admire his tilting at the windmills of circumstance.

Mr. Gibson: You are the windmill.

Mr. Herridge: I salute him as the greatest Don Quixote who has been produced in Canadian public life since confederation.

I have listened to the various members supporting this bill for different reasons and from various points of view. I have listened to the chorus to gold sung by the member for Cochrane, and the member who just preceded me. I have listened to the policy advocated by the member for Comox-Alberni. I wish to make our position in connection with this bill quite clear. It appears to us that from the days when men worshipped the golden calf mankind has been inclined to be hypnotized by gold. I find that on page 1686 of *Hansard* for April 6, 1951, the member for Cochrane states:

> I have an appeal to make at the present time, first of all to the national treasury, asking them to use all their influence to assist the gold mines, because the yardstick of gold must of necessity be maintained, . . .

We cannot agree in any sense with that position as advocated by the member for Cochrane. Therefore, Mr. Speaker, in a few words I want to define our point of view concerning what wealth and money is, and our attitude towards the gold standard.

In our opinion wealth is something that sustains life or contributes to the well-being of society. A piece of bread, a bin of coal, a lovely flower, all contribute to life. Gold in the vaults at Ottawa, a bank note or a silver coin do not do this until they are exchanged for something else that is real wealth. We cannot eat money, nor can we drink it. It ministers to life only when it is exchanged for something else. The commodities which do sustain life are real wealth, and these are produced for us by the primary producers, the tillers of the soil; those who go down to the sea in ships; the lumbermen; the miners; and those who in a secondary way further the process of production or give services that make these products available to mankind. Now, Mr. Speaker, that is our definition of real wealth as opposed to the conception that looks upon gold as real wealth, and the real basis upon which currency and credit should be issued in this country. We believe that money is the financial wheel of our civilization carrying the accumulated labour receipts from one person to another and from one corner of the earth to another, even from one generation to another. Remember that it is the commodities that are important, not the wheel that circulates them; for it is through the commodities that our means of livelihood comes. For an individual to hoard gold, as money, is no more sensible than it is for a man to hoard wheels, in our opinion. Money is but a wheel in the financial world, and no amount of gold in the nations' treasuries can bring prosperity unless it is used to move commodities.

Just a brief word with regard to the gold standard. To many in this house the gold standard is almost sacred. We have been told that we must not meddle with this bulwark else the whole fabric of civilization will come tumbling about our ears. Some leaders, with an almost benediction hush in

their voices, have informed Canadians from time to time that the country's honour was at stake and that the present international financial arrangements must not be molested, regardless of the fact that Canada has long since announced that no citizen would be paid gold in return for its currency, but that it was to be kept for the manipulations of the international bankers. We all know, Mr. Speaker, that so far as our internal currency is concerned, it is not in any sense of the word based on gold.

I cannot emphasize too strongly the fact that we in this group believe that man's labour on the earth is the only source of wealth and that gold has nothing to do with it; that our currency and credit have real value and that, to work effectively, must be based on the production of those who produce in this country and not upon the production of gold as in the past. We admit that the Bretton Woods agreement is an attempt to bring some stability to this artificial measure of value in the world, to bring some order out of chaos. The agreement indicates that even international bankers realize the necessity for some measure of planning. I should like to bring that fact to the attention of some of my friends to the right who were rather critical of the members of this group when they emphasized the fact that if we are going to have some order in international affairs and in our domestic economic affairs it is necessary to do some planning. Even international bankers have found it necessary to do some planning in order to try to bring order out of chaos in the establishment of the international monetary fund.

Mr. Low: Planning for whom?

Mr. Herridge: Those signatory to the agreement. A good many people are of the opinion that United States interests are receiving first consideration, because of the strength of that country, in the administration of this fund. I was greatly interested in the remarks made by the previous speaker when he said he had voted for the Bretton Woods agreement, but that the international monetary fund and the Bretton Woods agreement had not functioned quite as well as he had expected when he supported that measure. I am of opinion, Mr. Speaker, that the hon. member is not alone in Canada in that connection. While it was looked upon at the time as an attempt to bring some international economic order out of chaos, a good many people are beginning to think that American interests are dominating the policies of the international monetary fund. For instance, at the present time, as I think the previous speaker mentioned, when he discussed the technical details of gold—and I have not the ability to do that because, as a matter of fact, I have never had any gold; I am advancing our general opinions and approach to this question.

Mr. Murray (Cariboo): The Kootenay country has.

Mr. Herridge: But not I personally. The district I have the honour to represent has mined gold extensively throughout the years, is mining gold at the present time, and has large reserves of gold ore in various mines that are not being operated.

Mr. Murray (Cariboo): You are going against your own people.

Mr. Herridge: The hon. member for Cariboo does not understand what I am talking about, Mr. Speaker. If the hon. member for Cariboo (Mr. Murray) will just exercise his patience and exercise his intellectual equipment to the ultimate of its capacity until I am finished, I am optimistic enough to believe that he will have at least an infinitesimal appreciation of the subject I am trying to elucidate.

As the hon. member said, we know that actually gold on the open market is worth $5 to $10 an ounce more than is being paid at the present time. I think there is no doubt about it that we are receiving less than our gold is worth, in real value. I know that the trade unions and the managements concerned say that Canada should not be restrained to $35 an ounce by the international monetary fund. I think the government should give serious consideration to these representations.

In addition to that, we have the attitudes of governments towards the gold standard. I just want to give an illustration, for the benefit of my friend the hon. member for Cariboo. When governments come to think in terms of real value and real wealth, we find that they do not talk in terms of gold. Quite recently there was a hearing in the United States in connection with the application of the United States government for the building of a dam at Libby on the Kootenay river, which would flood a certain portion of the constituency of the hon. member for Kootenay East (Mr. Byrne). The matter was brought before the international joint commission, for the members to hear of the circumstances. What do I read? The government of British Columbia gave serious consideration as to what the form of payment should take in compensation for this damage to Canadian territory. To support my argument that governments know what

real value is—that it is not gold, not currency, not money—I will quote from the brief of the government of British Columbia when considering compensation in connection with the application to build that dam. It reads as follows:

> Because of the difficulties inherent in the fluctuating value of the dollar and the varying exchange rate, the province submits that the final settlement shall be in terms of an amount of electrical energy delivered at the international border at specified points for use in the province of British Columbia.

It is evident that the province of British Columbia knows what real value is; industrial power delivered to British Columbia can only be of increasing value throughout the years, and they were not willing to accept $1 million, $2 million, or $3 million in compensation for this damage and for the use of this water.

Then again I find that the East Kootenay Power Company Limited make a similar representation. I quote from their representation as follows:

> It is submitted that a loss of this magnitude requires compensation to a like degree, and in a form not subject to the vagaries of rates of exchange or purchasing power of currencies.

They believe in the delivery of electrical energy. Again they are indicating their belief in what is real wealth, namely electrical power, not fluctuating currencies, gold or things of that sort.

Then the British Columbia Electric Company Limited made their representation:

> That the logical way to compensate British Columbia for the economic loss which it will suffer from the flooding of the Kootenay valley is to arrange for a block of power from the Libby project to be set aside for the government of British Columbia.

That indicates the attitude of governments and of large corporations when they are considering what is real wealth. They know that human energy, human skills and ability, industrial power and natural resources are the bases of all real wealth today; and they are asking for industrial power in compensation for damage done to Canadian territory. They did not ask for a gold brick or for payment in dollars. They know what is real value.

In passing, Mr. Speaker, may I say that I noticed the other day in the Nelson *Daily News* of May 16, a daily published in my constituency, a headline which reads: "Money market may curb B.C. plans. Cities, school boards face same difficulties. $40 million credit to be sought in east or United States by Anscomb, deputy". The article goes on to say:

> Mr. Anscomb will leave for the east shortly with his deputy, J. V. Fisher, to attempt to borrow the funds required for British Columbia's planned capital works.

To go to New York to borrow that money which will be based on British Columbia natural resources, British Columbia labour and British Columbia industrial power is something that we in this group do not agree with. We in this group say it would be far better to take this gold, keep it in Canada if you want to issue your credit and currency on it and not go to New York to borrow money. Better still to issue loans to our provinces, to our municipalities and to our school boards, based on the natural resources, the industrial production and the labour power of the province. There is no necessity to go to the United States, because these people lend that money exactly on that security. We in this group cannot see why this government cannot use the machinery of government, the Bank of Canada, to finance sound capital investment by the provinces and by the dominion government itself.

We find that representations have been made to the government for gold mining assistance. Representations have been made through the labour organizations directly concerned with the gold mining industry. As I said before, the labour organizations advocate a free market for gold. I do ask the government to give serious consideration to these representations.

The government has had representations from the gold mining industry, from the Canadian Metal Mining Association, the British Columbia Mining Association and representatives of municipalities. I had the pleasure of being with the representatives of some northern Ontario and Quebec municipalities when they made representations to two or three members of the government. I was impressed indeed with the presentation made by a lady reeve, from one of the northern municipalities. She made a very capable and effective presentation of the case for these municipalities.

On top of that, the government of British Columbia has indicated its position. The legislature of British Columbia unanimously adopted a resolution urging continuation of assistance to the gold mining industry under present circumstances.

We in this group support this bill because we must give human, practical, and immediate consideration to the needs of 23,000 miners and to 125,000 Canadians who are directly affected at this time by the gold mining industry. Second, we support this bill because the present condition is caused by international and government action.

Third, we believe the miners are entitled to fair wages and satisfactory housing, and that it is necessary to protect the life savings

of many of those people in homes, small businesses and service in the communities surrounding the mines affected.

Fourth, we believe it is necessary to protect the large public investment, federal, provincial and municipal in the communities and areas surrounding the gold mining districts.

Fifth, under the present economic system we in Canada receive goods in exchange for gold sold to the United States. In our opinion, the world of the future will not use labour to take gold from one hole and place it in another in order to protect a gold standard. But in the meantime we must be realistic, for in return for our gold we get commodities and goods that we require.

I have read the report of the Gold Mining Assistance Act, and I have read several of the speeches made, and I may make an observation or two in committee. I noted in reading that report that several large companies operate very profitable enterprises; that is, several very large and very profitable enterprises are receiving assistance for the operation of a mine or two, the operation of a non-profitable gold mine or two.

First, when considering assistance under this act, Mr. Speaker, the total operations of any corporation should receive consideration. If the company has diversified its operations so that it is carrying on large operations in several spheres, the very fact that it operates a relatively small gold mining operation at a loss should not be considered. I think the total position of the company concerned, shall I say, should be considered when dealing with a question of assistance to these companies.

I do not intend to say very much more, Mr. Speaker, but I may ask a few questions when the bill is in committee. We in this group are particularly concerned about the standard of wages received by the employees of the gold mining industry. To date gold miners have been paid lower wages than miners in other hard-rock mines. The owners have constantly maintained that they could not afford to pay higher wages.

The minister when speaking said that the assistance provided in the bill would enable the companies to make a legitimate profit. According to my understanding of the word "legitimate" it means a lawful or regular profit. In view of the word "legitimate" meaning a lawful or regular profit, and the large lawful profits being made by many companies today, the word could possibly mean that some of these companies would make a very large profit, because the word legitimate simply means a lawful or regular profit. We maintain that when companies are receiving this assistance from the government the first claim on the production and the first claim on this assistance should be a satisfactory standard of wages in relationship to the mining industry as a whole, and proper working conditions. We urge that in granting these subsidies the government should insist as a first qualification for assistance that the miners in the industry receive the standard wages and the same working conditions as miners in other hard-rock mines.

In conclusion, I again state that we support this measure as a necessary temporary expedient because it involves the livelihood of 23,000 miners and the welfare of 120,000 Canadians, and because of the large public and private investments in mining communities and the surrounding areas; but we do realize that this is no final solution. It is a purely temporary measure, that in effect indicates the inconsistencies and contradictions of our present economic system.

Mr. Victor Quelch (Acadia): Mr. Speaker, we in this group in the past have supported legislation to subsidize the gold mines because so long as it is considered in the national interest to encourage the production of gold in this country we should I think be prepared to allow the producers to receive a fair price. Hon. members will recall that back in 1945 under the Bretton Woods agreement we fixed the price of gold at $35 an ounce. Since that time costs have steadily risen, and therefore it would seem only fair to allow a subsidy at this time.

However, I would draw the attention of hon. members to the fact that during the past three years some $30 million have been paid in subsidies to gold mines, and employees of the gold mines, I believe number somewhere in the neighbourhood of 23,000. Now, keeping that picture in mind, remember what happened in this house when it was proposed that $65 million should be paid for wheat delivered over a period of five years to 250,000 wheat farmers. Many of the people who are advocating that this subsidy should be paid spoke against that payment of $65 million being made to the wheat producers. Mind you, that was not a subsidy; that was merely a repayment of a loss suffered by the farmers as a result of government policies. I mention that fact because we should be a little more consistent in this house on the question of subsidies, and deal with them in a fairer manner.

However, in spite of that fact, I say we support this subsidy; but I would point out that as war or fear of war may expand the demand for goods in this country I think that the gold miners could probably be better

employed elsewhere because already I understand there is developing a shortage of miners, and also I understand that already there is looming a shortage of mining engineers. I say that because after all monetary gold does not provide any essential service. As a matter of fact, at all times when it has been urgent that the production of the country be increased as rapidly as possible we have been forced off the gold basis. We have found that we could not bring about a rapid increase in our production as long as we were on the gold basis. That is what happened in 1940 and we are still off the gold basis.

The hon. member for York West (Mr. Adamson) and other members of the Conservative party have referred to the part played by gold in balancing our trade with other nations. That is true, and it has been especially true so long as our trade followed what was called the triangular pattern. This pattern was referred to often by the former minister of finance, Mr. Ilsley, who pointed out that we had a large favourable balance of trade with the sterling areas and a large unfavourable balance of trade with the United States and therefore we would have to insist that countries in the sterling areas pay their deficits in either United States dollars or gold in order that we might make up our deficit with the United States.

I have often wondered why we should consider it the responsibility of nations in Europe to make up our unbalance of trade with the United States. Unfortunately, as a result of that policy, we have found nations in Europe curtailing their imports from this country in order to avoid having a deficit with us and being under the obligation to hand over United States dollars or gold in order to balance their payments.

It is a good thing for the country that today we have a Minister of Trade and Commerce who apparently realizes the true functions of trade. Last year the Minister of Trade and Commerce (Mr. Howe) pointed out that the only way to overcome the difficulties that were encountered in that triangular form of trade was to increase our sales to the United States and increase our purchases from the sterling area. As a result of that attitude we find today that we practically have a balanced trade with Europe instead of a large favourable balance of trade, and we are doing everything we can to balance our trade with the United States by increasing exports.

In order to make a maximum contribution toward supplying the needs of backward nations and for the purposes of building up defences, I think the members of the United Nations should do everything in their power to discourage the production of what might be termed useless goods. It will be recalled that that was the policy during world war II. When it became essential during world war II that we increase the production of munitions and food we curtailed the production of gold. When you realize the situation in the world today it is quite evident that there is a great need for expansion in the production of food to feed the starving people in many countries. After all, we cannot feed gold to those people. I should like to refer to the report of the director general of FAO for 1949-50 and I quote from page one as follows:

> There is far too little food for the world's hungry mouths, and the yearly increase in production is not enough to keep pace with the increase in the number of human beings. A third of the world's people enjoy health, wealth and well-being to a comparatively high degree; the other two-thirds live on intimate terms with poverty, hunger, disease, illiteracy and premature death. Even where production is most highly developed, farmers are subject to the vagaries of markets to such an extent that they run heavy risks by planning ahead for abundance. These bitter contrasts break out in discontent and rebellion because —and this is the most significant development of our time—every day more people realize that such conditions are no longer necessary. Modern advances in science and technology make greatly increased well-being possible for all mankind, and there is no insurmountable barrier to that achievement.

When you have that sort of situation in the world where not enough food is being produced to meet the needs of the people I think it is rather futile to suggest that you can stabilize world currencies by putting them on a gold basis. If you put currencies on a gold basis and at the same time have a shortage of food, will that gold prevent inflationary pressure in the demand for goods? Certainly it will make no difference whether that currency is on a gold basis or not unless there are goods to satisfy the demand created by that money. Therefore, the only way to avoid inflation, the only way to stabilize the currencies of the world, is to increase production so as to make sure that there will be a sufficient amount of goods and services to satisfy the demand created by the money in circulation.

When the hon. member for Eglinton (Mr. Fleming) spoke on the resolution stage he supported a free market for gold and gave South Africa as an example of the benefits that accrue to nations when they are able to sell some of their gold on that market. There are a number of reasons why I would oppose a free market for gold under the existing set-up, that is so long as our currency is valued in terms of gold under the international monetary fund.

The first question I would ask is: Would the gold mine operators actually be better off if they were able to sell their gold in a free market than they would selling it under the Emergency Gold Mining Assistance Act? I listened with interest to what the Minister of Finance (Mr. Abbott) said. He stated that in his opinion the gold mine operators probably would not be any better off by selling their gold on a free market than they would under this act. I was interested in that because those views correspond closely with the views expressed by the *Financial Post* and the *Financial News*. I do not think anyone will suggest that either the *Financial Post* or the *Financial News* is opposed to the production of gold. I should like to quote from a statement which appeared in the *Financial Post* of April 14, 1951, under the heading, "Free gold market not so profitable. Cost-aid returns seen just as great." This article by Gordon M. Grant reads:

> Statisticians see several factors indicating the current $42 an ounce free market price for gold might prove illusory when it came to realizing the extra benefit on the entire Canadian output.
>
> 1. The free market has not "steadily risen." It collapsed early in February, 1950—South Africa had to discontinue sales then—and only recovered the latter part of last year.
>
> 2. Efforts to liquidate entire Canadian gold production at $42 an ounce could easily break the market, inspire increased selling by South Africa.
>
> 3. Costs of putting gold into marketable form, and selling it, might run $3.20 an ounce or more—about half the "extra" gold mines might hope to secure. South Africa is reported to find it unprofitable to sell gold below $38.20 United States on the free market.

And again:

> Early experience of South Africa gold mines with premium sales on the free market shows that returns were much less than the extra amount Canadian gold mines received under the Emergency Gold Mining Assistance Act.

And further down:

> In recent months, it appears pretty definite that South Africa has been able to sell 40 per cent of her output on the free market—and perhaps at the $42 United States price per ounce. But averaged over her entire output, the extra revenue is only providing a gold yield of about $37.80 United States per ounce. From this figure must be deducted the expenses of fabrication and selling on the free market. These expenses are important because marketing costs on sale of gold to the Canadian mint are relatively negligible. Even with sale of 40 per cent of their output on the free market South African gold mines are probably no better off than Canadian gold mines under the set-up for 1951.

I shall not take the time to quote from the *Financial News*, but the article in that publication was exactly the same as the argument put forward by the *Financial Post*. There is another point I should like to raise. Under the international monetary fund gold is used as the yardstick and currencies are valued in terms of gold. That being the case, would it be wise to make gold subject to the vagaries of international gamblers and financiers? It seems to me that you can hardly expect to stabilize currency by using gold as a standard of value if it is subject to wild fluctuations in such markets as Hong Kong, Bombay and other hot spots of the world. On the other hand, I would have absolutely no objection to a free market for gold provided first of all that it was divorced entirely from our monetary system. On that basis I would be prepared to support a free market, but would those people who are today asking for a free market be willing to accept it on that basis? I would say they would be most bitterly opposed to a free market for gold if gold was divorced from the monetary system. They realize that a part of the prestige that gold has today is the fact that it is used as a yardstick for our currency. Furthermore they want to have that prestige for gold apparently without accepting the responsibility that goes with it, the responsibility of stabilizing the price of gold.

Under the international monetary fund, which has been referred to during this debate, gold is the only commodity which nations can use as of right to liquidate their external trade deficits. That being the case, would it be wise to allow the price of gold to be dominated by such spots as Hong Kong, Bombay or any other spot in the world today where there is fear and uncertainty? In such places we find people trying to change their worldly assets into the form of gold so that they can pack it up and take it out of the country. One wonders how long a market of that kind could last. Moreover, where would they get the currency with which to buy our gold, and would the currency thus obtained be of any use for the purpose of balancing our trade with the United States, which is the main purpose of gold today in so far as Canada is concerned?

When the hon. member for Cochrane (Mr. Bradette) spoke he mentioned that I did not oppose section 8 of article IV of the international monetary fund. Section 8 reads:

> The gold value of the fund's assets shall be maintained notwithstanding changes in the par or foreign exchange value of the currency of any member.

It is true that when the bill concerning the monetary fund was before the standing committee on banking and commerce I did not oppose that section for the obvious reason that I had bitterly opposed sections 1 to 6. Once sections 1 to 6 had been carried it was

obvious that section 8 was required to carry out the purpose of sections 1 to 6. Section 1 reads:

> The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

In other words, we opposed gold being used as a yardstick for the currencies of the world. We opposed the idea of all currencies of all member nations being valued in terms of gold. Furthermore, we opposed a subsequent section which made it impossible for a nation to change the value of its currency to a greater degree than 10 per cent without the permission of the fund. Sections 1 to 6 carried; and, once they had been carried, obviously section 8 was necessary to implement those sections. But I would point out that article IV was not the main article that we opposed in the Bretton Woods agreement. The chief reason we opposed the Bretton Woods agreement was that gold is the only commodity a creditor nation is obliged to accept in payment of debts owing to it.

In other words, we criticized the monetary fund because it gave the creditor nations the right to demand payment in gold for their balances held abroad, instead of placing upon them the obligation to accept payment in the only commodity with which most nations could pay, goods and services. I should like to refer to what I said at that time because the hon. member for Cochrane seemed to be a little bit confused and seemed to think that we were supporting gold as the basis. At page 131 of the minutes of proceedings and evidence of the standing committee on banking and commerce of December 13, 1945, I had this to say with respect to Bill No. 238:

> It is interesting to note under this agreement that gold will be the only commodity in the world that a creditor nation is obliged to accept in payment of its debt. I realize it is not done directly. It is done via the fund. That makes no difference, and the witness agreed with me, no substantial difference. What is bound to be the result of that situation? It is all very well to call it a breathing spell, but they will not be able to breathe very long under a proposal of that kind, because when you realize the size of nations' unbalances of trade and the fact that they can only borrow up to 25 per cent of their quota in any one year they will not even be able to obtain enough currency from the fund to pay off the unbalance of trade. So it will not in reality prove a breathing spell. The situation that will face a debtor nation will be this. They will either have to cut down their standard of living to the very minimum, cut off imports, which will be contrary to the purpose of the fund, because the purpose is supposed to be to expand trade, and if a nation as a result of this is forced to cut down imports and reduce its standard of living to the minimum it would be directly contrary to the purpose of the fund. Instead of the fund helping to bring about an expansion of trade it will be helping to develop economic nationalism, the very thing it is supposed to prevent. I do charge that under this act that is exactly what will happen . . .

Is that not exactly what happened with regard to Europe? They found that they suffered from unfavourable balances of trade with the dollar countries and therefore they placed restrictions upon imports of goods from the dollar area. They cut down their standard of living to the minimum and adopted a very strong form of economic nationalism within the sterling area. I am not going to try to take any credit for the fact that we foresaw what was bound to happen at that time because it was so obvious that under the international monetary fund that was bound to be the consequence of such a policy. At that time we advocated an alternative, and again I should like to refer to page 131 where I said:

> What we want in the act mainly is a provision that a debtor nation in order to pay for its imports shall be recognized as paying for them when they establish a credit within their country in favour of a creditor nation and that that credit can be used to buy anything purchased within that country. Then if the creditor nation is not willing to accept goods from a nation with which it has a credit if it desires to trade on a multilateral basis it may trade the credit established on that basis for the credit of another country on a multilateral basis. So I say if the great industrialized nations are really sincere in this matter they should have shown it at this time and been willing to have an article to that effect put in the Bretton Woods agreement.

When we insisted time and again that an article of that kind should be put in the Bretton Woods agreement to ensure that the debtor nations would be in a position to pay off their debts by shipment of goods we were told that was a question of trade agreements, that it did not come within the confines of the international monetary fund, that it would be taken care of later on by some form of international trade organization. What happened when the international trade organization was set up? We found that it still further aggravated the situation because it introduced the policy that is often referred to as a policy of non-discrimination.

We in this group are therefore opposed to the currency of this nation or, if we had the power, the currencies of any nation, being valued in terms of gold because the real value of a nation's currency depends upon the amount of goods and services that that currency will buy, and no amount of gold will change that. If you do not have the goods and services within the country, then no matter how much gold you have unless you can exchange it for goods that currency will become worthless because there will not be any goods for it to buy. If you had an island

in the middle of the ocean with stocks of gold and no goods, the currency of that island would be absolutely useless. The only thing that makes a currency of value, as I say, is the goods and services that can be bought with it.

We have heard members of the Conservative party, particularly the hon. member for York West, advocating a return to the gold standard. Thank goodness the people of Canada will never tolerate the restoration of the automatic features of the gold standard, because we are not prepared to permit our people to be disciplined in that way. What does that mean? It would mean that any time our standard of living got a little higher than that of other nations and the prices of goods in this country rose above the prices in other nations so they were not buying our goods freely, gold would flow from this country to other nations and as a result currency would be withdrawn from circulation, unemployment would increase, production would go down and goods would pile up. After a while, of course, the presumption is that the process would be reversed; the prices of goods would fall, gold would come flowing back and the situation would be restored. The people of this country are not prepared to see men unemployed while at the same time we have great resources to be developed, resources which if developed can satisfy the needs of all the people of this country.

However, as I have already said, as long as we are members of the international monetary fund and therefore encouraging the production of gold, I believe legislation such as this is justified temporarily. We in this group do believe, however, that at the very earliest opportunity the articles of the international monetary fund should be thoroughly overhauled and gold displaced as the yardstick, and that the currencies of the world should be supported by a goods basis instead. I remember a westerner once coming to Ottawa and advocating that our currency be tied to wheat instead of gold. To those who feel we must have our currency tied to one commodity instead of to a price level I say it would be far more reasonable and logical to have wheat as the basis for our currency than gold, because wheat is of great use in the world. It would mean that if our currency were tied to wheat, any nation in the world obtaining our currency would know it could be exchanged for wheat, which is so urgently needed in every part of the world today. Starving nations would be glad to get our wheat, whereas gold is of little use to them unless they can turn around and exchange it immediately for goods. So if we have to tie our currency to one commodity I say wheat would be far more sensible, because we always have plenty of wheat and any time our currency got into the hands of another nation they could redeem it in this country for wheat.

As I listened to the hon. member for York West I could not help thinking how many forms of bugs we have in the human race. We have the gold bugs, who want to develop gold. We have the jitterbugs who want to develop the jitters. We have the firebugs, who want to develop fires; and we have other people who are just plain bugs. If you think too much about gold you may develop that attitude.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, this bill was given first reading in this house on April 6, two and a half months ago. Many of us hoped that in the interval the government would evolve some new policy or some amendment which would really meet the situation. While a slight amendment has been indicated by the minister, we must view the situation as one for which the government has failed to propose an adequate remedy. While of course the bill will be approved, since it is a good deal better than nothing, nevertheless it seems to me to be open to four fundamental criticisms. In the first place, it is inadequate in the provision it makes for the gold industry. In the second place, it is only temporary, just a makeshift and stopgap. In the third place, by its very nature it is necessarily discriminatory. In the fourth place, it is only an artificial remedy. The amendment simply represents more tinkering with that artificial, inadequate remedy. In brief, I think we must have either a free market or a realistic and adequate price for gold.

Some of the statements offered in the house this evening concerning gold have been a little surprising. In some of the speeches, if I may say so, there has been a want of appreciation of the part gold has played in the history of the world, in the history of trade and the history of currencies. Gold has always been the universally accepted medium of exchange throughout human history. Today no one can estimate the importance of gold to our economy or the economy of the world without due recognition of that fact. It is not simply a matter of the gold standard, though that has a bearing. It is a question of recognizing the part gold has had to play and still has to play in providing a means by which nations of the world may trade with one another and find something all will agree upon as a medium for settling their commodity

trading balances. All the world over gold has that peculiar and unique value and position. Today all countries, even Russia, seek gold, while the Kremlin is putting obstacles in the way of trade among the nations of the world.

Canada has a peculiar interest in this subject as a producer. When I hear hon. members belittling the place of gold in the world's economy I think they fail utterly to recognize the importance of gold production in our history, in the Canadian economy and in its good health.

At this late hour I am not going to indulge in quotations as to the importance of gold. When I spoke on April 6 I quoted what I thought were authoritative statements by persons such as Dr. Camsell, who have had a long connection and intimate experience with this subject. Gold played an invaluable part in preserving the economy of this country during the depression days. As much as any other industry in this country the gold industry pulled us through the worst of that depression experience.

Gold Mining

It would be well also to bear in mind that in Canada the ownership of gold mines is very widely distributed. It is not a case of concentrating wealth in the hands of the few. Gold shares, representing ownership of this industry, are widely distributed.

Gold has had a unique position and use in the history of this country also in providing the means of settling our commodity trading deficit with the United States. There has always been a market in that country for our gold production. During the years when our trading deficit with the United States was very high we were glad indeed to turn to our gold production as a means of meeting that deficit on commodity trading account. I have some figures, and to save time I should like to put them on the record if the house will permit me. They are taken from the government publication *Foreign Trade*, volume 9, page 993, of June 2, 1951.

Mr. Speaker: Is it agreed that the hon. member may place the figures on *Hansard*?

Some hon. Members: Agreed.

Mr. Fleming: The figures are as follows:

Canadian Trade with the United States (Excluding Gold)

Name	Average 1935-39	1938	1946	1947	1948	1949	1950	1951 3 mos.
			(Millions of Dollars)					
Imports from U.S. ...	418·7	424·7	1,405·3	1,974·7	1,804·8	1,951·9	2,130·5	678·1
Exports to U.S.	321·3	270·5	887·9	1,034·2	1,501·0	1,503·5	2,021·0	529·6
Trade Deficit	87·0	146·0	496·7	918·01	283·6	427·8	80·0	139·5

From "Foreign Trade" Vol. IX, page 993, June 2, 1951

Those figures take us to the end of the third month of 1951. The record for the fourth month of this year shows a deficit of $93 million on our trading account with the United States. This has been a continuous feature of our history.

The dominion bureau of statistics daily bulletin of April 24 notes that on our current account with all nations in 1950 we had an excess of all types of imports over all types of exports of $316 million. It comments that these adverse trends were only slightly offset by a rise from $139 million to $163 million in gold available for export. This recalls to the minds of all who study this problem that gold is one commodity to which we have always been able to turn to help meet this chronic deficit of our commodity trading account with the United States.

Now, the gold mining industry has sustained great areas of this country, particularly in the two old provinces of Ontario and Quebec, but not confined to those provinces. It has been an important factor in the economic life of Manitoba and British Columbia. The needs of this industry today, and the way in which it has become a plaything of national and international policy, are reflected in the way in which some of these great mining camps, which were marked not long ago by flourishing and growing cities, are today presenting a picture of shrinkage and steady decay. No Canadian who has any appreciation of the sound elements of the economy of this country can sit back and contemplate with any degree of indifference or satisfaction the way in which the communities directly owing their economic life to the great mining camps of this country are suffering. We must open our eyes to this threatening situation, and the manner in which those areas have been

suffering. If this industry is permitted to decay, no longer are these communities going to be great markets for the products of other industries. What is to become of the savings of the workmen in those areas represented by their investments in their homes? These are not vague possibilities. These are real dangers that are confronting these mining areas today, and the people who owe their livelihood to the health of this industry.

The Minister of Mines and Technical Surveys (Mr. Prudham) on April 6 quite properly paid a tribute to the part played by gold in sustaining the search for and the production of base metals. With the critical shortage of some of these base metals today as the world scrambles for commodities essential for rearmament, we must not overlook or minimize the importance of gold as supporting the search for these base metals.

Now, sir, a crisis is rapidly developing in our gold mining industry in Canada. When I spoke on April 6 I made some reference to comments made by the Prime Minister (Mr. St. Laurent) when he spoke in Timmins prior to the last general election. I believe the best recent summary of the situation I have found appeared in the last issue of the *Monetary Times*, in an article written by Mr. E. C. Gould, the financial editor. He sums up the situation in two or three paragraphs which read as follows:

> The truth of the matter is that at many Canadian gold mines, a greater part of the ore mined since 1946 has been taken from underground workings, completed and financed in prior years. Owing to an increase in costs and the resultant reduction in the volume of profitable ore, the development of a ton of new ore is now three to four times the 1939 cost. Based on the current price for gold, this situation makes it uneconomical for many mines to open up new levels and they are gradually depleting the ore developed in prior years with a shutdown in prospect unless early and substantial relief is forthcoming. As a result, the gold mining areas are becoming depressed and the former rich relation of the mining world can no longer meet the high cost of existence from the returns of a fixed income. So far have we departed from the "age of gold" that now "the lowly hen must be laughing at the goose that laid the golden egg."
>
> The plight of the gold industry was described by Prime Minister St. Laurent as early as June, 1949, in a way that left little hope for profitable speculation. "Many gold mines in Canada," he said, "now are just staggering along because they are being squeezed between the fixed price of gold, $35 per ounce, and the high cost of production per ounce of gold recovered . . . The grim shadow of mine shutdowns has been hanging over many gold mining properties."

That is a quotation from the speech which the Prime Minister made at Timmins during the election campaign in 1949. The article continues:

> Since June, 1949, this gloomy picture has certainly not improved for costs have increased $3.75 per ounce and the rate of gold assistance has been reduced.
>
> According to figures, based on profits published in the Bank of Canada statistical summary, the average total earnings per year, for the years 1946 to 1949, for 38 gold mines were less than 30 per cent of the average for the years 1938 to 1940. A comparable figure for 643 Canadian companies, representing all industries, is 180 per cent for the same periods. The ratio of gold mining profits, therefore, is one-sixth of the average of all Canadian industries when compared with the average for 1938 to 1940.
>
> The following is a picture of the current situation in the Canadian gold mining industry, outlined by the president of one of Canada's more successful gold mines in an appeal for what he terms the "adjusting of gold to a sound price basis": "The number of gold mines in Canada is being steadily reduced as mines are forced to close down due to rapidly rising costs while the price received for gold is below the 1939 level. The increase in average operating costs since 1939 is equal to over $15 per ounce or 75 per cent. Since 1946, when the price of gold was reduced to $35 in Canada, costs have increased by about $9 per ounce, made up of increases in wages of about 50 per cent equal to $6 per ounce and in supply costs of over 50 per cent equal to $3 per ounce. The cost of developing a new mine, building a plant and bringing the mine into production on a basis of 500 tons per day has increased from approximately one million dollars in 1939 to a minimum of two million five hundred thousand dollars in 1951, while the estimated profit per ton of ore is now only a small fraction of the 1939 figure."

This is a matter of concern to all Canadians.

The fundamental problem of the gold mining industry today is not lack of markets, it is the price. This problem is the result of price control. Here is one commodity that has been singled out above all others for the application of price control. That has been in effect now ever since—

Mr. Abbott: For seventy-five or eighty years.

Mr. Fleming: But on a very different basis now, if you please; that is the very point of this objection. I think that is the fundamental fallacy of the government's approach to it. Gold has been singled out for price control under an international agreement to which this country is a signatory, and so far as we have been permitted to know the government has been content to accept that ceiling on a product which Canada produces in large quantities. When Canada submits to a ceiling price, Canada necessarily absorbs a loss. Again, it is not all Canada that is absorbing this loss. The government has not approached this problem the way they approached the problems created by price ceilings in some other important Canadian products. Here the government has been content, apart from the altogether inadequate assistance provided by the Emergency Gold Mining Assistance Act, to see the gold mining

industry absorb these losses that are imposed upon it by a measure of price control on an international basis which the government of this country has supported. The result has been discrimination practised upon this industry, and a retarding of the growth of this industry; setbacks to this industry from which it will take a long time, and much more prosperous conditions, if it is ever to recover.

The Minister of Mines and Technical Surveys (Mr. Prudham) took some satisfaction out of the fact that last year there was a slight increase in national production of gold over the year 1949. If he looks at the figures for the first three months of this year he will see that we are now showing a slight decrease in monthly production. I may attempt this prophecy also, Mr. Speaker: if the present measure, even with the indicated amendment, is all that this government has to offer to the gold-mining industry, we are going to see a continuation in the trend evidenced in the production figures for the first three months of this year. That is something that is fraught with serious dangers for the economy of Canada.

I must take issue with the Minister of Mines and Technical Surveys with regard to some of the inferences which he has drawn from the report on the administration of the Emergency Gold Mining Assistance Act for the fiscal year ended March 31, 1951. In the year 1948, 117 gold-mining companies received benefits under this act; in 1949 the number was 121; but in 1950 the number has dropped to 83, which is just two-thirds of the number in the previous year. What may we expect for 1951? Unless something is done to give help and hope to this gold-mining industry I may confidently venture the prediction that fewer gold-mining companies are going to receive assistance from this act.

Let us just look at the figures. In 1948 the government paid out through this act $10,500,000. I shall just give the round figures. In 1949 they paid out $12,500,000. But in 1950 the amount dropped to just a trifle over $7 million. This year the amount estimated was $9,200,000; the amendment contemplates another $900,000, or $10 million in round figures, an amount substantially below the figures of 1948 and 1949. In other words, while the needs of the industry have grown apace as costs have been soaring, the government contributes less in order to try to repair the damage the government policy has done to that industry deliberately, by following a policy of lopsided and discriminatory price control.

I spoke of rising costs. I think a study would repay hon. members of this house in order to see how costs have been rising in the gold-mining industry, and to see just how much more it costs today to produce an ounce of gold than it did five, ten or fifteen years ago. If I had the time to do so, or were not concerned about wearying the house with statistics, I should like to put some figures on *Hansard* in that respect. I will just shortly give you a sample in passing, Mr. Speaker, of the kind of competition that the gold-mining industry is up against. There are many miners engaged in the gold-mining industry who today are working at rates substantially below those prevailing in some of the other mining industries. How do you expect the gold-mining industry to compete for miners with some of the other industries like nickel, for instance, for which there is an ever-expanding market at an uncontrolled price? Here is a dispatch from Port Colborne, dated May 22, which reads as follows:

> New agreement reached by the International Nickel Co. of Canada Ltd., and the International Union of Mine, Mill and Smelter Workers will mean wage increases of from 23 to 26 cents per hour plus a 40-hour week. The agreement affects 14,500 workers here and in Sudbury.

Then further down:

> New wage rates will run from $1.53 to $1.88 per hour, except for partially incapacitated employees, who will receive $1.46.

The gold-mining industry cannot compete with wage rates like those as long as it is left to languish under this price control system imposed upon it by the government. Consequently men are driven away from the gold-mining industry into these other mining industries. But think of the hardship that imposes upon these people, in giving up their residence in areas where they have lived their lives, made their livelihood and invested their life savings in homes. They are now called upon to leave those areas, sell their homes at a sacrifice, and go to other areas in order to find work in mines which produce metals other than gold.

We in this house, Mr. Speaker, if I may say so, often fail adequately to realize the simple fact that an extremely narrow margin in costs or in price makes a world of difference with regard to turning what may be marketable ore into useless rock, or vice versa.

Proceeding as quickly as I can, Mr. Speaker, I come to the question of our national interests. As to the gold-mining industry, Canada's interest is all on the side of the producer; because our interests as consumers of gold are trifling as compared with the interests of Canada as a producer of gold. When we look at the government policy of discriminatory price control practised on this commodity, in which Canada's interest is altogether on the side of production, we must

wonder, Mr. Speaker, that this commodity is chosen to be sacrificed on the altar of high government policy.

I would not be disposed to take a narrow view of this subject if, on international balance, Canada were receiving some *quid pro quo* in return for the sacrifice it is making of its interests as a gold producer, and provided that some attempt were made, as between our government and the gold producers of this country, to lift the burden of the sacrifice off the shoulders of that one industry. But where do we find some *quid pro quo* in this scale or in this international balance? The Minister of Finance (Mr. Abbott) can point to the need of international co-operation. Here is, on Canada's part, an exceedingly costly contribution to international co-operation. I think that the Canadian gold producer is entitled to ask for something in return for this contribution that is being exacted of him toward international co-operation or better international relations. Why should he be singled out, and why should his interests be sacrificed on this altar of international relations? We have heard nothing from the government to justify the singling out of the gold-mining industry for that unhappy role.

Looking back to 1945 when we entered the Bretton Woods agreement, I would point out that we then had a quite different world situation before us than this one we face now. One has only to look back at the preamble to the Bretton Woods agreement which in the light of the unhappy world conditions of 1951, reads today almost like a fairy story. Yet the gold-mining industry of this country, by government policy, tied to this international agreement, is made to suffer because the world has not been able to translate into actuality that pretty picture that we drew in 1945.

Let me now mention one or two facts of recent history. The international monetary fund, in its policy, has been largely under the domination of the United States, from the outset. The interest of the United States in the matter of gold is, on balance, fundamentally strongly on the side of the consumer. The United States has been over the years a vast net importer of gold. It is difficult to see how there can be a harmonization of the interests of Canada and the interests of the United States in a fund of that kind; it certainly cannot take place as long as United States interests as a gold-consuming country or a gold-importing country are to dominate the international monetary fund's policy.

Recently we have seen some indication of an attempt on the part of the international monetary fund to influence policy in regard to the revaluation of the currencies of Europe. I have a press dispatch from Geneva, dated May 27:

> The United Nations Economic Commission for Europe urged today an immediate and drastic revaluation of European currencies to turn the mounting tide of inflation.

But the international monetary fund within a week showed that they were opposed to it. This is a dispatch from London that appeared in a Canadian newspaper of June 4. I read a few sentences:

> Considerable stimulus has been given to the controversy over the possibility or desirability of the revaluation of sterling by the recent declarations of the Economic Commission for Europe and the International Monetary Fund. Interest is added to their views by the fact that they are strongly opposed to each other.
>
> The international monetary fund has expressed the opinion that no upward revaluation of sterling should be undertaken or contemplated until there has been a general relaxation of restrictions on international payments. The Economic Commission for Europe declares boldly in favour of revaluation, arguing that revision of exchange rates is one of the most effective means of fighting inflation.

But, sir, so far as we can see the policy of the international monetary fund is going to prevail.

In recent months, in fact over the past year, the United States has been obliged to export gold, largely owing to the increasing health of Britain's international trade, and Britain has been importing gold over the past year. The international financial news survey, a publication of the international monetary fund of May 11, says this in its opening paragraph:

> Net gold sales by the United States to other countries amounted to $898 million in the first quarter of 1951, which corresponds to an annual rate of $3,590 million. This was a rise of about one-sixth above the already high fourth quarter of 1950.

The annual report of our own Canadian foreign exchange control board for the year 1950 reminds us on page 17 of this fact:

> In order to meet the demand by Canadians substantial amounts of sterling were obtained by Canada from the United Kingdom in exchange for gold.

Gold has been going to the United Kingdom on account of Canada's trading relationships with her, too. Then, sir, in the Federal Reserve Bulletin of March, 1951, at page 257 in an article entitled: "The international movement of gold and dollars in 1950", one reads this paragraph:

> Improvement in the gold and dollar positions abroad was widespread in 1950, as shown in the accompanying table and chart. Only a few countries, including Belgium, Norway, and Venezuela, failed to add to their holdings. Almost two-thirds of the over-all increase was concentrated in the

United Kingdom and Canada. These two countries, however, distributed their gains differently. The United Kingdom converted practically all its current dollar receipts (1·0 billion dollars) into gold, in addition to obtaining another estimated half billion dollars in gold from other sources. On the other hand, Canada's gold reserves increased by only $100 million in this period, while its dollar balances rose by over $500 million and were largely invested in United States government securities.

Continental countries participating in the European recovery program purchased about $380 million in gold from the United States during 1950 (of which about $200 million was included in monetary reserves) and added about 400 million to their dollar balances.

Now sir, in the face of that fact I submit to you that Canada has not been paying sufficient attention to gold, not even to her own gold supply, because if we look at the government publication, "The Canadian Balance of International Payments, 1950", at page 6 we will see some very startling figures. If I may put these figures on *Hansard* without reading them it would save time of the house.

Mr. Speaker: Has the hon. gentleman permission to put them on *Hansard*?

Some hon. Members: Agreed.

Mr. Fleming: The table follows:

Canada's official holdings of gold and United States dollars[1]

(In millions of United States dollars)

	Gold	United States dollars[2]	Total
December 31, 1944	293·9	608·3	902·2
December 31, 1945	353·9	1,154·1	1,508·0
December 31, 1946	536·0	708·9	1,244·9
December 31, 1947	286·6	215·1	501·7
December 31, 1948	401·3	596·5	997·8
December 31, 1949	486·4	630·7	1,117·1
December 31, 1950	580·2	1,161·5	1,741·7

[1]Exclusive of working balances and gold held against postal savings bank deposits, but including private balances of 98 in 1939 and 2 in 1940

[2]Includes United States exchange and short-term securities of the United States government.

I invite attention to the fact that during the year 1950 our gold holdings increased by only $100 million, while our holdings of United States dollars increased by over $500 million. Now, Mr. Speaker, we are not paying enough attention in this country, at least government policy is not paying enough attention, to the signs of the times and the way that the gold is being taken up by other countries, all these countries of Europe to which reference has been made; and we are laying up a store of United States dollars when under present conditions we might far better be laying up a more ample supply of gold in which to invest our reserves.

Has the international monetary fund played fairly with Canada as a great gold producer?

Gold Mining

The international monetary fund for over a year has been turning a blind eye to the fact that South Africa, the world's greatest gold producer, has been marketing 40 per cent of its monthly production in what the minister called today a premium market; in other words, markets outside the monetary fund—and there are lots of such markets. For let us bear in mind, Mr. Speaker, that many countries of the world which are important traders in gold are not members of the international monetary fund, and pay no attention whatsoever to the restrictions imposed by the international monetary fund upon its members. And there are, of course, great free gold markets today in the world. We find some of them in Europe and some of them further east, which pay no attention to the restrictions imposed by the international monetary fund, not even in some countries which are members of the international monetary fund. For instance, France has a very important market for the trading of gold that pays no attention to the restrictions imposed by the international monetary fund.

South Africa gold mines have been selling in the free or "premium" market 4·8 million ounces of gold in a year; in other words, 20 per cent more than Canada's total gold production. South Africa has been selling that quantity in what the Minister of Finance called the "premium" market. Canada faced with that situation, I submit, Mr. Speaker, just cannot sit back and watch her interests being dissipated while South Africa enjoys that very substantial advantage—and substantial advantage it is, sir.

If you will look at our own government publication called *Foreign Trade* for May, 1951, at page 839 you will find an article entitled "Gold-mining industry essential to economy of South Africa" written by the Canadian government trade commissioner to that country. In that article you will find this paragraph:

As in the case of other gold producing countries, South Africa is keenly interested in the prospect of a higher official price for gold, in fact she is the chief promoter of such an increase. A growing percentage of her production, in the form of processed and semi-processed metal, is being sold on the free market. This percentage today is put at over 40. The price in the opening days of 1951 reached $44.50 per ounce in Europe and about $35 in the Far East.

Then, further down:

Sales of other minerals by South Africa last year broke all records, according to statistics recently published by the Mines Department.

There you see South Africa pursuing her interest in this matter and enjoying a substantial advantage because of the fact that she markets 40 per cent of her monthly gold

production outside the restrictions imposed by the international monetary fund.

Now, sir, what was Canada's position? What was the position that the Canadian delegate to the international monetary fund took when this question of freeing the shackles on South Africa came before that fund for consideration and when the fund decided apparently to permit South Africa to take this large percentage of its gold production outside the confines of the international monetary fund? I would like to hear the Minister of Finance tell the house just what was the position taken by the Canadian delegation on that question at the meeting of the governors of the fund. Did Canada acquiesce? Was Canada silent? Did Canada put forward any plea for similar treatment on her own behalf? Well, if she did not, Mr. Speaker, I say that this government failed to discharge an important duty that it owed to the gold mining industry, a very leading foundation for Canada's whole economy.

Sir, my time is passing quickly. I wish to conclude by indicating what I think are the courses of action open to Canada in a realistic appreciation of this situation, and due appreciation of where Canada's interest lies. The first course would be through the international monetary fund. That will necessitate effective demand on the part of the Canadian government for revision of the policy of that fund, and a demand for treatment similar to that received by South Africa. If the United States resists in order to avoid what it might consider to be domestic inflationary pressures, then I think we must have regard for Canadian interests and no longer submit this important gold industry to the sacrifices that it has been called upon to make.

The governors of the fund meet next September, and unless out of that September meeting comes a drastic revision of the policy of the fund as it affects the marketing of Canadian gold and the price for Canadian gold, this parliament will have to face up to the necessity of giving serious consideration to withdrawing from the fund. I would not wish to see a withdrawal from the fund without one last supreme effort being made to bring about in the interests of Canada a drastic revision in the policy of the fund. Therefore I say that this September meeting must represent Canada's offer of a last opportunity to the fund. If the fund is not prepared to proceed with due regard for Canada's interest, then Canada will have to face a serious alternative.

Of course, that alternative is to fall back on the free market, which means selling gold in any form in Canada or elsewhere. There are a number of free markets in certain areas in the world today. A big free market exists in Portugal, there is a market in the east and so on. Of course United States policy with reference to the purchase of gold can have an important effect upon the future of the free market. That is why I should like to see something done, if possible, through the agency of the international monetary fund in the way I have indicated. If they will not proceed to revise their policy in the light of Canadian interests then I think we will just have to accept the situation and sell our gold in the available markets.

Here is evidence of a recent sale by La Luz mine in Nicaragua at $41.50 per ounce in the free market for all gold produced in the six months ended March 31, 1951.

I must bring these remarks to a close, but in doing so I wish to support a program offered by the *Northern Miner* in its issue of May 3, which reads:

> Our proposition is: Give the citizens and corporations of Canada the right and opportunity
> to buy gold
> to hold or sell gold
> to export gold
> in suitable form, of certified fineness, at open market prices, openly arrived at.

Harking back to their December issue, they urge the government to:

> 1. Instruct the Department of Finance to remove all discouragement to the purchase, holding, or sale of refined gold by Canadians.
> 2. Instruct the Royal Canadian Mint to sell refined gold, in suitable and certified form, and at current open market prices, to Canadians for safekeeping.
> 3. Endeavour at the international monetary fund, and through other channels, to persuade the fund and other nations to recognize the traditional usefulness of gold as a medium in which people of all countries can hold some of their individual savings in a form to protect themselves against inflation and currency depreciation, and
> 4. Endeavour to persuade the fund and other nations to recognize this private market for gold as worthy of consideration in establishing or revising the price of gold rather than, as at present, imposing harsh controls, even in wealthy North American countries, in order to contain this demand and maintain the market at the monetary price set by the United States dollar parity established in 1934.

Also it was recommended:

> 1. That Canadian gold mines be allowed at least as much liberty in exporting gold to non-monetary markets as South Africa, the largest gold producer and member of the fund, has provided to her producers, or
> 2. If the Canadian government feels it must restrict exports as the fund requests, then let it pay to producers required to sell at the price established by the fund, a compensation payment equal to the difference between this price, and the current price ruling in the non-monetary market from which producers are barred by the action of the fund.

The gold mining industry does not ask for any handout; it does not want to be a burden

on the Canadian taxpayer. Take the shackles off, and give it its freedom, and it will take its chances with world conditions.

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

On section 1—*Calculation for 1950.*

Mr. Prudham: Mr. Chairman, I have an amendment to offer to this clause. It is considered advisable that a new clause 1 be substituted for clause 1 as it now stands. By redrafting the clause a possible ambiguity is removed. The amendment also establishes clearly the method of arriving at the number of ounces to which the $3.50 reduction will apply. Accordingly I will ask my colleague, the Minister of Finance, to move an amendment by which subsection 5 of section 3 as enacted by clause 1 will be deleted and the following substituted therefor:

(5) Notwithstanding anything in this section, the sum that may be paid in respect of gold produced from a mine and sold in the designated year nineteen hundred and fifty, shall be the amount calculated as prescribed in subsection two, two (a), three or four, as the case may be, less the amount obtained by multiplying three dollars and fifty cents by a fraction of the number of ounces to which the rate of assistance was applied in such calculation the numerator of such fraction being the aggregate of

(a) gold produced from the mine and sold during the first nine months of that designated year, and

(b) gold produced from the mine during the first nine months of that designated year and sold after that period of nine months, if in the opinion of the minister the gold could have been sold during those nine months,

and the denominator being the total number of ounces produced from the mine and sold in that designated year, and for the purposes of this subsection the governor in council may make regulations for determining the day on which gold shall be deemed to have been sold.

Mr. Abbott: I so move.

Mr. Prudham: This amendment does not change the intent or application of the act, it merely incorporates in the act what we had intended to do by regulation.

Mr. Drew: In view of this very simple amendment would the minister explain just what its effect will be.

Mr. Prudham: The administration of the new section 3 (5) will prevent problems arising in the determination of the day on which gold shall be deemed to have been produced and sold during the first nine months of 1950.

There is a period of time in all cases between the date when gold bullion, gold ore or gold concentrate leaves a mine and the date when settlement thereof is completed by the Royal Canadian Mint, a smelter in Canada or a foreign smelter.

In the case of the majority of the mines which ship gold bullion to the mint the period is very short and it is expected that the date of production and sale will be the day on which the mint issues the cheque in payment for the shipment.

However, in the case of operators who ship gold ore to a Canadian smelter or who ship concentrate to a foreign smelter the lapse of time is as much as three months or more. These cases are the main reasons why regulations are required.

Mr. Adamson: I understand the basis of this regulation is that if the gold is sold on a certain day and the exchange rate is such and such on that day, the premium and the assistance will be calculated as of the specific date on which it is sold.

Mr. Prudham: This section relates to the last three months of the year after revaluation.

Mr. Adamson: It only deals with the period after the Canadian dollar was set free.

Mr. Prudham: That is right.

Mr. Drew: I do not often attempt to introduce a note of levity, but perhaps we should congratulate the draftsman on what I am sure is the longest uninterrupted sentence that has found its way into any statute.

Mr. Abbott: Don't make any bets on that.

Mr. Fleming: I have one question about the date of coming into effect of this amendment. I take it the amendment replaces the provision contained in the bill to be inserted as subsection 5. Is the provision of section 1, subsection 2 of the bill to apply? It provides that this section shall be deemed to have come into force on the 15th day of June, 1948.

Mr. Prudham: Yes, subsection 2 still stands.

Mr. Gibson: I know that the committee is very anxious to get this bill through tonight, and because of that fact I will make my remarks very brief. However, I should not like to allow the hon. member for Kootenay West to get home entirely free with some of the remarks he made earlier this evening. It was a typical C.C.F. statement of policy. I gathered he was speaking for his party, and it was typical of the usual woolly thinking that comes from them. Like Don Quixote he certainly rode his horse madly in all directions, and he succeeded very well. He was for a subsidy and yet he opposed it in principle. That is a very good way of getting money. You allow somebody else to take the responsibility but you still like to get the money. It almost seemed to me that he was

making a bid for what they tell me is quite a substantial Social Credit vote in Kootenay West.

However, one thing that was very plain was that he made it abundantly clear that his policy and mine are diametrically opposed, and that certainly gives me great satisfaction. I am now more convinced than ever that there must be something in the policy that I was intending to suggest that is pretty nearly right. As I said, Mr. Chairman, it is getting late, and I know there is hardly time for one more long speech on gold-mining assistance. There is only one thing I should like to say. A number of members have emphasized very much—and I think it is a point well taken—the job we are doing to try to assist the gold mines. I think it is working out to be somewhat of a disservice to them. I think we are encouraging the gold mines as we do a man swimming out from shore. We are trying to get them farther out and into more trouble. It is like feeding somebody ground glass. We are taking advantage of our gold mines. Necessarily they are having to pick out their high grade ore. What I am afraid of is that the time will come when mines, which under ordinary and normal circumstances would be producing gold mines, will have picked out all their high grade ore, and they will not have an economic operation any more.

It has been suggested that I am not sympathetic to the gold mines. My family has been associated with the gold-mining industry of Canada for the last fifty years, and I certainly appreciate very much the tremendous impetus they give to our country in times of deflation. I think it is unfortunate that the government is doing things in such a niggardly way. Under the policy that we are following now I think we are doing a disservice to these mines that have to pick out their high grade ores in order to keep in operation. I feel that we cannot afford the manpower, certainly in the base metal mines of Canada. We are very short of miners, and if certain marginal gold mines closed down now it would not be too great a hardship.

With respect to the $10 million that the government intends to use for the production of gold, I suggest that the government might use some of that money to assist mines that are forced to close down to maintain their properties in good condition. I say that because to me it is tragic that we are taking this permanent asset, gold, and selling at below cost of production. The time will come in Canada when we will need that gold badly to bolster our economy. That is only a thought for the government. I am certain that the government is not too proud of their present policy. I think, Mr. Chairman, you will remember what happened when it was first introduced. It came about through the fact that we lost a by-election in Pontiac at a time when the government did not feel they could afford to lose a by-election, and I think they whisked this policy up out of thin air. It is getting very late, and I see that the Minister of Public Works is very much concerned, so I am going to let him get off the hook.

Mr. Adamson: To reply to what the hon. member for Comox-Alberni has said, he expressed what a lot of shareholders of the gold mining companies have themselves been saying. I have here the report of McIntyre Porcupine Mines Limited, and as it has been published I do not mind giving these figures. The shareholders were asked three questions. The first one was:

> Are you in favour of Canada's gold mines being given free access to the world markets for gold, at home and abroad?

The reply was yes, 1,278; no, 20; and undecided, 12. These are interesting questions. The second question was:

> Should we, in order to give support to our employees and the mining communities in general, continue to struggle against almost impossible odds until our resources are exhausted?

The reply was yes, 130; no, 1,042; and undecided, 138. The third question was:

> Should we, in order to conserve our valuable ore assets, give consideration to suspension of operations until we can reopen the gold mines under more favourable conditions?

The answer was yes, 988; no, 176; and undecided, 146. I want to put that on the record because there is a tremendous body of information among shareholders that this unequal struggle against an impossible formula should be ended. I do so as a warning to the government. It is only because this company, like many others, realize that they have a responsibility to the Dominion of Canada, to the community in which the mine is situated and to their employees that the decision to continue operations is made. I know personally a great many gold mines which would be much better off if they were closed down, and it is only because of their feeling of national duty that they continue to operate.

Amendment agreed to.

Section as amended agreed to.

On section 2—*Application of act to 1951.*

Mr. Prudham: I have an important amendment to propose to section 2. Since the introduction of the bill we have made a further and careful study of the needs of the

industry at this time, and we are now prepared to make a further extension of the cost-aid by giving the mines the option of 1948, 1949, or 1950 as the base year. This will make the cost-aid more flexible in its application to the varied conditions which exist in the different mines. Those mines whose production has been falling would undoubtedly choose the 1950 base year. Those whose production has been increasing will have the option of choosing 1948 as a base year. It is estimated that this extension of the cost-aid will increase the expenditure by about $700,000. I move that clause 2 of the bill be amended by substituting for paragraph (b) of the proposed new section 3A the following:

(b) the expression "base year"

(i) in the case of a mine in which the first year of production commenced on or before the first day of January, nineteen hundred and fifty, means the calendar year nineteen hundred and forty-eight, nineteen hundred and forty-nine or nineteen hundred and fifty, as the operator of the mine may elect, if in the year elected the mine was in production for at least six months, and where the mine was in production for less than six months in each of the said years, means the first period of twelve months following the first day of July, nineteen hundred and fifty, in which the mine was in production for more than six months, and

(ii) in the case of a mine in which the first year of production commenced after the first day of January, ninteen hundred and fifty, means the first year of production.

Mr. Abbott: I move accordingly.

Amendment agreed to.

Title agreed to.

Bill reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will give third reading to Bill No. 296, to amend the Income Tax Act, and to Bill No. 194, to amend the Emergency Gold Mining Assistance Act. Then we have some small bills: No. 385, to vary the Manitoba natural resources agreement; No. 386, to vary the Alberta natural resources agreement; No. 387, to vary the Saskatchewan natural resources agreement. Then Bill No. 380, to amend the Central Mortgage and Housing Corporation Act; Bill No. 381, to amend the National Housing Act. We spent some time on housing last week, when the estimates of that department were passed. Then we have two resolutions in the name of the Minister of Finance concerning the financing of the Canadian National Railways. They are formalities, I am told. When we have completed these non-contentious matters we will move to go into supply and call two departments, and consider the estimates of mines and technical surveys and public works.

Mr. Drew: Would the minister indicate what is planned for Wednesday?

Mr. Fournier (Hull): I have not really looked over the order paper but I would try to move up some resolutions, though not those having to do with old age assistance or assistance to the blind. We will move to go into supply also on Wednesday.

Mr. Drew: I was wondering whether either external affairs or national defence might be called on Wednesday. I think perhaps we might have some indication as to when we will again deal with external affairs.

Mr. Fournier (Hull): Probably after meeting the cabinet tomorrow I will be in a better position to say when we will take up external affairs, and I will let my hon. friend know.

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

HOUSE OF COMMONS

Tuesday, June 19, 1951

The house met at eleven o'clock.

HOUSE OF COMMONS

CONCURRENCE IN REPORT OF SPECIAL COMMITTEE ON SOUND-AMPLIFICATION SYSTEM

Mr. Speaker: I have the honour to present the report of the special committee appointed on the 8th day of June, 1951, to consider with Mr. Speaker the matter of an amplification system for this house. The committee begs leave to report as follows:

Your committee has considered types of installation used by other parliamentary bodies and has come to the conclusion that a sound-reinforcing system similar to the one which is installed in the House of Commons chamber in the houses of parliament in London, England, known as a low level system, would be the most suitable for our chamber. This system is designed specifically so as to make it possible for everyone in the chamber to hear any member who may be speaking, and to have his voice reproduced in all sections of the house at the same level as the speaker's natural voice.

The conclusion which has been reached by the committee for the installation of this system in our chamber is in accordance with the opinion expressed by government officials who are recognized specialists in this type of work. Also the assistant chief engineer of the Ministry of Works in the United Kingdom has inspected this chamber and has reported favourably as to the use of a similar system.

The committee was informed that in the British house the equipment is on an annual rental basis operated by trained employees of the company, and that it has been found advantageous. The company renting the equipment is under contract to keep it in proper working order at all times, to replace any parts which may give out or need replacement, and to instal improved equipment as, if and when it comes on the market. In other words, the company is required to keep and to operate the whole installation at peak performance at all times at its own expense.

Your committee therefore recommends that a sound-reinforcing system, similar to the one in the House of Commons chamber at Westminster, should be installed in our chamber, and that appropriate action be taken accordingly.

Right Hon. L. S. St. Laurent (Prime Minister): If I have the unanimous consent of hon. members I should like to move, seconded by the leader of the opposition (Mr. Drew):

That the report of the special committee appointed on the 8th of June to consider with Mr. Speaker the matter of an amplification system for this house, presented this day, be now concurred in.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in supporting the motion and hoping that there will be unanimous consent, may I say that I know that the Prime Minister, you, Mr. Speaker, and others have observed the system in operation in the British House of Commons. I think those who have will be pleased with the recommendation to adopt a system which has proved so entirely satisfactory, and which will carry the voice in a natural way without any of the mechanical disabilities that accompany some other systems.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, if there is no opposition from any other part of the house to the motion for concurrence in this report, there certainly will be none from this group. We want to see the matter proceeded with as quickly as possible, and are pleased to give unanimous consent.

Motion agreed to.

ARTS, LETTERS AND SCIENCES

RECOMMENDATIONS OF ROYAL COMMISSION—INTERIM GRANT TO CANADIAN BROADCASTING CORPORATION—ASSISTANCE TO UNIVERSITIES

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, when I indicated to the house on June 4 that the government intended to propose a session of parliament to begin in October, I stated that in the next few weeks the government would have to give consideration to the recommendations of the royal commission on national development in the arts, letters and sciences, and that some legislation arising out of its recommendations would probably be proposed before the end of this year.

After a preliminary examination of the report the government has come to the conclusion that there are two matters on which interim action should be taken at the present session. One of these is broadcasting. It is intended to leave until the session to be held later this year the matter of changes of a permanent character in the legislation, but, as hon. members are aware, the Canadian Broadcasting Corporation has for some time been faced with the serious problem of attempting to meet rising costs from a relatively fixed income. In order, therefore, to tide the corporation over until appropriate legislative provision can be considered, an interim grant will be proposed in the supplementary estimates shortly to be presented by the Minister of Finance. This grant will be

designed to cover the urgent requirements of the Canadian Broadcasting Corporation for the rest of the present fiscal year.

The government has also reached the conclusion that it is in the national interest to take immediate action to assist the universities to perform functions which are quite essential to the country, and indeed to the proper administration of the government of the country. We are not yet in a position to ask parliament to accept any permanent scheme for this purpose, but we have decided that grants should be made available for the forthcoming academic year along lines recommended by the Massey commission. An item will, accordingly, be included in the supplementary estimates of the Minister of Finance of a sum approximately equal to fifty cents per capita of the present estimated population of the country.

It is intended that this amount should be divided among the provinces in proportion to their population, and that within provinces the division among institutions should, as the commission suggested, be in proportion to their enrolment of students at university level. Parliament will be asked to empower the governor in council to make regulations to ensure these ends and to enable the Minister of Finance to seek the advice and assistance of an advisory committee or committees to be drawn from the national conference of Canadian universities.

In making this announcement I feel I should emphasize that the federal action is intended to provide a necessary supplement to the assistance to universities already made available by the provincial governments, and it is our earnest hope that no provincial authorities will regard this federal contribution as in any way replacing their own obligations to the institutions which they have been supporting in the past.

These federal grants are designed, moreover, primarily to assist the universities to maintain the highly qualified staffs and the working conditions which are essential for the proper performance of their functions—in other words, to maintain quality rather than to increase existing facilities. It is our feeling that if in any province increased facilities involving increased capital outlays are required by the universities, these should be met from the usual sources rather than from federal assistance. The recommendations of the commission with respect to scholarships will be considered and dealt with later.

I might add that in making these recommendations to parliament it is intended to avoid any possible suggestion that we are interfering in any way with the policies

[Mr. St. Laurent.]

respecting education in the respective provinces. It is for that reason we wish the Minister of Finance to have the power to consult with and get assistance from the conference of Canadian universities for the purpose of drafting regulations that will provide for the allocation of this grant in proportion to the population of each province, and within each province in proportion to the number of enrolments of students of university rank in the institutions. I am sure there can be no suggestion that in doing this there will be any interference with the absolute autonomy of the provinces and the provincial institutions in the field of higher education.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am sure hon. members generally will welcome any measure of assistance given in this way to the universities of Canada. In view of the fact that on behalf of the party I have the privilege to lead I proposed some time ago that these grants should be made as soon as possible, naturally we will welcome the grants to whatever extent they are made at this time.

I think there will also be general agreement with the view expressed by the Prime Minister (Mr. St. Laurent) that a method should be adopted which will retain the complete jurisdiction of provincial authorities over education within the province. It will be necessary, of course, to recognize that this is only a temporary measure, because some recognized system will have to be established by which the amounts granted to the provinces will be related in the total to the requirements of higher education in this country.

There is a problem here which is not faced in the United Kingdom, but I would point out that there they have had for a great many years a system of university grants from the national treasury. Those grants are administered by the university grants committee, and are based not only upon the attendance at the universities but also upon the service they are performing in relation to the national development and cultural advancement of the country. It would not be simple or easy to have a similar system here, and perhaps it would not be desirable in view of the fact that education is under provincial jurisdiction. We have the advantage, however, of two bodies which can be of immense assistance in connection with the support of education, whether it be at university or secondary and primary school levels. We have a conference representative of the universities, and we also have the Canadian Education Association, which is an excellent example of the measure of co-operation that

can be established among the provinces in any field of common endeavour. At such time as it may be decided to extend still further the grants into the primary and secondary field of education, that body would be of great assistance in the advice and supervision it could extend. I feel sure that in this field, as well as in the field of universities, hon. members will agree that it is necessary to establish very clearly the jurisdiction of provincial governments.

So much for these grants to the universities. I can only repeat that without being able to say how adequate or otherwise they may be, we will all welcome the statement that they will be made at this time without waiting for another session.

The Prime Minister has combined with the announcement with regard to grants to the universities the statement that there will be a supplementary estimate to provide additional funds for the Canadian Broadcasting Corporation. It may well be that that proposal will not meet with unanimity. Naturally, without knowing exactly the method by which the allocation will be made, it is not possible to consider the effect of this announcement, but I do point out at this time that this is not likely to facilitate the procedure in this house which many hon. members had hoped might lead to a fairly satisfactory disposition of some of the business now before us. Many hon. members will feel that the granting of additional money to the Canadian Broadcasting Corporation without an examination of other aspects of this problem is something that they will not welcome. We all recognize that from its inception the Canadian Broadcasting Corporation has enjoyed certain monopolistic privileges which do not receive unanimous support. I certainly would not wish to leave the impression that when that subject comes forward there will be the unanimity that there is in the support for grants to universities.

Mr. R. R. Knight (Saskatoon): Although there is no motion before the house, Mr. Speaker, perhaps you will grant me the privilege of thanking the Prime Minister (Mr. St. Laurent) for the announcement he has made this morning concerning grants to universities. There may be some debate as to the method or basis upon which such grants should be made. I noticed no mention of an allotment of grants on the basis of need, but we will leave that for the moment.

The Prime Minister has taken a step in the right direction. I hope that as a result of this action the universities will be able to reduce their fees, so that a university education may not be denied to any deserving student. I congratulate the Prime Minister and his government upon the step which they are now taking.

Mr. Solon E. Low (Peace River): I am quite sure I speak for my colleagues when I say that we are very happy that the government is taking this step now to provide some form of interim assistance to the universities. I believe it is timely, because the universities are probably making up their budgets for the next year and they will want to know just what they can count on by way of supply. I should like to say to the government that I look upon this as the first step in a program, which we hope will be implemented throughout the years, designed to give further aid to education, and not confined to the university level.

With respect to the Canadian Broadcasting Corporation, I suppose it is only natural that the government would want to provide them with some further measure of temporary relief. We agree that government policy is to help the C.B.C. to expand its facilities, and they should do what they can now. But we reserve the right to discuss fully and in detail what further assistance should be granted when the matter of the Massey report is brought before the house during the autumn session.

NORTH ATLANTIC TREATY

AGREEMENT AS TO ARMED FORCES STATIONED IN OR PASSING THROUGH NATO COUNTRIES

Right Hon. L. S. St. Laurent (Prime Minister): I wish to make a statement, Mr. Speaker, with regard to an international agreement which was signed in London today by Canada and other parties to the North Atlantic treaty, and which is to be announced at about half past eleven our time in both London and Washington. It is entitled "Agreement between the parties to the North Atlantic treaty regarding the status of their forces," or, in abbreviated form "The NATO forces agreement." I am tabling the text of the agreement now for the information of the house. I have two copies in English here. We would have had it translated, but there is also an official text in French which is coming over from London, and we did not want to take the risk of making a translation that might vary in some details from the official text.

This agreement sets forth the rights and obligations of North Atlantic treaty countries in respect of their armed forces stationed in or passing through other North Atlantic treaty countries. The agreement is subject to ratification, and, of course, the approval

of parliament will be sought prior to ratification. That will not be during the present session.

At the outset I should like to emphasize that this agreement does not deal with the question whether troops are to be sent abroad; and it has no connection with the question of command of integrated NATO forces. It is solely concerned with the laws and regulations which are to govern an armed force after it has been sent, by mutual agreement, into another North Atlantic treaty country.

It is a fully reciprocal agreement and will give valuable protection to Canadian servicemen serving in the integrated force. At the same time the rights of the receiving country are fully respected. The agreement provides that "it is the duty of a force...to respect the law of the receiving state, and to abstain from any activity inconsistent with the spirit of the present agreement, and, in particular, from any political activity in the receiving state."

General Eisenhower, in a statement issued today, says that it is a most important agreement, one of great significance to the integrated force under his command.

As there will be full opportunity for detailed discussion of the agreement in parliament in due course, I do not propose to take up time now with a clause by clause explanation. I will, however, list the main subjects dealt with in the agreement. They are:

1. The criminal and disciplinary jurisdiction of the military courts of the visiting force and the jurisdiction of the civil courts of the receiving country;

2. The application of the tax laws and customs tariff of the receiving country to the visiting force;

3. The application of the immigration regulations of the receiving country to the members of the visiting force;

4. The settlement of claims for damage or injury arising out of the activities of the visiting force;

5. The procurement by the visiting force of goods, accommodation, labour and services from sources in the receiving country;

6. The wearing of uniforms and the carriage of arms.

From this brief description of the scope of the agreement, hon. members will realize, I am sure, that the twelve negotiating countries, with their differing laws and legal systems, had to be willing to compromise in order to arrive at any agreement. It was realized that many countries might have to modify their laws to take account of the presence of other NATO forces in their midst, but an attempt was made to reduce to a minimum the need for legislative change. The legal authorities of the Canadian government are studying the agreement to determine whether legislation will be necessary and if so, its scope and extent. It is expected that the whole question will be brought before parliament at the next session.

In conclusion I should like to quote the statement made today in London by the chairman of the North Atlantic council of deputies. He said:

> The agreement on the status of armed forces which the North Atlantic treaty governments have signed today is an important addition to the structural framework of NATO. We believe we have developed a multilateral charter that provides a uniform and administratively workable basis for an orderly, consistent, and fair relationship between forces from one NATO country and any other NATO country where they may be assigned to serve.
>
> The agreement is part of the collective defence effort and is essential for the development of the integrated force under General Eisenhower's command. It gives the governments and the military authorities simple, practical procedures for regulating a complex relationship. It guarantees the members of the armed forces adequate legal protection, and at the same time, without infringing on the authority of the military command, fully recognizes the peacetime rights and responsibilities of the civilian authorities in the host countries.
>
> The development of collective defence in peacetime requires that forces of various countries which form part of the integrated force for the defence of the North Atlantic treaty area be stationed in various other countries. They must be free to move from one country to another, in accordance with the demands of strategy and the orders of the supreme command. It is essential that there be uniformity of arrangements governing their status in countries other than their own and their relationship to the authorities and people of those countries. The conclusion of this agreement is an important step in our common effort to organize integrated strength adequate to keep the peace.

Mr. George A. Drew (Leader of the Opposition): I am sure that the house will welcome this further evidence of increasing measures of co-operation between the North Atlantic treaty nations. I think also that there will be general acceptance of the Prime Minister's statement that we welcome evidence of the increasing integrated strength of the United Nations.

I do not wish to appear to use this announcement as a vehicle for remarks about another subject, but in view of the critical importance of another matter that has been discussed, may I, in welcoming the announcement of this agreement, express the hope that, through the good offices of General Eisenhower, there may also be unanimity in another field and that it will not be too long before we also hear the announcement of an agreement in regard to the standardization of small arms and field weapons.

RAILWAYS, CANALS AND TELEGRAPH LINES

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Mr. L. D. Tremblay (Dorchester) moved:

That the name of Mr. Conacher be substituted for that of Mr. Goode; that the name of Mr. Thomson be substituted for that of Mr. MacDougall; and that the name of Mr. Cannon be substituted for the name of Mr. Laing, on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

CRIMINAL CODE

VARIOUS AMENDMENTS RELATING TO OFFENSIVE WEAPONS, PENALTY FOR OFFENCES OF A SEDITIOUS NATURE, IMPROPER USE OF MAILS, ETC.

Hon. Alphonse Fournier (for the Minister of Justice) moved for leave to introduce Bill No. 391, to amend the Criminal Code.

Some hon. Members: Explain.

Mr. Fournier (Hull): This bill contains the annual crop of amendments to the Criminal Code which are the result of suggestions which come to us from various sources, such as the attorneys general's departments which are charged with the enforcement of the criminal law in the various provinces; provincial and municipal police forces; the Royal Canadian Mounted Police; national organizations; various departments of the federal government, and, last but not least, officials of the federal Department of Justice itself. These suggestions, in the nature of things, result in a rather mixed grill, and it is therefore difficult to give a short description of the subject matter which will be comprehensive. The following, however, will indicate some of the proposed changes:

1. Amendments consequential upon the enactment of the National Defence Act;

2. A revision of the sections of the Criminal Code which relate to offensive weapons;

3. A clause increasing the penalty for offences of a seditious nature;

4. Clauses relating to the improper use of mails and to theft from the mails, and the penalty therefor, and the delivery of the mail by walking letter carriers;

5. A prohibition of the loitering about school grounds of those who have been guilty of certain offenses arising out of sexual aberration;

6. Creation of a new offence in relation to driving while one's ability to drive is impaired by alcohol or any drug, and provision for the taking of chemical tests of a sample of bodily substance for use as evidence in cases involving drunken driving, or driving while the ability to drive is impaired by alcohol;

7. Definition of a prohibited act for a purpose prejudicial to national security, and the penalty therefor;

8. Provision for a device requested by the attorney general of Ontario to assist in the apprehension of bookmakers;

9. A clause to remove any doubt that women are qualified to serve on juries in criminal cases when they are qualified under provincial law to serve on juries in civil cases.

There are also other provisions of a minor nature, such, for example, as that removing doubt that notice of appeal must be given by the appellant to the Supreme Court of Canada within fifteen days after the judgment appealed from is pronounced, or within such further time as may be allowed.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I have no thought of making any extended remarks with regard to the announcement that these amendments will be introduced. I do not know whether the Minister of Public Works (Mr. Fournier), speaking today on behalf of the Minister of Justice (Mr. Garson), attached any particular significance to the words "mixed grill".

Mr. Fournier (Hull): I did not prepare this statement.

Mr. Drew: In view of the minister's extremely exact mind, and his taste for some of the good things of life, I thought he might have had the idea that this measure was going to be as hot as a mixed grill should be. Perhaps that significance is not to be attached to the words he used.

In addition to those mentioned, there are some amendments which, if they are effective, will be welcomed. I should like to ask him if one of the recommendations that has been made a number of times is covered, namely, that there be some effective provision to deal with subversive activities such as those carried on by agents of the Kremlin in this country during this period of crisis.

Mr. Fournier (Hull): I mentioned a clause increasing the penalty for offences of a seditious nature.

Mr. Drew: But no new provisions.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 382, for the relief of Flora Muriel Crane Keane.—Mr. Winkler.

Bill No. 383, for the relief of Opal Jean Ellis Pike.—Mr. Winkler.

Bill No. 384, for the relief of Elphège Fournier.—Mr. Winkler.

Inquiries of the Ministry

MING SUNG INDUSTRIAL COMPANY

QUESTION AS TO OPERATION OF SHIPS UNDER CANADIAN FLAG IN CHINESE WATERS

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): I wish to direct a question to the Minister of Trade and Commerce, arising out of a cable I received this morning from Hong Kong confirming the statement already made that strategic cargoes are loaded at Macao for Canton in Canadian-flag vessels. Can the minister say whether he has any further information as to the nature of the cargoes carried in the Ming Sung vessels?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Perhaps my hon. friend would tell me from whom he received his cable.

Mr. Pearkes: My cable is from the China coast guild.

Mr. Howe: I have no information at the moment. We hope to have some shortly.

INQUIRY FOR RETURN

C. D. HOWE COMPANY LIMITED

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): In the absence of the hon. member for Three Rivers (Mr. Balcer), I should like to direct a question to the Secretary of State or to his parliamentary assistant in connection with an order for return made on Monday, May 21, in connection with a question asked by the hon. member for Three Rivers. On June 14 the Secretary of State said, as reported at page 4068 of *Hansard*:

> I shall make inquiries and endeavour to expedite the return.

May I have an indication from that department as to when the return may be expected?

Right Hon. L. S. St. Laurent (Prime Minister): I will bring to the attention of the Department of the Secretary of State the remarks made by the leader of the opposition. The Secretary of State is away this morning on other business, and he has no parliamentary assistant. I will communicate with the department and will try to ascertain when the return may be expected.

Mr. Drew: Through you, Mr. Speaker, with the desire to expedite such business as is before the house, I would point out that it is highly desirable that orders for returns which have been standing for some time should be completed as soon as possible.

[Mr. Drew.]

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the third reading of Bill No. 296, to amend the Income Tax Act.

Mr. J. M. Macdonnell (Greenwood): I want to say just a word before this bill receives third reading. I want to express my regret again that the Minister of Finance made no attempt in any way to meet the views with regard to the five per cent feature of clause 12. I think the matter was much more serious than he appeared to regard it. It is just not possible for me to believe that the matter of finding a definition is insuperable. I want to record again my agreement with the hon. member for Eglinton (Mr. Fleming) for suggesting, though he would have much preferred to avoid the necessity of so doing, that it might be left to a regulation. All of these the minister turned down flat. Sometimes one feels that the minister is less co-operative than at other times.

I also want to repeat what I said a moment ago: really I cannot believe that the impossibility of finding a definition was the only factor; I think it is a fair inference that the minister had changed his mind on the situation, which, as he pointed out yesterday, he was entitled to do. Nevertheless—and again I refer to what the hon. member for Eglinton said—to throw overboard, I suggest with no adequate reason given, what had been passed by this parliament at the suggestion of the minister himself in his budget speech, to have that done as it was done yesterday, is just a fresh instance which makes us feel how low this parliament has sunk in the eyes of the government.

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

Mr. Drew: On division.

Motion agreed to and bill read the third time and passed on division.

EMERGENCY GOLD MINING ASSISTANCE ACT

MODIFICATION OF APPLICATION AS TO LAST QUARTER OF 1950 AND EXTENSION IN MODIFIED FORM TO 1951

Hon. George Prudham (Minister of Mines and Technical Surveys) moved the third reading of Bill No. 194, to amend the Emergency Gold Mining Assistance Act.

Mr. Donald M. Fleming (Eglinton): I have just one brief comment to make on this subject. In view of the inadequacy of the relief provided for the gold mining industry by this measure, and the critical condition in which that industry finds itself today, will an

opportunity be provided at the fall session of parliament to review again the position of the gold mining industry? I would urge that there is no reason why that should not be done. I can see many reasons why it ought to be done. I can see abundant reason why it should be regarded as an urgent enough matter to claim the attention of parliament at the session three or four months hence.

I would ask from the Minister of Mines and Technical Surveys or from the Minister of Finance assurance that an opportunity will be afforded to parliament to review this whole question of the position in which the gold mining industry finds itself in consequence of government policy. May I emphasize the fact that it is tied up directly with government policy in reference to the international monetary fund. The governors of that fund are meeting in September. It will be a meeting of the highest importance, and parliament should have some report from the government in regard to what will take place at that September conference and an opportunity of expressing itself on the action of or position taken by government representatives at that conference.

In particular I would suggest this is a matter that is eminently suitable for review before a committee of this house, and I offer the further suggestion that the method found for promoting a review of government policy in regard to this whole subject should include a reference of the matter to the standing committee on banking and commerce, where officials could be heard and could give their evidence.

Motion agreed to and bill read the third time and passed.

CENTRAL MORTGAGE AND HOUSING

AMENDMENT OF ACT WITH RESPECT TO DEFENCE PROJECTS, PAYMENT OF ADVANCES, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 380, to amend the Central Mortgage and Housing Corporation Act.

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

Mr. Winters: This is a short bill containing only four sections. As hon. members know, the Central Mortgage and Housing Corporation Act was enacted in 1945, and has not been amended since. In the meantime the operations of the Central Mortgage and Housing Corporation have changed quite substantially. It has got into fields of construction and other operations not contemplated at the time it was set up to administer the National Housing Act. Some of the changes are quite incidental. For example, the Central Mortgage and Housing Corporation Act designated the responsible minister as the Minister of Finance. It is now proposed to change that. The board of directors is specifically designated so far as those appointed from within the public service of Canada are concerned. It is intended now to make that more general to provide additional flexibility.

A further change sought is one designed to increase the power of the corporation to borrow from the treasury by an amount equivalent to the investment of the corporation in foreclosed properties. Hon. members will recall that under section 24 the corporation is limited in its borrowings from the treasury to an amount owing to it on loans made under the various housing acts. The effect of this limitation is that the capital of the corporation becomes invested in foreclosed properties as they are acquired by the corporation. Already the units constructed by Housing Enterprises Limited have been taken over by the corporation, and some $24 million of the corporation's capital position is invested in this asset. What I believe was originally intended was that the borrowing power of the corporation should be limited to its over-all investment—including foreclosed real estate—in the National Housing Act. The effect of the proposed amendment is to place the corporation's investment in foreclosed properties in the same position as that of outstanding loans.

Mr. Donald M. Fleming (Eglinton): I do not think this measure calls for extended comment on second reading. The amendments, on the whole, are of a formal nature. No question of policy in regard to housing is raised by any of these amendments. The house had an extended and timely debate on housing policy ten days ago; accordingly, I do not think that further comment on the present bill is required on second reading.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I just wish to add this thought. Without raising any question of general policy, I suggest to the minister that he give consideration to the evidence of great difficulty on the part of many of those who wish to build houses in carrying forward their projects under the present arrangements.

We will all hope that the situation which has been indicated in Windsor, and in some other cities, rectifies itself in the near future, but at this particular time our housing projects offer an opportunity for employment which

would be beneficial not only to those seeking employment but also to the people who wish to build houses.

No matter what statements may be made as to the number of houses built; no matter what statements may be made as to the provisions which are put forward by this government in co-operation with other governments, the simple fact remains that throughout Canada in the larger centres, and in some of the smaller communities as well, the housing situation is very serious. Many people are not able to obtain the houses they require. No matter what explanation we are given, that is the fact. Everything we can do should be directed toward the solution of this problem. I think this should be given particular attention at a time when it may be possible to obtain more workers in this field than could be obtained a relatively short time ago.

Mr. Hunter: Mr. Speaker, I should like to suggest to the minister that he should consider the possibility of expanding housing in Canada today. In Toronto—

Mr. Speaker: I hesitate to interrupt the hon. member, but this bill does not permit a general discussion of the housing question. The discussions should be limited to the provisions of the bill. Probably in view of the remarks that have been made already, I should allow the hon. member for Parkdale (Mr. Hunter) to make a brief statement.

Mr. Abbott: It should be made on the other bill.

Mr. Hunter: My references will be brief.

Mr. Winters: May I suggest to the hon. member for Parkdale that his remarks could more properly be made on Bill No. 381, which is to follow this, and which deals with an amendment to the National Housing Act. That act has a more direct bearing on the housing situation generally.

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

Section 1 agreed to.

On section 2—*Corporation to comply with directions of governor in council for minister.*

Mr. Fleming: There is a question I should like to raise on this clause, as to how far the corporation is merely an agent of government policy and how far it inaugurates policies on its own initiative in regard to housing in general. Would the minister make a statement as to the precise relationship between himself and the government on the one hand, and Central Mortgage and Housing Corporation on the other, in regard to housing policy in general?

Mr. Winters: Mr. Chairman, Central Mortgage and Housing Corporation was set up under the existing act in 1945 to administer the National Housing Act, which, as the hon. member knows, prescribes precisely the operations of the government in the field of housing. Since that time, and in carrying out its functions, Central Mortgage and Housing Corporation has developed a most efficient organization across Canada which the government found very useful in contemplating operations that were not so precisely defined under the National Housing Act.

As the hon. member knows, under an arrangement with Defence Construction Limited made recently, Central Mortgage and Housing Corporation is embarking on a broader program of construction operations. Therefore it was deemed advisable, in order that there should be no question of reporting to parliament or of the minister's responsibilities to parliament, that this section should be put into the act to make it quite clear that on matters of policy, and in fact to the extent defined by this section, the minister or the governor in council shall have direct control over the operations of Central Mortgage and Housing Corporation.

In a more direct reply to my hon. friend's question, matters of policy in the field of housing are determined by the government and carried out by Central Mortgage and Housing Corporation.

Mr. Hunter: I just want to have it made clear by the minister how far the exercise of the powers, duties and functions goes. That is to say, from now on the minister may exercise or direct the exercising of any of its powers, any of its duties and any of its functions and the corporation will be bound by that direction?

Mr. Winters: That is correct.

Section agreed to.

On section 3—*Board of directors.*

Mr. Fleming: Will the minister indicate what changes he contemplates making in the board of directors of the corporation in the light of this section?

Mr. Winters: There are no changes in contemplation in the structure of the board of the corporation. This is merely to provide for flexibility in the event that more flexibility is required.

Mr. Fleming: In other words, you are simply seeking to widen the opportunity of selection on the part of the minister?

Mr. Winters: That is correct.

Mr. Fleming: But you have not in mind at the moment any use of that opportunity?

Mr. Winters: That is correct.

Section agreed to.

Sections 4, 5 and 6 agreed to.

Bill reported, read the third time and passed.

NATIONAL HOUSING ACT

AMENDMENT WITH RESPECT TO INTEREST RATES, REPAYMENT OF LOANS, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 381, to amend the National Housing Act, 1944.

He said: On May 11 I made a statement to the house concerning changes to the National Housing Act. At that time I pointed out that in recent months mortgage interest rates, like other interest rates, had risen, and as a result lending institutions were participating in a lesser degree in National Housing Act loans. Other forms of investment have become relatively more attractive to lending institutions, and even in the mortgage field itself higher interest rates on conventional mortgage loans had the effect of reducing the interest of the lending institutions in loans under the National Housing Act.

This bill has the effect of making it possible for the government—within prescribed limits —to change the rate of interest payable by the borrower under National Housing Act loans. The bill authorizes the governor in council to establish interest rates payable by the borrower, provided that such rate, when established, shall not exceed two per cent in excess of the average yield upon long term government securities. This flexible approach departs from the fixed rate contained in the National Housing Act, 1944. However, hon. members will recall that the National Housing Act, 1938, provided that the rate of interest payable by the borrower was to be established by the governor in council. It is felt that this flexibility is desirable so that the government will be in a position to keep interest rates under the National Housing Act in relative conformity to other interest rates.

As I indicated in my statement of May 11, it is the government's intention, if this legislation receives the approval of parliament, to establish an interest rate, payable by the borrower on joint loans, of five per cent. In such circumstances the lending institutions, upon their share of the joint loan, would earn a gross interest rate of five and a half per cent, and Central Mortgage would earn three and a half per cent on its share of the joint loan. Upon approval of this legislation it would also be our intention to adjust interest rates for other types of loans under the act by a similar one-half of one per cent. For instance, loans to limited dividend companies under section 9 of the act would be made at 3½ per cent. The rate of interest upon rental insurance loans would be at 4¾ per cent. Loans to primary producers would be at 4½ per cent. The changes in the act, other than the one to which I have referred, give effect to the interest rate being established by the governor in council, and in themselves effect no change.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, there are some features of this bill which I think the house will view with regret. The minister has sought to make out his case for assumption by the governor in council of the power to fix interest rates under various sections of the act by the plea that this will have the virtue of flexibility. That same argument might have been used not many years ago with opposite effect when complaints were being made that the rates then prevailing under the act were too high, and that construction of more housing would have been encouraged and assisted had the rates been lower. But we heard no talk from the government at that time about the virtue of greater flexibility in these rates.

I view with some degree of misgiving any further step by way of amendments to the housing act which takes legislative power away from parliament and vests more power in the governor in council. The demonstrations we have had in recent months of the way in which the governor in council not only uses the power it now possesses, but arrogates to itself powers that belong only to parliament, are not likely to commend to the house the assumption of further power on the part of the governor in council at the expense of parliament.

What have we seen done by the cabinet under the powers contained in the act, and indeed beyond the powers contained in the act? On February 5 we saw the governor in council completely nullify an important enactment of parliament in November, 1949, the importance of which was emphasized in 1949 not simply by opposition members but by the government, and which was put before the house and the country as the fulfilment by the government of a solemn promise made to the people of Canada in the election campaign of the previous spring.

The essence of the bill is to eliminate from the act a number of provisions establishing the rate of interest, and, in lieu of such provisions, to vest in the cabinet the power to determine such interest rates. If one had confidence that the rates would be

established in a realistic manner, with due regard for the serious housing situation we still have in this country and the means available to the government to assist in meeting it, there might be less objection in principle than there is to amendments of this kind. But one cannot see anything in this bill except the assumption on the part of the cabinet of the right to determine interest rates under a number of sections of the act. Last February the government tore up the provision made by parliament with reference to the one-sixth additional loan. A month ago they announced an increase in the rates of interest to be permitted under part I of the housing act, and presumably what parliament is being asked to do now is to give belated approval to a decision already taken by the government far in excess of any power it possesses under the act.

I, for my part, and with reference to this government, do not approve legislation that gives them these additional powers. I am not satisfied by any means that they have wisely, correctly or responsibly used the powers they already have under the act. They certainly have not used them fruitfully. On the contrary, in many important respects they have nullified provisions that parliament has made. I urge that the government would be better advised to apply their ingenuity and the powers they already possess to assist in the construction of more houses rather than in reaching out for more powers of this kind. Let them devote their energies to putting drive, impetus and energy behind the efforts that are being made by private builders, limited dividend housing corporations, municipalities and provinces to get more houses built.

Let the minister use his influence with the Minister of Defence Production to see that the importance of constructing houses is recognized when it comes to the allocation of essential materials. The minister indicated in a speech made in London a week or ten days ago, which was referred to in the house the following day, that no priorities have yet been established in favour of housing with respect to building materials. As long as that situation prevails, housing is going to come out second best in the competition with other forms of building enterprise for the limited and now quite inadequate supply of building materials available. I urge that the government open their eyes and see the serious situation in which the country finds itself at the present time as the result of inadequacy of housing, and use the powers they now possess to redress that serious situation instead of reaching out for powers which will be used by the government to raise interest rates.

The increase of one-half of one per cent in the interest rates announced by the minister is not, as I said before, nearly as serious an obstacle in the way of increased housing as some of the other mistakes the government has made. One in particular which they made last February, when they cancelled the provision of the act providing for the additional one-sixth loan, came on top of the freezing of lending values under the act, a policy which I submit was directly contrary to the expressed determination of parliament.

The increases that the minister has announced are not necessarily the end of increases of interest rates under the act, and if the bill before the house today passes the government will be in a position to increase further the interest rates prevailing under various sections of the act without ever coming back to parliament for approval. At least this may be said for the present provisions of the act fixing the rates of interest right in the terms of the legislation, that the government cannot change them without coming back to parliament. Parliament then has an opportunity to express its views on any proposal for an increase. If we ever had a situation in this house where members supporting the government would view the Canadian housing situation in its naked and ugly reality, then we might have the occasion in this house to express our disapproval by rejecting the proposals of the government for such changes as upward increases in interest rates.

Because it is so vitally important that parliament should retain control over policy in these matters, that parliament should be consulted before upward adjustments in interest rates are made under the act, I think the house should reject the request of the minister for more and more power to make such changes in interest rates as are proposed in this bill. It is true that some limitations upon the power of the minister to make these upward adjustments are proposed in the bill, but no one can foresee the extent to which interest rates may be varied under this bill. I believe parliament ought to retain the right to say, in the light of increases or decreases in prevailing interest rates in the bond or mortgage markets, whether corresponding changes should be made in the rates to be charged under this bill. Let parliament retain power for once. Let parliament retain

the right to say now and in the future whether conditions do or do not justify increases in these interests rates.

Under the National Housing Act interest rates have been considered of very great importance. Right from the time this bill was introduced in 1944, interest rates under the act have been properly regarded as one feature of the legislative housing program of very high importance. Now the government is saying: Turn over to us the power to set the interest rates, and to do so without consulting parliament. In the light of its experience and the treatment its legislative enactments have received at the hands of this government, I do not think parliament is justified in giving the government this further power and at the same time giving up its own control over these interest rates. In the mind of the government unquestionably that would be equivalent to approving what it has done in nullifying enactments made by parliament in this very act. I hope nothing parliament may do will give any measure of approval to what this government has done, without the slightest consultation with parliament, to the enactments we adopted in the fall of 1949 with high purpose and high hope, which this government has chosen to destroy. The sort of bill we have before us invites an extension of the powers of the government. By its actions in the past the government has not justified any such extension of its powers at the expense of parliament.

Mr. J. W. Noseworthy (York South): Certainly there is need for some legislation such as this at the present time in order to meet the housing situation. As I understand it, building is practically at a standstill. I have personal knowledge of builders who took orders for houses months ago, but who have refused even to turn a sod in order to proceed with those houses until the matter of interest rates is settled. What has happened in the building industry is that the finance companies have gone on strike. There has been what labour would call a sit-down strike so far as the finance companies are concerned in relation to national housing. They just refuse to lend money at the interest rate set forth in the statute, and they will continue to do so until the matter of interest rates is settled to their satisfaction. Consequently some such legislation such as this is needed.

The need grows out of government policy. The housing policy of this government, as set forth in the National Housing Act, is tied hand and foot to the finance companies. The government, the builders and the purchasers of this country are completely at their mercy so far as building houses under that act is concerned. These companies are in a position to determine whether or not they will lend money at the rates set forth in the statute. They are in a position to determine to whom they will lend money. They, not the national housing authorities, must approve the borrower if the money is to be made available. So long as the government is wedded to these concerns, as it is, just so long will it be necessary for us to provide legislation such as this, or we will get no money. What we need in Canada today is houses. The government's policy provides for the building of houses only through loans made by finance companies. So long as that policy prevails we must meet the terms of those companies or get no houses.

Now the question comes up that has been raised by the hon. member for Eglinton (Mr. Fleming), whether these rates should be determined by the governor in council or whether the authority should be retained by parliament. Here again, as long as the policy of this government prevails, which I presume is supported by the party to which the hon. member for Eglinton belongs, if we are to get money there must be some flexibility in the regulations governing the making of loans. If we were to fix a definite rate of interest and three months later such fluctuations had taken place in the bond market that the finance companies refused to lend at that rate, as they might, we would be left without the finances necessary to build houses. The need for this flexibility is due entirely to the policy followed by the government in relation to this whole matter of financing the construction of houses.

The second point is that I do not know whether it makes a great deal of difference in this particular parliament whether the government or parliament has the right. With the majority the government has, I see no difference between what parliament says and what the government says. I have not witnessed any occasion here on which any considerable number of members on the other side of the house were in opposition to any measure or policy introduced by the government. So I think in this house government policy and the policy of parliament are synonymous. There are those of us on this side of the house, of course, who will oppose government policy. Probably there are those of us who will be critical, but my experience here has been that the majority is always willing to go along with the government regardless of what the measure may be. So far as the building of houses is concerned

I do not think it will make much difference whether parliament has the last word in determining the interest rates, or whether the governor in council has the last word, because whatever measure the governor in council recommends to this house is likely to be supported by the Liberal majority.

There are two or three things in relation to this bill that I want to mention. I hope that this measure will be helpful, and that these rates will meet with the approval of the finance companies who control our national housing policy. The government, even the governor in council, is completely at the mercy of these finance companies so far as securing money to build houses is concerned. If the government were willing to give direct loans under the National Housing Act, except somewhere in the backwoods where the finance companies will not make a loan, then there might be some chance of the government asserting its independence of these finance companies. Personally I can see no reason whatever for the government catering to these finance companies to the extent that, no matter how desperately houses may be needed, the government must leave the financing to them. If the project is located in territory in which the finance companies have no offices, where it is going to be a little costly for them to send valuators and they do not want to make a loan, then the government will make one. They made one last year, I believe, to one farmer in Canada.

The first thing the government should do is to revise its policy with respect to the making of loans, and, if the finance companies will not lend money under proper interest rates where houses are needed, then the government should make the loan directly. The second change needed is the restoration of that additional one-sixth loan. There are still a great many people in the middle class brackets for whom national housing units are suitable, and who would buy houses if the down payments were within their reach. The one-sixth additional loan was very popular. A high percentage of the houses built under the National Housing Act while the one-sixth loan was in effect were built with the assistance of that one-sixth loan. If we want to provide houses for people we must first make it possible for the houses to be built, and then for the purchasers to be able to secure them. The removal of that one-sixth loan has created a difficulty which will deprive a great many people of homes they would otherwise be able to secure. With the cost of houses running from $8,000 to $10,000, and the down payment demanded now, the National Housing Act does not provide houses for the great mass of the people who need them. No matter what change we made in the interest rate, it would not affect the great mass of people. Those who are in greatest need of houses can only be provided with houses under a joint partnership of the federal and provincial governments for the construction of low rental housing projects. If such agreements can be reached and more houses built under those agreements, then there may be some prospect of those in the lower income groups securing houses.

Another thing which is necessary is that definite priorities should be established on building materials for use in the construction of houses. The minister's report recognizes that residential properties never get the first opportunity of securing building materials. In a market such as we have today, houses are simply left out of the picture. There is no question about it; unless the government can establish some priorities on building materials for residential properties, housing projects are going to be hampered more and more by material shortages.

I believe that the restoration of the one-sixth addition loan, the establishment of priorities for building materials, and a change in government policy to the point where the government will make loans directly through the National Housing Act, are needed in order to meet the housing requirements of the Canadian people.

I am going back to one other question which I discussed with the Minister of Finance (Mr. Abbott). I cannot understand why the government cannot give some assurance to United States investors that the money they invest in a housing project, if that project can be liquidated within a period of three or four years, can be taken back to the United States. The minister's answer was that it has been government policy to permit foreign investors who might liquidate their assets to take those original assets back to the United States. The minister states that that continued to be government policy even during the war years, and is government policy now. But the foreign exchange control board will give no assurance whatever to a United States investor that the policy may not be changed overnight. They will give no assurance—

Mr. Abbott: That is one of the incidents of control.

Mr. Noseworthy: —that if in two years' time those assets can be liquidated there will not be a foreign exchange control board regulation which will prevent those assets from

being taken back to the United States. I cannot see where Canada would lose by giving some such assurance.

Let us assume that here is a building project and here is American capital up to, let us say, a quarter of a million dollars; and there is American capital available for housing projects in Canada under the National Housing Act if those investors could be assured that when the project is completed, when the houses are sold, when their assets are liquidated, they will be able, if they so desire, to take that money back to the United States. I cannot for the life of me see how Canada is adversely affected by giving some such assurance. Without it, we shall not get for investment some of that money at least; and the worst that we could expect is that these original investments, which we would not have received in any case, are the only ones that would be restored to the country of their origin.

The minister has not shown me how the giving of any such assurance for a limited period—I can understand that you would not want to give it for an unlimited period of time—would adversely affect the Canadian economy. If the minister convinces me, he will certainly have to give something more than the bare statement which he made when I raised this question before.

Mr. John Hunter (Parkdale): Mr. Speaker, I was surprised to hear the hon. member for Eglinton (Mr. Fleming) object to these interest rates being made more flexible. Goodness knows, some of his party should realize that with other interest rates going up and down, flexibility must be made possible in these interest rates. I feel, however, that that view is no more inconsistent than is the general policy of that party.

As to the objective of this bill, namely, to make interest rates flexible under the minister, I feel that it is a sound move and a necessary one if we wish to get more money out on the market under the National Housing Act. A large percentage of the money comes from the lending institutions; and in order to get it out, we have to meet the current interest rates. I note with regret, however, that there is nothing in this act to indicate that housing is to be promoted more rapidly than it has been promoted in the past, and there is nothing in the statement of the minister to indicate that housing will not fall off. I am not particularly concerned about the one-sixth loan, which is the one-sixth second mortgage. That is only one method of achieving the same thing. The question of a low down payment can be met equally by having a more realistic lending value.

But the point is this. We are either going to have to accept this as a straightforward anti-inflationary measure, or we are going to have to accept the view that housing is something more than materials and dollars and cents—of course those things are obviously important—and that it has a social value. In my opinion, Mr. Speaker, housing is one of those things that go beyond dollars and cents and beyond shortages of building material. Housing is something that affects the whole nation. It does so in many ways. By a shortage of housing, and by the use of obsolete housing, we place ourselves in the position of paying large bills through taxation and in other ways. We all know the social need for housing. If hon. members were acquainted with some of the frightful conditions existing in some places in Canada —for instance, in the city of Toronto—they would realize that housing is not just a matter of dollars and cents.

I have the greatest admiration for the cleverness of the president of the Central Mortgage and Housing Corporation, but sometimes I wonder whether his wisdom matches his cleverness. I have great admiration for his intelligence, but sometimes I wonder whether his humanity matches his intelligence.

The question of housing is one that must be taken from the point of view of human suffering and human welfare. For instance, if we were to adopt an anti-inflationary measure, a real one would be the cutting off of the old age pension. But obviously we do not cut off the old age pension because that is a social welfare measure which is much needed in this country. Similarly, we do not cut off the family allowance. Obviously to do that would be an anti-inflationary measure. We do not do it, obviously because it is a social necessity.

I urge the minister to consider seriously whether housing does not come under the same category. If he considers the matter seriously, I think he will find it does. I know that he set it second to national defence. I think he must realize that something must be done, and soon. I think he will find that housing has been and is recognized by this government as a matter of social welfare.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I want to say a few words generally about this bill. I have spoken on it on various occasions, and I have expressed myself clearly with regard to it. I think that the time has come—and I believe that everyone in this house recognizes it—when housing must be considered as an emergency measure. It is an emergency measure from

more than one point of view. It is an emergency measure from the standpoint of the morale of the people of Canada. You cannot expect people who are living in unhealthy conditions, in unhealthy surroundings, to have the moral standards that we require of the Canadian people. Social life is affected directly by the housing problem. No matter where you go, if you find congested living conditions, you find deterioration in the social standards. That is not good from the point of view of the standard of citizenship. It is not good for the building of Canadian morale.

It is true that there has been an increase in the price of building materials, but there has never been any decrease in the desire of people to obtain houses. The only thing that stopped the building of more houses—the only thing that lessened the increased construction of new housing—was the fact that the lending companies went on a sit-down strike. I can understand any business concern, labour organization or industrial concern going on a sit-down strike if they are not making a reasonable profit. But surely this cannot be said of the lending institutions. It would seem to me that five per cent is an exceptionally good return on one's capital. I know that most individuals would be well satisfied if they could get a five per cent return on their capital. Not only that, Mr. Speaker, but this enterprise is the more enticing because the government guarantees them against twenty-five per cent loss. I do not see where you could find a better investment for mortgage companies in the building of houses. Yet we have come to the point, as the minister indicated in his speech the other day, where building is being retarded because the lending companies will not make the necessary loans, and their excuse is that they could make better investments in other fields. It should not be forgotten that the government came to the assistance of the lending companies not many years ago when this national housing program was put into effect. The lending companies were practically at a loss to make investments, and the government started the national housing program. Then the lending companies were able to find a lucrative field of investment. They received a guarantee against loss.

It seems to me that since we have guaranteed the companies against loss they should be a little bit reasonable in this time of emergency in housing. You will recall, Mr. Speaker, that a few years ago we reduced the interest rates on annuities. That was the only field in which the ordinary little man had a chance to invest his money with a chance of fair return. It used to be four per cent, but the government took the view that four per cent on annuities was too much in comparison with the interest rates on other securities.

Mr. Abbott: Earning power of government bonds.

Mr. Johnston: Yes.

Mr. Abbott: The interest return on government bonds.

Mr. Johnston: Yes; but look at government bonds today. The government appealed to the people to invest their money in bonds. This was the one sure investment. You would not stand any losses there. But look at government bonds today. All the other companies are demanding increases in interest rates. We have the lending companies in the housing field—an essential activity, one that is necessary to the well-being of Canada—saying that they will not lend any money unless they get an increase in rate. But the government do not say that since other fields of investment are increasing interest rates, therefore they are going to increase the interest return on annuities, or that they are going to pay higher interest rates on government bonds. There should not be such a great divergence between the interest rates which the lending companies get on their money, and that which private individuals get on theirs.

It may be said that there is a greater risk from the point of view of the lending companies, but in this particular field there is no risk. Experience has proven that the companies have not taken any loss whatever under this plan. Building costs have increased because of increased wages, but there is some excuse for that, because increased wages have to be paid on account of the general rise in the cost of living.

Then we have had an increase in the cost of materials. That too was probably necessary under these conditions. It seems to me that this bill is not so much concerned with assisting housing as it is with assisting lending companies. The bill is wrongly entitled. It should be a bill to assist finance companies.

Even though this increased rate of interest is applied, people are going to take advantage of it because they must have houses. But

just look at the position in which it puts the purchaser of a house. I am saying to you, Mr. Speaker, that five per cent is too much for a man to pay to get a house built. He just cannot pay that kind of interest. When he was speaking the other day I think the hon. member for Spadina (Mr. Croll) made the same suggestion that I have made on many occasions, namely, that the government itself should go into the lending business for house building. It is so necessary from more than one point of view.

If the government can borrow money at three per cent or less, then why can they not lend it out under this national housing program? They do not even have to lend it at three per cent; they could lend it at an even higher rate and still be away below what the lending companies are asking. If we really consider that housing is so necessary, and if the government are so desirous of everybody having a house in which to live, a home in which to raise a family, surely this could be done.

I think, too, that this would be an opportune time to reinstate the additional one-sixth loan. It is difficult for people now to get money to start out. In fact it is just impossible under this plan for people to get sufficient money to make their down payments under the housing plan.

I should like the government to reconsider their stand on national housing. We should not now increase the interest rates to the common man who must have a house. The common man must have a house. Even though the government decides to allow this increase, the people will have to accept it. They have no alternative, because they must have some place in which to rear their families. But it seems an arbitrary way of forcing these people to come into line.

I have never contended that individuals or companies should work for nothing. I have always maintained that everybody is entitled to a fair return on money invested or on services rendered. But I do not think we would be imposing a hardship on anyone in this instance, particularly with all the guarantees behind it, if we asked that this increase in interest rate be not implemented at this time.

I should like to suggest very seriously that the government go into the field of lending money at a much lower rate of interest than is provided for under this plan.

Mr. William Bryce (Selkirk): Mr. Speaker, I want to let the minister know that I do object to this increase in interest rates. In my experience in Canada I do not think there is anything that has broken more people than high interest rates. To be anything in Canada you must have your own house. If a man has to pay more interest over a period of years than he pays for his house, it just breaks him. I have seen this even in the farming business. I have known men who bought farms and who have paid far more in interest than they ever paid for the farm. And that sort of thing breaks the back of so many people.

I agree with what the hon. gentleman who preceded me (Mr. Johnston) said about the government lending the money. I do not see why they should not lend the money. They do it in other countries, and they could do it here. If the rates are not satisfactory to the insurance companies who are lending money at the present time, then the government should look after the people first.

I appeal to the minister to take a trip to New Zealand and see what they have done there. I am not going to go into it. I am not going to put it on the record, but if the minister wants the information I can give it to him, because I was there and saw it at first hand, along with some of my colleagues in the house.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I doubt very much if this measure is worth all the time we are giving to it this morning. What this country needs is a measure that will help people who need houses and who are not able to finance them, either to build or to buy houses. This bill will not assist in that way. Those fortunate persons who can come within the provisions of the National Housing Act in connection with building houses could build them without the National Housing Act. If the minister is going to do something to enable the ever-increasing number of families in Canada who need houses to get them, something better than what is contained in this act will have to be provided.

I am an inveterate reader of newspapers, and I seldom open a paper these days without finding statements by jurists who are called upon to deal with delinquents that our deplorable housing conditions are leading to crime and immorality. Social workers say the same thing. If a sufficient number of houses could not be built under the interest rate provided heretofore in the act, the raising of the interest rates is not going to facilitate building.

I do not believe that we should blame the lending companies for wanting higher interest

rates, because, after all, they are in the lending business to make a living. Regardless of whether we believe that an interest rate of five per cent, six per cent, or whatever it may be, is high enough, is not particularly important to the lending companies. What is important is the rate they can get by holding out by refusing to lend money unless they get those rates. The people need houses, and need them badly, and I suggest to the minister that he bring in a measure that will help the people to meet that need.

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

Sections 1, 2 and 3 agreed to.

On section 4—*Interest, amount and term of loan.*

Mr. Fleming: In view of the appearance in this section of the term "lending value", I should like to ask the minister if any change is contemplated by his department or by Central Mortgage and Housing Corporation in regard to the present method of determining lending value. Is the department still adhering to the retention of the lending value as of January 1, 1950?

Mr. Winters: Yes. The policy is still to adhere to the lending value prevailing at January 1, 1950, for reasons which I am sure are obvious to all hon. members and which have been discussed previously in this house. It is an anti-inflationary measure designed to act in the interest of home owners in seeing that they do not pay more for their houses than they have to under the circumstances.

Mr. Fleming: It may be an anti-inflationary measure, but it is also an anti-house building measure, as things stand at the present time.

Section agreed to.

Sections 5 to 18 inclusive agreed to.

Bill reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Ninth and tenth reports of standing committee on railways, canals and telegraph lines.—Mr. Breithaupt.

[Mr. MacInnis.]

MANITOBA NATURAL RESOURCES

APPROVAL OF AGREEMENT WITH RESPECT TO INVESTMENT OF SCHOOL LANDS FUND

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 385, to vary the Manitoba natural resources agreement.

Mr. Drew: Explain.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, there is really very little I can add to the explanation I gave on the resolution stage. The bill actually dates back to 1879 when the Public Lands Act of Canada was passed setting aside two sections in every township for school purposes. The proceeds from the sale of the two sections were to be put in a trust fund and the interest from that trust fund paid to the provinces for school purposes. There was a provision in the act of 1879, similar to the provisions in most federal acts concerning trust funds, that those funds should be invested in government of Canada securities.

In 1930 the natural resources were transferred to the three prairie provinces, Manitoba, Saskatchewan and Alberta, and those trust funds were also transferred. Final transfer has only been completed as of July 1, 1950. The premiers of the three provinces have now asked that, since these trust funds are now under the jurisdiction of the provinces, the provinces be allowed to invest not only in government of Canada securities but in securities of the provinces, or municipalities in the provinces or of local school boards. The federal government has agreed. In the appendix to each one of these three bills you will find the agreement between the Minister of Finance (Mr. Abbott), speaking for the federal government, and the premier of Manitoba, the provincial treasurer of Saskatchewan and the premier of Alberta, speaking for the various provincial governments.

The sole intent of these bills is to give the provincial governments, who have control over school lands trust funds, the right to invest the proceeds from the sale of these lands in provincial, municipal and school board securities as well as in government of Canada securities.

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

On section 1—*Short title.*

Mr. Macdonnell (Greenwood): May we have the figures to show the amounts involved?

Mr. Sinclair: The amounts involved that I can give are shown on page 51 of the public accounts for this year. These were the amounts in trust in 1930 when we turned these amounts over to the three provinces. Since that time of course the provinces have probably sold more lands and set up their own trust funds. However, so far as the federal government is concerned, the Manitoba amount is $5,919,862.05, the Saskatchewan amount is $17,809,039, and the Alberta amount is $9,564,569.20. On these we were paying 4 per cent. We are very happy to have the provinces take these things over because after all we do not get 4 per cent when we issue securities ourselves. The provinces have asked for this so that they will be allowed the extra field of investment for their funds.

Mr. Macdonnell (Greenwood): In other words, this is provincial property, and all this is doing is to alter slightly their powers of investment.

Mr. Sinclair: Quite right.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

ALBERTA NATURAL RESOURCES

APPROVAL OF AGREEMENT WITH RESPECT TO INVESTMENT OF SCHOOL LANDS FUND

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 386, to vary the Alberta natural resources agreement.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

SASKATCHEWAN NATURAL RESOURCES

APPROVAL OF AGREEMENT WITH RESPECT TO INVESTMENT OF SCHOOL LANDS FUND

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 387, to vary the Saskatchewan natural resources agreement.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

Canadian National Railways

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF FINANCIAL OBLIGATIONS AND ISSUE OF SUBSTITUTED SECURITIES

Hon. Alphonse Fournier (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to provide for the refunding of matured, maturing and callable obligations of the Canadian National Railways and for the issue of securities guaranteed by the Dominion of Canada in respect of such refunding to an aggregate principal amount not exceeding $200 million.

Mr. Macdonnell (Greenwood): May we have a statement now?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, there are two main C.N.R. bills as far as finance is concerned which come before parliament. One is the annual bill, the resolution concerning which will be discussed after this one, for the financing and guaranteeing of C.N.R. obligations. The second is this refunding measure which is not an annual bill. The bill to be founded on this resolution is to provide for the refunding of Canadian National Railways securities maturable or callable in the years 1951 to 1955. Provision is made either by the issue of railway bonds guaranteed by the government or by temporary loans from the government. The amount provided is $200 million, the same as was provided in exactly similar acts passed at the 1935, 1938, 1944 and 1947 sessions. I have a table of the maturing issues in the period to which I have referred. I think it would be very useful if I could put it on *Hansard* now so that when the bill comes up for second reading hon. members will see exactly the field which is being covered. If I have unanimous consent, I would ask that this table of the issues which are either maturing or callable in the period of the resolution shall appear in *Hansard*.

Mr. Fraser: What is the total?

Mr. Sinclair: The total is $216,734,265.23.

Mr. Speaker: Has the parliamentary assistant leave to have this table included in *Hansard*?

Some hon. Members: Agreed.

Mr. Sinclair: The table is as follows:

CANADIAN NATIONAL RAILWAY COMPANY
MATURING OR CALLABLE BOND ISSUES 1951-55

Maturity Date	Issue	Interest Rate	Where Payable	Amount Outstanding
		%		$ cts.
Various 1951-55	Instalments payable under equipment trust issues and hire-purchase agreements	Various	Canada	62,735,088 90
Various 1951-55	Newfoundland Railway instalment notes	2½	United States	711,030 00
June 1, 1951	G.T.W. equipment trust	2½	United States	284,000 00
Sept. 1, 1951	Canadian National	4½	Can., London, U.S.	48,022,000 00
July 10, 1953	Canadian Northern	3	London	1,162,768 33
Jan. 15, 1959 (Callable Jan. 15, 1954)	Canadian National	3	Canada	35,000,000 00
Feb. 1, 1954	Canadian National	5	Canada	50,000,000 00
Jan. 1, 1955	Canada Atlantic	4	Can., London, U.S.	9,947,934 00
April 1, 1955	Grand Trunk Pacific	4	Can., London, U.S.	8,871,444 00
				216,734,265 23

RECAPITULATION—

Payable in Canada	$ 147,735,088 90
Payable in London	1,162,768 33
Payable in United States	995,030 00
Payable in Canada, London and United States	66,841,378 00
	$ 216,734,265 23

The usual practice is to borrow temporarily from the government and issue securities to the public at the appropriate time and in an amount suitable to the market for refunding and other purposes. Of the $200 million authorized by the 1947 act, the last C.N.R. refunding act, $104,642,000 has been financed by public issues and the remainder by government loans.

I have a second statement which I am sure would be very useful for members to study before the bill is introduced covering this operation. It has to do with the refunding and calling operations covered by the 1947 act. If the house will give its consent I will put that on the record too.

Mr. Speaker: Is it the pleasure of the house that the hon. gentleman shall have leave to put this table on *Hansard*?

Some hon. Members: Agreed.

Mr. Sinclair: The table is as follows:

Detail of Bond Issues sold to the Public

Under the Authority of

The Canadian National Railways Refunding Act, 1947

Issue Date	Maturity Date	Interest Rate	Price to Company	Cost to Company	Total Amount Issued	Amount Issued for Refunding
		Per cent		Per cent		
Jan. 3, 1949	Jan. 3, 1966	3	99·50	3·075	$35,000,000	$8,897,190.85
Sept. 15, 1949	Sept. 15, 1969	2⅞	98·625	2·96	70,000,000	63,370,883.64
Jan. 16, 1950	Jan. 16, 1971	2⅞	98·83	2·95	40,000,000	26,373,454.40
*June 15, 1950	June 15, 1975	2¾	100·77	2·72	*6,000,000	6,000,000.00
					$151,000,000	$104,641,528.89

*Payable in United States Funds.

Mr. Wright: I would like to ask a question, but if this is going to committee I can ask it there.

Mr. Sinclair: It is.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Wright: What rates of interest did these issues bear, and is it anticipated they can be refunded at the same or lower rates?

Mr. Sinclair: The rates vary, of course. In the last four years all the issues that were callable have been called, as will be seen from this table. Some of them carried interest as high as 4½ per cent, and obviously it was good business practice to call those bonds and refund them. The actual refunding which has been done since 1947 has been at a cost to the company in January, 1949, of 3·075 per cent; in September, 1949, 2·96 per cent; in January, 1950, 2·95 per cent and in June, 1950, 2·72 per cent.

Mr. Macdonnell (Greenwood): I understand that the basis of calling is what one would expect, purely a calculation of ruling interest rates, those at which they can be refunded. Perhaps we can have a little more discussion of this a little later on.

Mr. Sinclair: That is quite right.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Abbott) thereupon moved for leave to introduce Bill No. 392, respecting the Canadian National Railways, and to provide for the refunding of matured, maturing and callable financial obligations.

Motion agreed to and bill read the first time.

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. Alphonse Fournier (for the Minister of Finance) moved:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures not exceeding $97,737,000, and to increase the working capital of the national railway system by $20,000,000; to provide that the governor in council may authorize the national railway system to incur commitments during 1951, in addition to the authorized expenditure, in amounts not exceeding $111,512,920; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that amounts available from reserves for depreciation and debt discount amortization may be applied towards meeting the authorized expenditures; to provide that the aggregate principal amount of securities not including any securities issued to secure temporary loans made by the Minister of Finance, outstanding at any time shall not exceed $101,215,000; to authorize the governor in council to guarantee the principal and interest of the securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make temporary loans to the said company secured by such securities and not exceeding $101,215,000 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system and to authorize the Minister of Finance to place at the disposal of the national company or the Trans-Canada Air Lines, such amounts as may be necessary to enable them to pay operating and income charges if at any time before the first day of July, 1952, the available revenues of the national railway system or the Trans-Canada Air Lines and subsidiaries, respectively, are not sufficient to pay such charges: Provided that all such amounts shall be reimbursed to the minister from the recipients' annual revenues in so far as such revenues are sufficient, any insufficiency to be provided for by subsequent deficit appropriation by parliament.

Mr. Macdonnell (Greenwood): Could we have a statement on this?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): This is the annual bill in connection with finances and guarantees for the C.N.R. I would like to have been able to say that it is in the same form as in previous years, because that always helps get the resolution and bill through, but actually this year it is not in quite the same form.

Each year the Minister of Transport (Mr. Chevrier) presents the report of the Canadian National Railways to parliament, and that report is referred to the committee on railways and shipping owned, operated and controlled by the government. At the same time the budget of the C.N.R. for the coming year is discussed by that same committee. This year the committee first met on April 12, it had seven meetings, and presented its final report to parliament on May 1 approving of the capital expenditures of the C.N.R. and the budget for the coming year. This resolution is to implement that report.

Ordinarily this resolution is in three parts. The first part authorizes the C.N.R. to issue securities up to the amount of the approved capital expenditures. It is a growing railway and requires additional capital each year. The second part permits the government to make loans to the C.N.R. against its securities until such time as the company thinks it fit and proper, according to the market, to float an issue. The third part of the ordinary resolution authorizes the government to make advances against the budget of the C.N.R. if their operating revenues are not sufficient to cover the cost of operation. If at the end of the year the operating revenues have not been sufficient, of course that means the C.N.R. has a deficit which is then voted by parliament.

This year, however, there is one change to which in fairness I must direct the attention of hon. members. That is the provision in the early part of the resolution to increase the working capital of the national system by $20 million, and then the following sentence:

—to provide that the governor in council may authorize the national railway system to incur commitments during 1951, in addition to the authorized expenditure, in amounts not exceeding $111,512,920; to authorize the national company to issue securities to provide amounts required for the authorized expenditures—

In the last two years I have had to prepare myself in advance on the details of the railway budget, because I am not a member of the committee, but this year I am very glad to have the assistance of my colleague the parliamentary assistant to the Minister of Transport, who will now explain to the house why these two new clauses have been inserted in the annual resolution.

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): Probably I should first explain the need for the additional working capital of $20 million. I think hon. members will realize that need when I simply mention that the cost of materials and supplies is very much higher than it has been in recent years. Consequently the amount of cash a corporation of this size must have available necessarily must be greater than in previous years. That, of course, is also shown up in the increased revenues and expenditures. It is felt that the present working capital of the road should be increased by $20 million in order that at all times the railway company may meet its obligations as they become due, and may be able to take advantage of trade discounts and such things as are known to all businessmen.

The parliamentary assistant to the Minister of Finance (Mr. Sinclair) has indicated that there is another new feature in this annual resolution. That is the provision this year that the government may authorize the national railway system to incur commitments during 1951 in a sum not to exceed $111,512,920 for orders for equipment that probably should be taken into account this year rather than next year. I would like to give the house a little explanation of why it is felt this step should be taken since, as I say, it is something that has not been a part of similar resolutions in previous years. In view of, first, the current and anticipated restrictions on steel and other materials in short supply; second, the progressively increasing lapse of time between the placing of orders for new equipment and delivery of those orders by manufacturers; third, the urgent necessity of replacing obsolete equipment no longer efficient or economical in operation; and fourth, providing additional rolling stock to meet current and expected increases in traffic; the management of the Canadian National Railways considers it essential that 1952 deliveries be assured by placing orders earlier than has been the practice heretofore. Until firm orders are placed no steel can be allotted these days for the manufacture of the equipment that they see will be required in the future.

In addition to the needs of the road for 1952 that are already seen and for which this additional provision should be made now, in April of this year the company felt it advisable to make a detailed study of the equipment requirements for a period as long ahead as five years, and it has recommended that on a five-year basis equipment purchases should normally include the acquisition of 4,360 new freight cars per annum. Of this number some 2,500 will be offsetting annual retirements due to obsolescence and those that have become inefficient and uneconomical in operation. This also includes 1,860 that are expected to accommodate an estimated ten per cent increase in business at the rate of two per cent per annum over the five-year period. Approximately 30 baggage express cars per annum will be needed over this period to provide for average annual retirements, and to bring this class of equipment up to approved passenger train standards.

As to motive power, no exact prediction could be made by management when this decision was made in April, with respect to the number of road and switching units which should be purchased annually between the years 1952 and 1956 inclusive, inasmuch as such purchases would necessarily depend upon the acceleration or deceleration of the over-all dieselization program and the availability of equipment and servicing and repair facilities, as well as upon other factors which are not susceptible of exact calculation at the present time. Taking all these factors into account, it is recommended by C.N.R. management that orders be placed immediately for 24 road diesel locomotives and 25 diesel switching units to constitute the 1952 complement of the five-year program.

As hon. members know, the budget of the Canadian National Railways is annually presented to a committee of this house, namely the committee on railways and shipping. The records of that committee do contain a list of equipment that is included in the 1951 budget of the Canadian National

Railways, so I do not think that needs to be repeated now. With respect to those purchases of equipment wanted in 1952 that it is felt should now be placed in the form of orders, in order that all members of the house may have a full appreciation of what is involved I shall, with the leave of the house, place on *Hansard* a table showing the list of equipment that it is felt should be ordered now. It will then be available to members when the bill is up for discussion.

Some hon. Members: Agreed.

Equipment to be Ordered under Commitment Authority in Financing & Guarantee Act, 1951

Total Units		Can. Lines	U.S. Lines	Estimated Cost
25	Locomotives—diesel switches	24	1	$ 2,860,000
24	Road diesel locomotives	24	..	4,800,000
25	Diesel switching locomotives	20	5	3,120,000
2,550	Gondola cars	2,250	300	18,472,500
1,000	Automobile cars	1,000	..	7,000,000
2,160	Box cars	1,810	350	15,613,720
250	Covered hopper cars	125	125	2,075,000
1,750	Hopper cars	1,250	500	12,575,000
800	Flat cars	800	..	5,175,000
10	Stock cars	10	..	55,000
50	Sleeping cars	50	..	9,450,000
15	Cafe parlour cars	15	..	2,824,300
20	Diners	20	..	3,836,000
30	Baggage express cars	30	..	2,334,000
30	Baggage cars	30	..	2,340,000
1	Dining car—Newfoundland	1	..	95,000
58	Coaches	47	11	6,487,400
22	Section room sleepers	22	..	4,400,000
10	Buffet sleepers	10	..	2,000,000
20	Tourist sleepers	20	..	4,000,000
5	Parlour cars	5	..	1,000,000
5	Buffet parlour cars	5	..	1,000,000
8,860		7,568	1,292	$111,512,920

Mr. J. M. Macdonnell (Greenwood): I am grateful to the two parliamentary assistants for explaining as clearly as they have the difference between this resolution and the resolution which has been more or less routine in the past. When we go into committee of the whole, there are one or two questions I should like to ask. At the moment I am not clear how much of these new commitments and obligations were in fact discussed in the committee on railways and shipping when it was in session. That, however, can wait until we are in committee of the whole.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Macdonnell (Greenwood): First of all, I am looking back now to the resolution of a year ago, and to the budget the railway presented a year ago. At that time the capital budget of the railway was set out at $24 million, and the authority requested was for the same figure. In looking at the relevant figures before the committee this year, the one is $40 million and yet the figure we have in this resolution is not $40 million, following the practice of a year ago, but $97 million. May I have that point explained first?

Mr. Benidickson: The item of $97 million is made up of new equipment totalling $54,702,823; miscellaneous equipment, $1,853,-897; the acquisition of securities, which was explained to the committee, totalling $3,712,000; additions and betterments, $37,-302,823. All of these items, of course, are items taken directly from the 1951 budget figures which were presented to the committee on railways and shipping. There is no change in any of the figures that were presented to that committee.

Mr. Sinclair: The other point raised by the hon. member concerns the difference between the 1950 resolution and this resolution. First of all the resolution speaks of $97 million capital expenditures and then $20 million working capital. At the bottom of the resolution the government is authorized to extend temporary loans to the railway up to only $101 million. In last year's resolution these two amounts were the same. Last year we had a long discussion on the position of the company concerning depreciation allowance and debt amortization charges which could be used as cash to purchase equipment.

Mr. Macdonnell (Greenwood): They are going to be used this time.

Mr. Sinclair: Actually, what could have happened last year, for example, is that the $24 million was authorized for bond issue of the Canadian National and the government permitted to make temporary loans up to the amount, until the railway floated its bond issues; but that latter guarantee could have had added to it the cash available through the depreciation account and the amortization account. It was because of the comments of members last year that the Department of Justice redrafted this section to show that of the $117,737,000 covered by these first two items at the beginning of the resolution the government could only make temporary advances of up to $101,215,000, the balance being covered by those two items of depreciation and amortization.

Now, if the committee would like to have on the record the two calculations of the reserve of depreciation and the debt amortization available, I could put them on *Hansard* very easily. I could read it into the record, although it would be dull, or I could simply place it on *Hansard* if the committee agrees.

Mr. Macdonnell (Greenwood): I am still left with one question unanswered. I realize that the parliamentary assistant to the Minister of Transport has explained these other items. He has said something about which I was not sure before, that these other items were in fact mentioned in the railway committee. What is not yet clear to me is that a budget was put before the committee in due form, as it was a year ago. A year ago we approved a capital budget of $24 million and we subsequently authorized the same amount. This time, following the same practice so far as I know, we approve a budget of $40 million but we are now faced with a request for authorization of $97 million. The parliamentary assistant to the Minister of Transport says he has given the other items. What I want to know is, either what was before the committee was a budget or it was not a budget. I want to know where it leaves the committee.

These committees are either considering and recommending budgets, or they are not. So far as I can see here, subject to what may be said, we approved $40 million and we now find ourselves faced with $97 million. I believe that is qualified to the extent that we have inserted in here definite authorization to use the depreciation and amortization. That qualifies the figure, but it does not make the difference between $40 million and $97 million.

Mr. Benidickson: Would the hon. member tell me from what source he is quoting the $40 million?

[Mr. Macdonnell (Greenwood).]

Mr. Macdonnell (Greenwood): Yes, I am quoting the report of the committee on railways and shipping, page 136, showing a summary of financial requirements for the year 1951, which also includes 1950. I assume that, when I found the figure of $24 million for 1950 was the figure which was used in the resolution, I would find the $40 million figure, the corresponding figure in this statement, used in the same way. The explanations which have been given as to the difference in the other points of the resolution, I understand, and I think they are intelligible; but I still do not understand this one. The parliamentary assistant sought to explain it by mentioning certain figures which made up the difference between the $40 million and the $97 million. But I still come back to the point that we approved a budget in that committee; and if I am right in thinking that it was a $40 million budget, and that we now have this huge larger amount, it makes me wonder how much the meetings of our committee really meant. This matter can wait over, if the parliamentary assistant prefers that it should, until we have the bill before us. There is no need to delay matters now.

Mr. Benidickson: Yes, that can be done, and I will take note of the hon. member's question. But I think he will note from page 136 that my figures are all there. It is just a matter of using them in a different way. The requirements for additions and betterments, new equipment, and acquisition of securities is set out on page 136 of the railways and shipping committee at $56,737,000. We are making no change in practice in the matter of using such moneys as are available from reserve for depreciation and discount amortization, which amount to $16,522,000. That means that with respect to these things we would require normally in cash $40,215,000. That is perfectly correct. But later on we will explain to the hon. member that there will be a departure from last year's practice in that formerly we have shown—a net figure —a figure that eliminates from gross C.N.R. requirements such sums as the road itself is able to finance as a result of selling equipment trust shares. That is a practice which was explained to the railways and shipping committee. It is felt that, in view of the unfavourable market conditions for raising money in that form at the present time, one should not count on that being a source of finance. Consequently, in this bill parliament will be asked to provide finance and securities for the entire amount of the capital requirements of the road.

Mr. Macdonnell (Greenwood): I am not going to pursue the matter further; I am not

going to disagree with that statement. I am only reverting to what I said, namely, that on the face of it, it is no answer to refer me to the figure of $56 million because there is a corresponding figure to that in 1950. We can leave the matter now, however, until we get to the second reading stage.

Mr. Fraser: Does the parliamentary assistant mean that they are going to stockpile a little bit more this year? Is that the idea?

Mr. Benidickson: No, Mr. Chairman. As I think the hon. member will find, when he has time to read the statement that I have given, it is not a matter of stockpiling. It is a matter of necessity, of the requirement to place an order earlier these days than was necessary last year, owing not only to steel rationing and so on but to the general pressure on supplies of the kind that would be wanted by the road in 1952. We must place orders now which normally might have been placed, we will say, at the beginning of 1952.

Mr. Fraser: And this revolving fund that we have will not look after the matter. Is that the idea?

Mr. Benidickson: I do not see the point respecting a revolving fund. We are not dealing with money. We are dealing with placing orders for equipment. It is hoped that, by placing orders now, this equipment that would be required in 1952 will be delivered in 1952. But if conditions worsen, of course we would not even get delivery in 1952. But the situation emphasizes the need of planning for a longer period ahead than has been the custom.

Mr. Macdonnell (Greenwood): By the use of the word "commitments", I take it that it is intended to indicate that it will be an obligation, not an expenditure?

Mr. Benidickson: That is correct. It is not expected that much, if any, of this equipment would be delivered in 1951; but it should be ordered now in order to assure that it would arrive some time in 1952.

Mr. Fraser: That will tie up steel a little bit more, will it?

Mr. Macdonnell (Greenwood): I understand all that. But I should like to add this comment to what I said before. When we get to the second reading stage, I hope that we can get a figure that is as specific as possible with regard to commitments and that we may be told whether any of them are likely to develop into expenditures.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Abbott) thereupon moved for leave to introduce Bill No. 393, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

MING SUNG INDUSTRIAL COMPANY

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I propose to avail myself of the opportunity afforded by this motion to raise a subject which I think should be dealt with by this house without further delay. I think the facts have been adequately ascertained to call for a decision by the house, regardless of party, that action should be taken to prevent the possibility of any abuse of the privileges accorded to the Canadian flag in the ports of the world and in the shipping lanes between those ports. I propose to introduce a motion which will ask for an expression of opinion from this house in regard to this subject.

When the matter was before us earlier, we were dealing with it by a process of question and answer. During the course of those answers considerable information was obtained, but further information is available; and I am going to submit to the house what I regard as facts sufficiently convincing to call for action without any further inquiry being necessary. This matter is of sufficient importance to call for a review of the essential facts.

The whole transaction has its beginning in the arrangements that were made for the manufacture in Canada of nine vessels to be delivered to a Chinese company known as the Ming Sung Industrial Company Limited. That company is a large Chinese shipping company with head office in Chungking, and with branches throughout China in the larger cities. It has been in operation for a long time. That company sought to acquire Canadian-built vessels for its business. At the time that these contracts were entered into, there were certain government powers which made it possible for the government to make special provision for the manufacture of these ships.

Ming Sung Industrial Company

The contracts were given to three shipping companies, all of them well known companies, which in due course completed the contracts, and the ships were delivered. On November 12, 1946, the Canadian government, by P.C. 4690, provided, under the provisions of the Export Credits Insurance Act, that Canada should give a guarantee in an amount not to exceed $12,750,000, which would provide a blanket guarantee of payment of the money required for this purpose, which money was to be advanced by the Imperial Bank of Canada, the Bank of Toronto and the Dominion Bank.

The government in China of that time joined in the guarantee; but, as is generally known, the situation has changed since that time to a point where the government of Canada obviously is called upon to accept the full, or practically the full, responsibility for this payment. Certain security was given in the form of mortgages on the ships by the companies.

On May 16, 1950, order in council P.C. 4690 was amended by P.C. 2453. By that time the banks had each advanced one-third of the total amount required. The order in council passed on May 16, 1950, included this paragraph:

That since the date of the execution of the said supplementary agreement, the Chinese company has proposed that it will sell and transfer to Ming Sung Industrial Company of Canada Limited, a company incorporated under the Companies Act (Canada), hereinafter called "the Canadian company", seven of the said ships or vessels (now said to be in or near Hong Kong) and that they shall then be transferred to Canadian registry under the Canada Shipping Act and that the Canadian company shall execute and deliver a mortgage or mortgages thereof in form registrable in Canada in favour of the Chinese company for the amount of the purchase price, namely, $12,750,000, payable as to principal and interest thereon at the same times, in the same instalments and at the same rate of interest as the Chinese company's indebtedness to the said banks is payable as aforesaid, and that said mortgage or mortgages shall thereupon be assigned by the Chinese company to the said banks as additional security for the said indebtedness.

In that way the Ming Sung Industrial Company of Canada Limited, a Canadian subsidiary of the Chinese company, whose head office and whose main operations were then inside communist China, became the owner of the ships; and in the process of becoming owner by this order in council was to receive Canadian registry for these seven ships. That, as we have been informed, has led to the operation of these ships from Hong Kong to Macao and Canton under the Canadian flag, with the ships carrying the Canadian flag painted on the side

[Mr. Drew.]

Under the Canada Shipping Act there are of course certain requirements as to the qualifications of the master of the ship, and as to the qualifications and identity of the crew, as well as the nature of the operations. Section 133A of the Canada Shipping Act does include a provision which makes it possible to vary the requirements of the Canada Shipping Act which would ordinarily apply.

There is no question whatever that these ships could not have operated under the Canadian flag and with Canadian registry unless they had had exemption from the Canada Shipping Act, because the operations of these ships and the crews of these ships did not conform with the Canada Shipping Act.

Section 133A was an amendment to the Canada Shipping Act which became law on June 30, 1948. It reads as follows:

(1) The minister may, if he thinks fit, and upon such conditions, if any, as he thinks proper to impose, exempt any ship from any requirement contained in sections 113, 114, 132 and 133, or dispense with the observance of any such requirement in the case of any ship, if he is satisfied that that requirement has been substantially complied with in the case of that ship, or that compliance with the requirement is unnecessary in the circumstances of the case, and that the action taken or provision made as respects the subject matter of the requirement in the case of the ship is as effective as actual compliance with the requirement.

(2) The minister shall annually lay before parliament a special report stating the cases in which he has exercised his power under this section during the preceding year, and the grounds upon which he has acted in each case.

That is the quotation that I am reading into the record. According to the statement of the Minister of Transport (Mr. Chevrier), which he made in this house on Friday, June 15, it now appears that in March of last year these seven ships were exempted by the Minister of Transport after authority was given to him by what he called a directive of the cabinet. On this point the Minister of Transport had this to say, as reported at pages 4188 and 4189 of *Hansard*:

Now then, the leader of the opposition says, "Produce the directive." I will have to inquire whether or not a written directive was given. I have no recollection of whether it was or not. I do know this, that repeatedly matters are discussed in cabinet and advice is sought from them—"Here is a matter in which I require advice." A discussion follows and advice is given.

There was no order in council, so far as I could ascertain in the few minutes that were at my disposal this afternoon—about twenty-five minutes. There was no order in council given. There was approval given. And so far as I can recollect—and I might be mistaken; I might have to take

it back—but so far as I can recollect there was no written directive. Approval was sought and approval was granted.

That being so, there was an oral directive that exemption be granted. And acting under that advice, and with the concurrence of my colleagues in the cabinet, I issued the exemption under 133A.

I shall not comment further at the moment in regard to the most interesting fact that so important a directive was made orally and that we therefore have on the record, so far as is now available to us at any rate and subject to any subsequent correction offered by the Minister of Transport, this important exemption without any written evidence of the circumstances under which it was made and the reasons why such an exemption should be given.

The Minister of Transport says that the last paragraph of the section I have just read means that he can table in parliament at any time during this present year a report as to the exemptions made. The minister indicated that he had not tabled any report on this exemption and he indicated also that there was nothing unusual in that because he would have the balance of the year in which to table such a report. However, we all know that as a matter of administrative procedure things of this kind are checked carefully by competent departmental officials and it does seem surprising, to say the least, that we should be near the end of this session without any statement which would explain so important and so unusual an exemption as this particular exemption. We had every reason to believe that this session would be a full, regular session when it began.

When I say "so unusual" I do so having regard to the nature of the exemptions that are usually made. There is a most interesting fact in connection with this. A report of the exemptions was tabled by the minister during the present session. Sessional paper 124A-2, tabled Thursday, February 1, 1951, is headed as follows: "Report of exemptions authorized by the Minister of Transport under section 133A, Canada Shipping Act, 1934, as amended". That gives a list of the exemptions approved by the minister under section 133A of the Canada Shipping Act, which I have just referred to and read. In order to indicate the nature of the exemptions that were approved under this section I should like to read the first one for January, for February, for March and for April, which are as follows:

Date	Name of Ship	Relaxation	Reason
January 13, 1950	*Gulfport*	Ship permitted to clear for voyage with 2nd mate holding inferior certificate.	Voyage just outside H.T. limits for which properly certificated 2nd mate not available.
February 27, 1950	*General Burstall*	Ship permitted to clear with master holding inferior certificate.	To avoid interruption of Newfoundland coasting vessels—pending obtaining of certificates.
March 14, 1950	*Theron*	Ship permitted to clear with uncertificated master.	No master available with required certificate and experience.
April 25, 1950	*Mont Royal*	Ship permitted to clear with master holding inferior certificate.	No master available with required certificate and experience.

So it goes right through the whole year. I point out that this is not a report just for the first few months; it is a report which starts in January and ends in December. The interesting thing is that nowhere in this report is to be found this particular relaxation or any reference to the exemption made under section 133A of the Canada Shipping Act.

I think hon. members of this house might well ask why it was that a report tabled in accordance with section 133A and covering the whole year from January to December should include all these other exemptions and make no reference to this particular exemption which had such special and important consequences.

There is also the fact that this is an exemption of a very different nature. This exemption has much wider consequences than those relating simply to the qualifications of masters, mates or others called upon to work on these ships. We have been told also that there are export permit regulations involved in this matter, and that such regulations relate to the type of export which may be made to certain countries.

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On page 16 of the published copy of the export permit regulations issued by the Department of Trade and Commerce appears a list which indicates that Hong Kong and Macao are both included in the areas under control. Apparently Macao is still on the blacklist. We are told that some measure of protection is assured that there will not be an improper carrying on of trade from Hong Kong because an export certificate must be granted by the authorities in Hong Kong which we are to assume would accord with the general agreements which have been entered into; but it must be remembered that the British authorities in Hong Kong are concerned primarily with British trade and the observance of British law and are certainly not concerned primarily with Canadian trade and the enforcement of Canadian law.

In so far as we might look to the British government for assurance that they are satisfied with the trade, perhaps it might be a matter of interest that only today an Associated Press dispatch from London refers to an announcement made in the British House of Commons relating to a Hong Kong dispatch reading as follows:

> Britain announced today she is taking steps to block all shipments of strategic goods to red China through the crown colony of Hong Kong. Sir Hartley Shawcross, president of the board of trade, said all exports from the United Kingdom to Hong Kong and China will go under licensing control next Tuesday. No licences will be granted for goods which in the present circumstances could be of strategic and military importance. Shawcross made the announcement in the House of Commons. Britain previously banned the export of rubber to communist China.

The very fact that this statement was made in the House of Commons in London today indicates that the British government itself is not satisfied with the measure of control on shipping in and out of Hong Kong. In any event that does not answer the question with respect to Macao. Macao, which is a Portuguese possession, does not offer any security similar to that which may be offered by Hong Kong, whether or not we are entirely satisfied with that measure of protection. In these discussions it seems to me that what should be borne in mind is that it should not be necessary for us to wait to have it proved to us that contraband or war materiel, whether it be arms or simply supplies that will assist communist China, is going to a nation which at the present time is sending armed men to fight against young Canadians in Korea. Whether or not it can be proved that that is so, if the possibility is there we should stop it, and we should stop it without delay. It can be stopped by the simple process of withdrawing the exemption which has been accorded to these ships operated by a company masquerading under a Canadian charter.

When this subject was discussed in the house on Thursday last, in response to a statement by the hon. member for Nanaimo (Mr. Pearkes), who introduced this subject as the result of a message he had received from Hong Kong, the Minister of Trade and Commerce (Mr. Howe) said, as reported at page 4124 of *Hansard*:

> The ships were sold in the ordinary way through a commercial transaction, and the ships passed to the flag of China, subject to a mortgage held by the Canadian shipyard and deposited with the bank that lent the money.

The minister went on to say that all went well until the Chiang Kai-shek government fell, when the banks began to worry. He said that happily the loans were not in default but he added: "The government is not happy about it." The Minister of Trade and Commerce said that the ships were sold in the ordinary way through a commercial transaction. This does not seem to be an ordinary transaction. In the ordinary course of events someone who buys something pays for it or at least pays something down. Most of us would like to find some device by which it would be possible to buy the things that we require without paying anything down.

Mr. Howe: May I call my hon. friend's attention to the fact that the Chinese government paid 15 per cent of the cost of the ships in United States dollars.

Mr. Drew: That is—

Mr. Howe: The Ming Sung company paid 15 per cent of the cost of the ships to the shipyard, payment being made in United States dollars.

Mr. Drew: Was that paid by the Ming Sung company or the Chinese government?

Mr. Howe: The Ming Sung company.

Mr. Drew: I understood from the record that is was the Chinese government.

Mr. Howe: It was the Ming Sung company that paid the cash.

Mr. Drew: Then according to the minister 15 per cent was paid by the Ming Sung company at a time when the Minister of Finance (Mr. Abbott) is insisting on our people paying a much larger sum—

Mr. Abbott: This was not at that time.

Mr. Drew: I recognize that, nor were these Canadian purchasers.

Mr. Abbott: We also sold to France and some other countries.

Mr. Drew: At any rate the Canadian government guaranteed this loan and the banks, acting in their ordinary capacity as banks, simply carried out a regular transaction with a government guarantee. The banks advanced the money required to complete this purchase. Nine of these ships were delivered. They were not all of the same type. Some of them were specially made Yangtze river boats which are specially designed to operate in the shallower waters of the Yangtze river. The others were regular cargo vessels, and of course these cargo vessels would seek to do business in other waters. Apparently the Yangtze boats are able to operate to Hong Kong, or so it would appear because in the publication issued by the Department of Trade and Commerce known as "Foreign Trade", under date of June 16, 1951, there is this news report:

Hong Kong-Canton passenger service resumed.

Hong Kong, June 1, 1951.—(FTS)—On May 21, the S.S. *Chien Men*, a Canadian built river vessel belonging to the Ming Sung Industrial Company, departed on the first trip signalling the resumption of regular passenger service between Hong Kong and Canton. Although the Ming Sung vessels have been running a weekly service to Canton via Macao, and ferrying Malayan-Chinese repatriates to the mainland, for several months, this sailing of the *Chien Men* marked the first resumption of direct scheduled Hong Kong-Canton service since the latter port was occupied by the Chinese communists almost two years ago. The new service will operate three times a week, leaving Hong Kong every Monday, Wednesday and Friday.

That raises two points. One is the arrangements under which the *Chien Men*, under Canadian registry, is able to operate satisfactorily into a communist controlled port. The other is what is meant by the reference to the repatriation of Malayan-Chinese to the mainland. So far as I know, the only mainland to which these repatriates could be delivered is the mainland of communist China. I think the house should be informed whether this is taking place under some agreement with the international Red Cross, whether it is the repatriation of wounded prisoners of war, or whether this is a restoration to Chinese soil of those who were engaged in any activity which left them outside their home lands. Ordinarily it is essential that there be very exact information as to the reason for affording safe conduct to people back to a soil from which armed men come to engage in battling those who go from Canada to the battle line on which the people of both these nations are now engaged.

When the minister says that this was an ordinary transaction, he no doubt has reference to its being an ordinary transaction of the nature that is carried out when the government has full and arbitrary powers which are exercised without the ordinary supervision of parliament. He also doubtless refers to the sort of things that could be done under emergency legislation, because these contracts were carried out under the special authority given the government at that time.

This contract was carried out by highly reputable companies; but one company did raise a special problem. That was George T. Davie and Sons Limited of Levis, Quebec, which had been operating for some time. Unfortunately the president, Mr. Davie, met his death in a tragic automobile accident. It then became necessary for the government to intervene, and the Canadian Commercial Corporation had some responsibilities in that regard. In that connection I might say this company was shown to have been incorporated on November 26, 1941, with an authorized capital of 2,500 shares. The president was Andre Delagrave of Quebec city; the secretary was Maurice Paquet of Lauzon; a director was Brenda Delagrave of Quebec city, and the solicitors were St. Laurent, Gagne and Taschereau of Quebec city. This company continued to operate and was the subject of the special arrangements, which have not yet been fully disclosed, through the agency of the Canadian Commercial Corporation. As a result of the combined activities that were carried out, the contracts were fulfilled.

The next important stage in these proceedings after these ships were delivered follows as a result of the occupation of the Chinese mainland by the communist government which is now in power. As a result of that an application was made for the incorporation of the Ming Sung Industrial Company of Canada Limited, which company was incorporated on March 13, 1950. I have not the permanent board of directors, but the provisional board of directors are shown in the record; and the solicitors filing the application were Duquet and MacKay of Montreal. That company was organized to take over the ownership of these ships now operating in the China sea, from Hong Kong to Macao to Canton, in the circumstances indicated.

An interesting point is that the head office of the company is shown as Charlottetown. However, inquiry by telephone in Charlottetown produced the report that the telephone company has not heard of this company, which has no telephone number there. What operations are being carried on in Canada by the Ming Sung Industrial Company of Canada

Limited of course are not yet disclosed, other than the operation of these ships in that area. Another interesting point is that when an inquiry was made as to the activities of the Ming Sung Industrial Company of Canada Limited, apparently it was necessary to direct that inquiry to Hong Kong. While this is a Canadian company, evidently that was the place where the information could be obtained. And the information obtained there, such as it was, came from another subsidiary, the Ming Sung Industrial Company of Hong Kong Limited. So we see this combined picture of the company operating in communist China: the Ming Sung Industrial Company of Hong Kong Limited and the Ming Sung Industrial Company of Canada Limited, both taking the best possible advantage of the best of all possible worlds. Undoubtedly this is a very satisfactory transaction from the point of view of the company operating in the communist area and the company operating in Hong Kong and the company which has the advantage of a Canadian flag and exemption from the ordinary provisions of Canadian law.

Then when we come to the directorate of the Ming Sung Industrial Company of Canada Limited, these are the officers, though I certainly do not guarantee the pronunciation: Directors, Tso-Fu Lu, Hong Kong; Tomas S. J. Wang, Montreal; Chen-Chi Yang, Hong Kong; Shong-Sung Tong, Hong Kong; Y. C. James Yen, New York; R. G. Peers, Montreal, vice-president; R. D. MacKay, Montreal, secretary-treasurer. This is the company which now operates the service that has been described.

Undoubtedly it would be a matter of interest to learn whether the statements contained in the message received by the hon. member for Nanaimo (Mr. Pearkes) had yet been fully checked. I submit that the only statements contained in the letter which came from Hong Kong and which has been placed before this house which have not been fully proved are, first, the statement that there is a Russian captain in charge of one ship and, second, that munitions of war are being carried. It has been agreed by the government that this change of registry did take place last spring. The government have stated that they are aware trade is going on with Macao; and it is very interesting that the trade with Macao apparently began just after the Korean hostilities opened. At that time, of course, there would be obvious reasons which need not be explored, since they are self-explanatory, why certain facilities would be afforded at Macao which might not be available at Hong Kong, no matter how wide open the provisions were there at that time, and the provisions were sufficiently wide

open to call for criticism in the British House of Commons. That criticism has continued and has led to the announcement in London today by Sir Hartley Shawcross to which I have just referred. The government was fully informed in regard to the details of this transaction and in regard to the change of registry. There is an order in council dated Tuesday, May 16, 1950, which fully sets out the original arrangements for the construction of the ships, the advance of the money by the banks, the terms under which repayment was to be guaranteed, and also the setting up of the Ming Sung Industrial Company of Canada Limited. So the setting up of this Canadian subsidiary of the company which operates in communist China was not merely an ordinary commercial operation; it was fully approved and recognized by the government in that order in council. I would suggest, Mr. Speaker, that instead of reading this order in council to the house in full it be placed on *Hansard* associated with today's recorded debate. Otherwise I shall be called upon to read it in full, since it sets forth the full details of this transaction.

Mr. St. Laurent: It was tabled at the time.

Mr. Drew: I realize it was tabled, but there is a vast difference between tabling it and having it on the record in the context so that those who are seeking to follow the context may know what is in it. I am not questioning the propriety or the impropriety of tabling it. That act makes the information available, but it does not carry the information in a way that entry on *Hansard* does. If it is agreeable, I shall put it on *Hansard*.

Some hon. Members: Agreed.

Mr. Drew: The text of the order in council follows:

P.C. 2453

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 16th day of May, 1950

Present:

His Excellency

The Governor General in Council:

Whereas order in council P.C. 4690 of 12th November, 1946, made under the authority of section 22A of part II of the Export Credits Insurance Act, authorized the Minister of Finance on behalf of the government of Canada to give the guarantee requested by the government of the republic of China, as therein set out, of (a) the guarantee of the government of the republic of China of the payment by Ming Sung Industrial Co. Ltd. (hereinafter called "the Chinese company") of the cost of Canadian produced goods to be purchased by the Chinese company from exporters and the cost of Canadian services to be supplied to it to a maximum amount of $12,750,000 in lawful money of Canada to be advanced by Imperial Bank of Canada, the Bank of Toronto, and the Dominion Bank pursuant and subject to an agreement dated 30th day of October, 1946, between the

Chinese company and the said banks, and (b) the securities given by the Chinese company for repayment of the said amounts so to be advanced pursuant to said agreement;

And whereas pursuant to the said order in council the Minister of Finance did duly execute on behalf of His Majesty a guarantee in writing dated the 13th day of November, 1946 in the form so requested and authorized, a true copy of which is hereto annexed as schedule "A";

And whereas pursuant to and in accordance with the terms of the said agreement dated the 30th day of October, 1946, the said banks did each advance to the Chinese company the sum of $4,250,000, the said advances together totalling $12,750,000, the amount so guaranteed pursuant to the said order in council, which advances are repayable in accordance with said agreement in ten equal instalments on the 30th day of June in each of the years 1951 to 1961 inclusive with interest thereon at the rate of three per cent per annum payable on the last days of March, June, September and December in each year, which interest has been paid by the Chinese company up to and including the 31st day of March 1950;

And whereas the said agreement of 30th October 1946 contained a provision that in respect of the said advances and as a condition thereof and as additional security therefor, the Minister of Finance might require that the Chinese company execute and deliver to the said banks forms of assignment and hypothecation to be prescribed by the said minister of all the Chinese company's right, title and interest in or to any related contract specified by the said minister;

And whereas in pursuance of such requirement by the Minister of Finance and in the form prescribed by him, the Chinese company did by three instruments, duly executed and delivered by it and each dated the 5th day of May 1947, hereinafter called "the assignments", assign, hypothecate and pledge to the said banks as additional security for their said advances all right, title and interest of the Chinese company in or to certain contracts specified by the Minister of Finance between the Chinese company and Canadian contractors, namely, Geo. T. Davie & Sons Ltd. and St. Lawrence Metal and Marine Works Inc., for the construction and equipment of nine ships or vessels, and the said ships or vessels and all equipment, stores, material, parts, tools and furnishings in connection therewith;

And whereas the Minister of Finance reports that it is expedient in the interests of the government of Canada as guarantor under its guarantee aforesaid that the Chinese company and the said banks should enter into a supplementary agreement with reference to the said ships and vessels in the form hereto annexed as schedule "B", which has been executed as of the 10th day of March 1950 by the Chinese company and the said banks but has not been delivered and is held in escrow pending approval thereof by the governor in council; and

That since the date of the execution of the said supplementary agreement, the Chinese company has proposed that it will sell and transfer to Ming Sung Industrial Company of Canada Limited, a company incorporated under the Companies Act (Canada), hereinafter called "the Canadian company", seven of the said ships or vessels (now said to be in or near Hong Kong) and that they shall then be transferred to Canadian registry under the Canada Shipping Act and that the Canadian company shall execute and deliver a mortgage or mortgages thereof in form registrable in Canada in favour of the Chinese company for the amount of the purchase price, namely, $12,750,000 payable as to principal and interest thereon at the same times, in the same instalments and at the same rate of interest as the Chinese company's indebtedness to the said banks is payable as aforesaid, and that said mortgage or mortgages shall thereupon be assigned by the Chinese company to the said banks as additional security for the said indebtedness;

Therefore, His Excellency the Governor General in council, on the recommendation of the Minister of Finance, is pleased to order and doth hereby order as follows:

1. The said supplementary agreement dated as of the 10th day of March 1950 between the said banks and the Chinese company in the form hereto annexed as schedule "B" is hereby approved and the execution and delivery thereof by Imperial Bank of Canada, the Bank of Toronto and the Dominion Bank is hereby authorized and requested without prejudice to, or in any way affecting, the rights of the said banks or any of them under the guarantee of the government of Canada dated the 13th day of November 1946, schedule "A" hereto.

2. The said banks are further authorized upon the request in writing of the Minister of Finance to take from the Chinese company assignments of mortgages made or given to it by the Canadian company upon any of the said ships and to release or discharge any mortgage or mortgages so assigned upon the same terms and conditions as are set out in paragraph 3 of the said supplementary agreement, schedule "B" hereto, with respect to mortgages to be executed by the Chinese company in favour of the said banks.

3. Nothing done or purported to be done by the said banks or any of them in pursuance of the said supplementary agreement, schedule "B" hereto, or of this order, including, without limiting the generality of the foregoing, the taking, releasing or discharging of any mortgage or mortgages of any ships or vessels referred to in the said supplementary agreement, whether such mortgage or mortgages is or are made and given by the Chinese company to the banks or their nominee or is or are made and given by the Canadian company to the Chinese company and thereafter assigned to the banks or their nominee, shall prejudice or in any way affect the rights of the said banks or any of them under the said guarantee of the government of Canada.

4. In so far as the said guarantee of the government of Canada is concerned, the said banks or any of them shall be under no obligation to take any steps or proceedings to perfect, enforce, or realize upon the security of, any such mortgage or mortgages given or assigned to them or their nominee as aforesaid. If the said banks or any of them at the request of the Minister of Finance shall take any such steps or proceedings, the said minister is hereby authorized to agree to indemnify the said banks or any of them against all loss, costs, damages and expenses sustained or incurred by them or any of them in connection therewith.

A. M. HILL
Assistant Clerk of the Privy Council

The text of this order in council indicates that the government contemplated the transfer of these ships to the Ming Sung Industrial Company. I shall read a short extract from part of it to indicate the knowledge of the government at that time. It reads:

since the date of the execution of the said supplementary agreement, the Chinese company has proposed that it will sell and transfer to Ming Sung

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Industrial Company of Canada Limited, a company incorporated under the Companies Act (Canada), hereinafter called "the Canadian company," seven of the said ships or vessels (now said to be in or near Hong Kong) and that they shall then be transferred to Canadian registry under the Canada Shipping Act and that the Canadian company shall execute and deliver a mortgage or mortgages thereof in form registerable in Canada in favour of the Chinese company for the amount of the purchase price, namely, $12,750,000 . . .

That is all I intend to quote at that point. It will be seen that by this order in council the government not only indicated its acceptance of the Ming Sung Industrial Company of Canada Limited as the company to which these ships were to be transferred by a Chinese company operating in communist China, but in that very order in council it also provided for the registration of these ships under Canadian registry.

We then have this situation confronting us. The ships were sold. They were operated by the Ming Sung Industrial Company Limited, with head offices in communist China. It obviously became impractical for that company to operate these ships in waters where such naval vessels as were posted by the government of Chiang Kai-shek were operating, and whatever the purpose was, protection to operate in that area was accorded these ships by this transfer to Canadian registry and the transfer to a Canadian company with head offices in Charlottetown. These ships are not operating under Canadian masters, nor are they operating under masters who are British subjects. They are operating with Chinese crews, and they are operating into a communist controlled port. They are operating out of Hong Kong into Macao. The invitation of the Ming Sung Industrial Company of Hong Kong to examine the manifestos of these ships is meaningless as any evidence of security, because those ships can go to Macao, unload everything they have and then take on board a load of contraband which could be delivered to communist China.

I urge, Mr. Speaker, that when these facts are presented it shall not be suggested there is any implication that this government was consciously aiding an enemy in the receipt of supplies. On the other hand, we must examine the facts as they are. I submit that the unchallenged facts, completely ignoring the question as to whether there is a Russian captain—I must say that I do not know that a Chinese communist is any better than a Russian communist—the fact remains that the evidence is clear, with what we already know, that these ships have been accorded special privileges which would make it possible for them to carry materials that would assist the enemy, at a time when that enemy is sending its troops to fight our troops in Korea. I am not splitting words. I say "the enemy". The Chinese who are firing rifles and artillery weapons and manning the aircraft, if they are, which are attacking our men in Korea today, are Chinese sent by the Chinese government. We must act with full recognition of the reality of that grim truth.

Recognizing that truth, and with the sordid history of trading with the enemy under disguises of various kinds in the past, I suggest that this house would simply be carrying out the obvious course dictated by common sense and respect for the dignity of our flag if the special exemption accorded by this government to the Ming Sung Company and those ships were immediately withdrawn. For the reasons I have stated, and so that the house may be in a position to indicate its views simply related to that one act, which would be fully effective, I am presenting a resolution calling for the withdrawal of that exemption. In case anyone may say: But that deals only with the exemptions, may I point out that immediately the exemption is withdrawn these ships cannot operate any longer under the Canadian flag. The resolution is therefore drawn with a recognition of that fact.

I move, seconded by the hon. member for Nanaimo (Mr. Pearkes):

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

this house is of the opinion that the exemption granted under section 133A of the Canada Shipping Act by the Minister of Transport on May 12, 1950, to the seven ships or vessels owned by the Ming Sung Industrial Company of Canada Limited and registered under the Canada Shipping Act should be immediately withdrawn.

Right Hon. L. S. St. Laurent (Prime Minister): I believe that this is at least the fourth occasion, Mr. Speaker, when this matter of the operation of these ships built in Canada, and still of Canadian registry but now operating out of Hong Kong, has been discussed. I quite appreciate the interest hon. members have in the assertions that were contained in a circular letter addressed by a gentleman from Hong Kong on June 4 to certain members of this house, and to certain newspapers. We had heard from our trade commissioner that this letter was coming forward, and before the matter came up here I can give the house the assurance that I was as much concerned as any hon. member of this house has been since the matter was raised here.

I do not think it would be boasting for me to assert that I would deprecate as much as any person in this house anything that could

render more difficult the task of those brave young Canadians who are supporting the cause of the United Nations in Korea at this time, and who are having such distinguished, if you will, but dangerous military operations to conduct against personnel, including large numbers of Chinese soldiers, who are there, without its being possible to cast the least doubt upon it, with the authority of the present government of the mainland of China. Because this charge was a serious matter and was so regarded, it was gone into extremely carefully. I should now like to make a rather full statement of the manner in which the whole incident has arisen.

It will be remembered—and I do not think I will be contradicting any of the facts asserted by the leader of the opposition (Mr. Drew), although I think they will perhaps appear in a somewhat different light when the circumstances are taken into account—it will be remembered that these ships were a part of a certain number of ships that were being built here in Canada for foreign purchasers immediately after the cessation of hostilities. It will also be remembered that there was great anxiety in many quarters in Canada about the possibility of serious unemployment developing here after the cessation of the activities that had been so magnificent, so outstanding, during the war production period. At that time parliament, on the recommendation of the government of which I was a member, authorized loans to foreign governments for the purpose of enabling them to place contracts with Canadian firms. Some of those contracts were placed with firms in Canada, one of the firms being this firm at Lauzon, George T. Davie & Sons, Ltd., to which the hon. member referred as having at the time as its president one Andre Delagrave. The hon. member perhaps did not know that Andre Delagrave was the brother-in-law of the late Mr. Davie who had died in this automobile accident, and that he took that position in order to protect the interests of the Davie family. The lady mentioned—I am not quite sure of the name but I think it was Brenda Delagrave—

Mr. Drew: I must confess that I have sent my papers up to *Hansard*.

Mr. St. Laurent: In any event, the lady mentioned was the member of the Davie family that Mr. Delagrave had married and whose interests he was seeking to protect. That is, of course, neither here nor there. It is just a fact that explains how it was that George T. Davie & Sons, Limited, had as its president Andre Delagrave.

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These ships were built, and I understand that a good job of work was done and that they were put out in an extremely workmanlike manner for the special conditions of the trade in which they were to engage. At that time the arrangement that was made was that fifteen per cent would be provided in United States dollars—and United States dollars were not plentiful anywhere—by the purchaser who would borrow the rest from Canadian banks and would take an export credit insurance policy under the set-up that was established by this parliament for the purpose of enabling foreign buyers to provide work in Canadian plants. Then there was the guarantee of the government of China, but that was not regarded by our banks as sufficient, any more than was the guarantee of the government of France or the government of several other countries whose citizens were placing orders in this country. It was for that purpose, and because of that necessity, that parliament set up this export credit insurance scheme.

The ships were later transferred by this Ming Sung company, a Chinese company, to a company established in Canada which, as the hon. gentleman has said, had its head office in Charlottetown. Anyone who has had any experience over the last twenty years in the practice of law and in having to advise foreigners who were setting up companies in Canada knows why Charlottetown was frequently selected as the place to have the head office of a company. Before I came here I advised on the incorporation of a great many companies that had their head offices in Charlottetown, and I think there were offices there which were simultaneously the head offices of tens of different companies. That feature presented nothing surprising to anyone who had been familiar with the practice which was due to the fact that provincial corporation taxes were less onerous there than they were in some other jurisdictions.

The ships were transferred from the Chinese company to this company incorporated in Canada but having Chinese nationals as a majority of its directors. But that again was nothing surprising. All hon. members of this house who are lawyers know that it quite frequently happens that there are set up for clients residing abroad Canadian companies which have one, two or three Canadian directors but whose real directors, those who control the policy, are non-residents of Canada. The ships were transferred from the Chinese company to this Canadian company, and a mortgage on the ships was given to the Chinese company and transferred by the Chinese company to

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the banks as additional security. This Ming Sung company is a trading company that, from the information we had been able to secure, has been in existence for a long time and has a variety of trading interests in Asia. According to the information we got, it is a company that has always lived up to its contractual obligations and has always taken care of its debts as they mature. As a matter of fact, that is what has been done up to the present time with regard to the construction costs of all these ships.

We felt that it was desirable to make as secure as could reasonably be done the claim of the Canadian banks against the owners of the ships. In order to enable that to be done these ships were exempted from certain provisions of the Canada Shipping Act. The hon. gentleman inquires how it happens that in the list of exemptions that was tabled on the 1st of February this special one was not indicated. Well, that list is a tabulation made by the director of nautical services from the reports, or from the files, that come from various inspection districts, of which there are seven or eight throughout Canada. There is one in Vancouver, one in Quebec, one in Saint John and there are several of these steamship inspection offices to whom the owners of a ship which is not able to comply with all the requirements of the act make application for an exemption. A great many of these exemptions are granted throughout the year.

The director of the nautical services made up from his files a list of the exemptions that had been granted, and that is the list which was tabled in this house as sessional paper 124A-2 on February 1, 1951. How does it happen that he did not put this other one in? He did not put the other one in because it did not come through the ordinary channel of the district inspectors' offices.

This is something out of the ordinary. We have not a steamship inspector in Hong Kong, and there are not very many Canadian ships that are operating in foreign waters. There were not a very large number of ships built in Canada for the foreign trade.

This is a matter which had been handled here in Ottawa. I inquired, as the leader of the opposition is inquiring, why was this not in the list. It was not in the list because there was no file in that collection of files dealing with it, and as a matter of fact it is not required to be tabled until the end of this year. But it is true to state that it was not tabled at the very beginning of this session. The information about it is available and will be tabled almost at once.

Here I simply wish to make the statement that I was just as much concerned as anyone can be, and that I am satisfied so far that what has been done was done properly, though I would be happier if this exemption had been included in the ordinary list. There was no desire to withhold anything. There had been another exemption under another section of the Canada Shipping Act, section 406, I think, which is covered by an order in council passed on May 5.

These ships—we are talking about five now—were exempted, all seven of them, from the requirements of carrying radio operators. That was done by the order in council which names the ships, and which was tabled—it was passed on May 5, and was included in the monthly summary of orders in council tabled on June 14. In any event, it was disclosed at once because it was felt that it was the proper thing to do. Now, it may be that it will turn out it was not the wise thing to do, but at the time everyone would have considered that it was the proper thing to do. It was a method that was being taken to protect, in so far as we felt it reasonable to protect, the claims of the banks for the amounts they advanced, and to protect the Canadian taxpayer against the effect of the guarantee which had been issued under this insurance scheme of export credits.

Some days before the matter was raised in the house we received information from the trade commissioner that this circular letter, or something of that kind, was going forward, and was going to the newspapers. The trade commissioner said that he was going to check because the information was from a biased source, namely the China Coast Navigating and Engineer Officers' Guild, which was not too happy over the fact that any British ship was being allowed to operate without having its personnel of officers and engineers British subjects. It was a trade situation that was displeasing to the guild of China coast navigating and engineer officers, because it allowed Chinese subjects to take jobs which otherwise would have been exclusively reserved to British subjects; the commissioner said he was going to check the assertions that were made. When the matter was first raised in the house the explanation of the Secretary of State for External Affairs (Mr. Pearson) was that he was waiting for further information in that regard.

Well, now, the information we have up to the present time—we have not yet received positive information about what goes out of Macao, which is a Portuguese port, but the information we have with respect to Hong Kong is that nothing goes out of there that is on the list of embargoed commodities of the United Kingdom and its crown colonies.

There are things which are on our embargo list, which we do not allow to be exported from Canada to China, but we felt that if ships were operating on the high seas it would not be proper for us to determine what should be the policy of the port of a friendly nation, an allied nation, a commonwealth nation, with respect to commodities that it would allow to go to communist Chinese territory.

We feel that the government of the United Kingdom, the people of the United Kingdom, would be just as much concerned if there were materials under their control going to China that could be of any help to the Chinese against British soldiers who are fighting side by side with our sons in Korea. We think that we are not the only holy people in the world, and that there are others who have the same reaction to humanitarian and patriotic consideration that we have, and that it is proper for us to say what Canadian commodities will not be exported out of Canada to China, but that it is proper for the government of Hong Kong, the government of the United Kingdom in its crown colony of Hong Kong, to say what it considers can be exported out of Hong Kong toward China, without endangering the safety of the soldiers from the United Kingdom who are fighting alongside men from others of the United Nations in Korea.

With respect to Macao, Macao is a Portuguese port. Portugal is one of our allies in the North Atlantic treaty arrangement. I would imagine that though Portugal is not a member of the United Nations, because by the veto of the Soviet representative it has been kept out, it would be quite as much concerned as are we about support or comfort given to this aggression in Korea, because the North Atlantic treaty was formed for the very purpose of protecting North Atlantic countries against aggression. We think that by discouraging this aggression in Korea we are likely to be able to prevent aggression elsewhere. Because that is our position we are risking a great many Canadian lives and spending a great many millions of Canadian dollars.

Until we have evidence to the contrary, we think it is fair to assume that the Portuguese authorities at Macao would no more than the British authorities at Hong Kong willingly allow contraband to be carried by these ships into Chinese territory.

Mr. Drew: I did not want to interrupt the Prime Minister, but just so that he may help us in understanding this will he state why, if there is such confidence in what is being done at Macao, Macao is still on our own blacklist according to our records?

Mr. St. Laurent: I would not call a blacklist a list of countries for which export permits have to be obtained. I should not like it to go from this house that the attitude of the Canadian parliament is that our Portuguese allies under the North Atlantic treaty are on our blacklist. I do not think that that would be helpful.

Mr. Drew: Mr. Speaker, just a moment; Macao is quite different from Portugal proper. Macao is included in the list of these areas to which I have just referred, not Portugal or Portuguese possessions. It is the specific port of Macao that is mentioned, for reasons which I think the Prime Minister understands.

Mr. St. Laurent: The reason for this list is that we consider it preferable that no strategic materials get into that area. That is our view. We think that no strategic materials from Canada should get into that area. It may very well be that there would be no legitimate trade in them, but there is always the possibility of contraband. Though we on this side of the house do not agree with certain generals of our great allies south of the border that there should be a blockade of China, we do feel that all reasonable precautions should be taken to keep out of that area at this time such strategic materials as may be useful elsewhere. It is for that reason that exports to certain Asiatic countries cannot be made without permits.

The payments to the banks on these Chinese ships have always been regularly made, but that would not be a weighty consideration if in our opinion there were any serious grounds for thinking that the continuation of what is being done would in any way endanger any of our Canadian young men on the peninsula of Korea. That is being checked just as carefully as possible.

The hon. gentleman says, "You can tie up these ships by withdrawing the exemptions which you have granted." Probably that could be done. I imagine that the manner in which the Ming Sung Company has always conducted its operations would make it comply with any regulation that was effective in Hong Kong. Without transferring the registry of these ships to some other country they certainly could not operate with Chinese officers if these exemptions were withdrawn. I do not think that that should be undertaken lightly. I do not think it would be fair to the Canadian taxpayer to put him in the position of having to make good this guarantee unless there is more to suggest the possibility of wrongdoing than this circular letter from

a source which our trade commissioner describes as being biased. That does not mean it is dishonest, but one knows how easily rumours can get started and how easily they can be propagated.

I have not yet felt that our responsibility—I take it as seriously as any member in this house—to the men we are sending to Korea requires us to take that step without further evidence that there was more than a possibility of there being contraband carried to this area. The fact that we have certain commodities that we do not allow to go to China but which up to the present time have not been prohibited from shipment out of Hong Kong does not in my view justify us in withdrawing these exemptions which have been accorded. I think it would be an indirect attempt to say to the United Kingdom government that we think they have been or are being unwise in the kind of commodities that they allow to be loaded on ships trading out of that port.

All hon. members know that the British and the Americans, or some of the Americans, have not seen eye to eye as to the proper policy or the extent of applying restrictive policies to trade with China. Some people believe that there should be an armed blockade of China preventing all kinds of trade and traffic with that country. There are several hundred million Chinese in that territory, there are several hundred million in the other Asiatic countries, and I think it would be a sorry state for the western world if all those human beings were driven permanently into the communist camp. The policy that this government and our Department of External Affairs have been trying to follow is to bring about some kind of negotiated settlement of the Korean incident in the hope that it will not become necessary permanently to treat as belonging to the iron curtain part of the world those great Asiatic populations.

These are our views which are just as honestly entertained as are entertained the views of some of the citizens of our great American ally who think that there should be at once a complete naval blockade of China. I do not doubt the honesty of such views, though I do doubt their wisdom. In this regard, what has been done up to the present time by this government with respect to these ships is what I think any government from any party in this house would have done up to this time. Whether another government made up from another party in this house would at this time withdraw the exemptions that have been accorded I am unable to say. I do not think they would. From what we have been able to ascertain through these sources up to the present time I think it would be unwise to withdraw these exemptions and thus brand the owners of these ships as unreliable. If we branded them as unreliable and put them in the position where they cannot operate, it would be natural for them to say, "Well, you will just have to wait for your money". That again would not be enough to stop us from acting if there were any serious indication that harm to the cause of the United Nations and our men in Korea was being occasioned by the operations of these ships. But we must not lose our perspective. There is no doubt that Chinese troops are engaged in the operations in Korea, but there are between 400 million and 500 million people in China, and it is by tens of thousands that those who are engaged in warlike operations have up to the present time been counted. The rest of China is living; the rest of China is carrying on some part of its normal life; and I think there is justification for what has been up to the present time the view of the British government that it would be unwise to cut off trade in non-war commodities between Hong Kong and the mainland of China.

As to the ferrying operations to which the leader of the opposition referred, I am not in a position to give any information. Hon. members will realize that we do not attempt to put inspectors on these ships to see what they are doing. It is my understanding that Malaya is the place where Mr. Malcolm MacDonald is the governor. It may be that he would feel there are some Chinese Malayans or Malayan-Chinese whom he would like to see back on the mainland just as we would be quite happy to see anyone ferrying some who are here in Canada at the present time and to whom we would bid bon voyage if they were leaving to go back behind the iron curtain. That is one possibility. I do not know whether or not that is the real explanation, but I would not be surprised if the former high commissioner to Canada would perhaps feel that it would make his situation more comfortable if there were fewer of those who have any desire to go back to the mainland of China remaining under his government.

The hon. member referred to a press dispatch in which Sir Hartley Shawcross was said to have stated that the list of embargoed commodities out of Hong Kong to the mainland of China was going to be increased. We would welcome that. We have not the same opportunities for knowing the situation as have members of the United Kingdom government, but if they were to adopt the list of commodities that we have said will not be exported from Canada to China we

would be inclined to feel that it was at least confirming the wisdom of our selection. On the whole I prefer to believe that it would not be wise for us to adopt, vis-à-vis our partners in the North Atlantic treaty alliance, a holier-than-thou attitude.

Mr. Drew: Mr. Speaker, on a question of privilege, I wish to point out that no suggestion in my remarks was directed to criticism of the British authorities in Hong Kong.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Drew: Nor was anything that I said suggestive of a blockade, nor did anything that I said indicate that we were taking any action in relation to the Chinese government, no matter what we think of it. I would point out what I was proposing was that a very special exemption be withdrawn from a Canadian company. The government of China would have absolutely no right to complain if we issued such directions to any Canadian company we saw fit, and that is what I am suggesting.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, in rising to support the amendment moved by the leader of the opposition (Mr. Drew) that this house is of the opinion that the exemption granted under section 133A of the Canada Shipping Act should be removed from the seven vessels owned by the Ming Sung Industrial Company, there are certain points that I should like to bring to the attention of the house which I think emphasize the importance of taking action now and not delaying until further reports may be gathered. I suggest there is sufficient evidence at the present time to justify withdrawing the exemption. I am not surprised that the Prime Minister (Mr. St. Laurent) admitted concern over these very unfortunate circumstances that have arisen in connection with this trade. I am sure that we are all concerned about this matter because it may directly influence the course of the operations in which our troops are taking part in Korea at the present time.

Far from being any holier-than-thou attitude, the leader of the opposition was merely recommending taking reasonable precautions against the firm operating these vessels under the Canadian flag. The Prime Minister referred to the fact that this matter had been before the house on four occasions. The previous occasions were when the house was in committee of supply dealing with various estimates, and hon. members may not have had the opportunity then of expressing their opinions as to the correctness of the course recommended in the amendment. Considerable emphasis has been laid upon the fact that the letter I received from Hong Kong was sent to other people. The letter was addressed to me personally. I can hardly call it a circular letter. I did not know that anybody else had received it when I first raised the matter.

It was stated that those who had sent the letter were biased. They are vitally concerned with the matter being a guild or union of responsible ships' officers who have been employed in the navigating and engineering services of vessels plying in the China seas. I am prepared to accept their opinion just as readily as I will accept the opinion voiced by the Chinese officials of this Chinese company who, I must also point out, would be equally biased. This morning I rose before orders of the day were called to point out that I had received a cable from Hong Kong this morning in which confirmation was given of the statements that had been made in the letter. This certainly is not a circular letter; it is a cable addressed to me at the House of Commons, Ottawa:

Reference Canadian flagged vessels trading locally. Confirm strategic cargoes loaded Macao for Canton.

It is signed by the China coast guild. There is confirmation of the statements previously made in the circular letter of June 4. The Prime Minister (Mr. St. Laurent) referred to the fact that the Ming Sung Industrial Company were always able to take care of their debts. Well, at the present moment they are engaged in a very lucrative trade. The fact that this trade is lucrative is borne out by figures in the last edition of *Foreign Trade*, published under the authority of the foreign trade service of the Department of Trade and Commerce, under date of June 16, 1951. These figures show the increase in trade between Hong Kong and various countries in the first quarter of this year over a similar period a year ago. At page 1066 under the caption "Hong Kong trade is largest with China" we find this statement:

Trading returns for the first quarter of 1951 reveal significant changes in the relative importance of Hong Kong's traditional partners, when compared with returns for the same period in 1950. The following table, in terms of millions of Hong Kong dollars, indicates alterations in the proportion of the colony's trade enjoyed by certain countries.

The table shows China and in brackets "including Macao"; and it is rather significant that Macao should be linked so definitely with China here. In the first quarter of 1951 the total trade with China is given as 1,028 million Hong Kong dollars, and the percentage of the total trade is 35·7. For the first quarter of 1950 the total trade with China including Macao was 512 million Hong Kong dollars, so in the last twelve months the trade has doubled. I am not going to quote figures for

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the other countries mentioned, but the final note of this paragraph is also rather interesting:

It is noticeable that trade with the United States, usually Hong Kong's second most important trading partner, has declined by 40 per cent. The drop is directly related to that country's embargo against China, and its rigid control over export shipments to Hong Kong.

When one considers that this Chinese company is carrying on a major share of the trade between Hong Kong, Macao, Canton and China, and that this trade has doubled in the past twelve months, it should be well able to take care of the interest on this debt, which was originally some $12 million.

It has been stated that this company has been trading in China for a long time. It has been pointed out that the headquarters of the company are listed as being at Chungking, China, with branches at a number of Chinese ports including Shanghai, Tsingtao, and so forth. Undoubtedly this company operates in accordance with the instructions given it by the Chinese government. It could never carry on its activities all through red China unless it adhered to those instructions; and I do not suppose there is the slightest doubt but that the Chinese government makes a very good thing out of the activities of this company. No doubt the ordinary taxes would be imposed; and I think it is a pretty well known fact that in addition the handouts given by trading companies to Chinese governments of the past have been on a pretty generous scale.

Another point of interest, which I think should emphasize the necessity of taking action now, is this transfer or repatriation of Chinese communists from other parts of Asia. It will be recalled that in the letter read to the house on June 15 by the Minister of Trade and Commerce, addressed to the Hong Kong representative of the government by Mr. C. C. Yang, a member of the Ming Sung Industrial Company, he gave the routes being followed by the various vessels:

Our vessels in trade: Hong Kong—Macao, passenger and cargo; Hong Kong—Macao—Canton, passenger and cargo; Hong Kong—Canton, passenger only; Hong Kong-Canton (nonscheduled service).

Overseas Chinese sent back to China from Malaya, Indonesia and sometimes cargo.

It is rather a coincidence that in the Associated Press dispatches coming from Singapore last Monday we are told:

Glittering promises and come-back-to-China groups are luring hundreds of wide-eyed Chinese students from Singapore to communist China.

The prospect of becoming leaders of the masses . . . is held out to the youngster. Police have located undercover rings specializing in this work . . . .

[Mr. Pearkes.]

The situation was dramatized by the pick-up in Hong Kong recently of six Chinese school girls from prominent families . . . .

Propaganda cells work in schools and social organizations that glorify red China, police said. At the same time, alluring letters from students already in China are bait for new converts.

So that when you read that in conjunction with the report from *Foreign Trade* read by the leader of the opposition, in which it mentioned that one of these vessels the *Chien Men* is carrying Malayan Chinese repatriates to the mainland of China, it is quite obvious the type of the repatriate who is being taken back. No one would be so naïve as to think that communist China would permit anything but communists to return to China. Canton has been in the hands of the Chinese government now for the past two years.

There is one other point which I wish to bring out, and that is in connection with the statement made by the Minister of Transport (Mr. Chevrier) when he was giving the reasons for granting the exemption. On page 4172 of *Hansard* for June 15 this statement is made:

It was also stated that there were no British officers, mates or engineers available, and that the only officers, mates and engineers available were those of Chinese nationality.

This was referring to the time the exemption was given, which was in April of 1950. It is rather difficult to reconcile that statement with the statements which were being made in the spring of 1950 by the Minister of Transport, who was pointing out that it had become necessary to reduce the Canadian merchant marine. Many ships were being sold out of the Canadian flag, and a policy was being adopted of reducing the number of vessels we had to little more than a skeleton fleet. On page 2236 of *Hansard* for May 5, 1950, the Minister of Transport made the following statement in speaking on his estimates:

In passing, however, I might remind the house that Canadian costs of operation are about double British costs, and in order to maintain the Canadian shipping industry it was decided to permit owners to transfer to United Kingdom flag.

A little later he said:

At the time of such statement there were 174 Canadian owned ocean-going vessels. Two were sold since that date . . . transfers to United Kingdom flag have been approved in respect of 93 ships, and transfers in respect of 23 ships are still pending.

It will be recalled that the government policy announced about that time was that a subsidy would be given to maintain a fleet of Canadian-owned ships, I think it was about 40 vessels. This was a large reduction from the 200 odd merchant vessels we had during the war. In order to encourage merchant seamen to find other occupations, the Minister of Veterans Affairs at that time

introduced a system of extending vocational training courses to members of the merchant marine. Surely that indicates that there was no dearth of Canadian seamen at the time this exemption was being granted. The minister has not told us what steps he took to find out whether or not there were Canadian or British officers, mates and engineers available. I wonder whether he relied entirely on the word which had been given, no doubt by the Ming Sung Company.

With these facts before us, the fact that even now there should be no shortage of Canadian seamen available and anxious to find employment, the fact that it has been proven beyond doubt that material which may easily be of strategical value to the enemy is passed by these ships into communist held ports, the fact that there is a movement of Chinese communists from other ports in Asia being transported by these vessels into communist China, who may be used as leaders in various walks of life and perhaps in the armed forces which are now in operation against our own men, I feel that there is no time to be lost. It would be an exceedingly wise precaution to withdraw this exemption from these vessels now. The Canadian banks and Canadians may suffer financially a little bit. It used to be considered that $12 million was a large sum, but I do not think that $12 million is so huge a sum that it could not be taken care of by the government if the government felt it was in any way obliged to refund that amount of money.

I repeat what I said the other day. I believe Canadians would rather lose that money than think that that money was derived by possibly helping the enemy. The evidence seems to me to be so clear that I repeat I think it would be a wise course to suspend the operations of these vessels by withdrawing the exemption which was granted. For these reasons, I am supporting the amendment moved by the leader of the opposition.

Mr. Howard C. Green (Vancouver-Quadra): There was one feature of the statement of the Prime Minister (Mr. St. Laurent) this afternoon which caused me great concern, and that was the fact that he seemed to place so little importance on the manner in which Canada gave these ships the privilege of using her flag. The Canadian merchant marine has a proud record. We have a very good Canada Shipping Act, designed for supervising the operations of that merchant marine. Yet if actions of this kind are taken to any extent, that Canadian registry will be in danger of being classified in the same way as we now class Panamanian registry. The Prime Minister knows that many ships were placed under the flag of Panama under conditions which certainly did not lead to an increase in the respect for that flag.

The Prime Minister (Mr. St. Laurent) has not dealt particularly with this section 133A of the Canada Shipping Act. If he will refer to it I am convinced that, being the great lawyer he is, he will realize that that section was never designed for a use such as that to which it has been put in this present case.

The section provides that the Minister of Transport may grant exemption from the provisions of four other sections of the Canada Shipping Act. One of those four sections contains the requirement that there must be a certified master and other deck officers; a second requires that there must be certified engineers; a third provides for the production of the master's certificate when he wants to get a clearance from the customs authorities in the various ports; and the fourth section has to do with clearance for a coastal trip. In respect of each one of those provisions it obviously was intended to provide for exempting a ship where no danger to that ship would follow. For example, the last half of this section 133A reads that the minister may grant these exemptions

> . . . if he is satisfied that that requirement has been substantially complied with in the case of that ship, or that compliance with the requirement is unnecessary in the circumstances of the case, and that the action taken or provision made as respects the subject matter of the requirement in the case of the ship is as effective as actual compliance with the requirement.

In other words, this section 133A is merely meant to provide that the minister may grant an exemption where, for example, the ship will be in no danger if an officer holding a certificate not up to the standard is in charge on that particular trip. That fact is confirmed by this list of exemptions which was tabled by the Minister of Transport early in the present session. Most of the exemptions dealing with officers of the ships provide for the carrying of a master with an inferior licence. There are a few which provide for the carrying of a master who has not a certificate, and I think there are two dealing with mates who have an inferior certificate. Then there are exemptions for engineers, chief engineers, second engineers and so on. That is the kind of exemption which was provided for by this section 133A.

There was never any intention that it should be used to enable Chinese ships or ships of any other nation to use the Canadian flag. I do not believe it was contemplated by a Canadian parliament that there would be action taken of this kind under which seven ships belonging to China have been allowed to use the Canadian flag. In effect,

they have been given a wholesale exemption. The result of the exemption given is that Canada has said: "Here, you can use our flag; and as long as you pay back this money, we do not care what else happens." I can see that the reason for that action was to make the repayment of the money more certain. But it is breaking down the Canadian shipping laws and taking away the value of the Canadian flag on a merchant ship.

While this fact that the ships are trading with communist China is to me a serious matter—and I do not want to leave the impression that it is not—the other serious factor, and the one which appeals to me, is that we have allowed the Canadian flag to be used in this way.

I suggest to the Prime Minister that he could get over the difficulty by allowing this company to register its ships in Hong Kong. Let them go under the merchant shipping act. If that is done, there can be from Hong Kong a direct control over the ships, a much better control than we can exercise from Ottawa. If, as the Prime Minister says, the owners of these ships are reliable businessmen, surely that would not endanger the amount of money that the Canadian government has tied up in this deal. The business-like way to handle the situation now would certainly seem to be to get these ships transferred from the Canadian registry. They are not Canadian ships. There is no reason at all why they should be classed as Canadian ships. The only thing Canadian about them is that they were built here; and they were put under Canadian registry for a purpose which was never contemplated under the Canada Shipping Act.

I urge upon the Prime Minister that he give consideration to having the ships transferred to the registry in Hong Kong, and in that way seeing to it that they no longer use the Canadian flag. Even if they have not already got into trouble, even if they have not already done things which have hurt the reputation of this nation, they are apt to do something like that in the days that lie ahead. There is still war going on in Asia. The Chinese government is still fighting the United Nations' forces in Korea. Sooner or later the fact that these ships are carrying a Canadian flag may bring great discredit to our nation. I urge upon the Prime Minister that steps be taken to have the ships transferred from the Canadian registry.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I want to add just a word to what has been said. There were two things said by the Prime Minister (Mr. St. Laurent) to which I wish to advert briefly. First of all, although the Prime Minister did not make a great point of it, he spoke of the money side; he spoke about the getting back of the money as being one of the reasons against taking the action suggested by the leader of the opposition (Mr. Drew). On that matter I just wish to say this. At the present time we are presumably spending millions of dollars every month in Korea for the purpose of protecting the lives of our own men; and it seems to me that if there is any appreciable risk of any added danger, we should not take that risk.

The second thing, and the one that I wished to stress more particularly was this. The Prime Minister seemed to suggest or rather he in fact suggested—and with considerable seriousness—that to take the action proposed, which after all is merely to withdraw a privilege which has been given, might really permanently turn against us the minds of hundreds of millions of Chinese not only in China but throughout the world. If that were true, it would of course be a dreadful and alarming thing. But I suggest to the Prime Minister that actually infinitely more serious things than that are happening at the moment. As he has said, we are actually fighting the Chinese in Korea. We are killing them and, alas, they are killing us. Therefore the suggestion that this withdrawal of a privilege from half a dozen ships, which I suggest 99·9 per cent of the Chinese throughout the world will never hear of, might prejudice our relations with those people to an extent even comparable with the prejudice which comes from the fact that we are now fighting them, is one that I confess I find to be extremely unconvincing.

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Adamson	Low
Beyerstein	Macdonnell (Greenwood)
Black (Cumberland)	MacInnis
Blackmore	McGregor
Blair	Murphy
Brooks	Noseworthy
Bryce	Pearkes
Casselman	Quelch
Coyle	Rowe
Drew	Shaw
Fair	Stanfield
Fairclough, Mrs.	Stewart (Winnipeg North)
Fleming	Thomas
Fraser	Tustin
Green	White (Hastings-Peterborough)
Hansell	Wright
Johnston	Wylie—36.
Jones	
Knight	

NAYS

Messrs:

Abbott	Howe
Applewhaite	Hunter
Ashbourne	James
Balcom	Kent
Bater	Kickham
Beaudoin	Kirk (Antigonish-Guysborough)
Benidickson	Kirk (Digby-Yarmouth)
Bennett	Lafontaine
Bertrand	Laing
Blanchette	Langlois (Berthier-Maskinonge)
Blue	Lapointe
Boisvert	Leger
Boivin	Lesage
Boucher	Little
Bourget	Macdonald (Edmonton East)
Bradette	MacDougall
Bradley	MacKenzie
Breithaupt	MacLean (Cape Breton North and Victoria)
Brown (Essex West)	Macnaughton
Bruneau	McCulloch
Byrne	McDonald (Parry Sound-Muskoka)
Cameron	McIlraith
Campney	McIvor
Carroll	McMillan
Carter	McWilliam
Cavers	Masse
Chevrier	Monette
Claxton	Mott
Cleaver	Mutch
Cloutier	Nadon
Cote (Verdun-La Salle)	Nixon
Crestohl	Parent
Croll	Picard
Cruickshank	Proudfoot
Darroch	Prudham
Decore	Ratelle
Dewar	Riley
Dickey	Rinfret
Dion	Robinson
Dumas	Rooney
Dupuis	St. Laurent
Eudes	Sinclair
Eyre	Sinnott
Ferrie	Smith (Queens-Shelburne)
Follwell	Stewart (Yorkton)
Fournier (Hull)	Stick
Fournier (Maisonneuve-Rosemont)	Stuart (Charlotte)
Fulford	Tremblay
Gauthier (Lake St. John)	Valois
Gauthier (Sudbury)	Viau
George	Warren
Gibson	Weaver
Gingras	Welbourn
Gosselin	Whiteside
Gour (Russell)	Winters—116.
Gourd (Chapleau)	
Gregg	
Helme	
Henderson	
Henry	
Hetland	

Mr. Browne (St. John's West): I was paired with the hon. member for Yukon-Mackenzie River (Mr. Simmons). Had I voted, I would have voted for the amendment.

Mr. Herridge: I was paired.

Mr. Huffman: I was paired with the hon. member for Haldimand (Mr. Catherwood). Had I voted, I would have voted against the amendment.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

POST OFFICE DEPARTMENT

318. Departmental administration, $951,541.

Item stands.

DEPARTMENT OF THE SECRETARY OF STATE

439. Departmental administration, $196,501.

Item stands.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

THE SCRIPTURE GIFT MISSION (CANADA) INCORPORATED

The house in committee on Bill No. 267, to incorporate the Scripture Gift Mission (Canada) Incorporated—Mr. Fleming—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Cruickshank: Mr. Chairman, I should like a little—

An hon. Member: A little light.

Mr. Cruickshank: I want to be very brief because I want these bills to go through. I should like a little information from the sponsor of the bill which he has assured me he has available. I presume that all these directors are residents of Canada.

Mr. Fleming: The residences of the incorporators are set out in section 1 of the bill. They are all residents of Canada with the exception of Mr. Henman and Mr. Johnson.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Objects.*

Mr. Robinson: Subsection (b) of section 4 reads as follows:

> For the advancement of Christianity to publish and circulate the holy scriptures and portions thereof, and for that purpose to sell or make grants of copies thereof, or of portions thereof, or extracts therefrom, to missionaries and others, to facilitate their dissemination, and for the purposes aforesaid to solicit and receive subscriptions, donations and legacies from the public.

I am quite sure that the sponsor of the bill probably had no part in its drafting, but I am

wondering whether the latter words of that subsection will be sufficient protection for the corporation if it should be granted incorporation. In legal terminology the word "legacies", in Ontario at least, has a rather confined meaning. It would seem to me that if the section is left as it is now there will be no possibility of this corporation accepting devises of real estate, for instance. Has the sponsor given any thought to that particular phase of the bill, and whether the wording should not be enlarged so as to enable the incorporators to accept devises of real estate and other things which to my mind would not be covered by the present wording of the bill? I thought that the bill might be allowed to stand while the sponsor considered the appropriate wording of an amendment which would allow this corporation to accept the widest number of gifts possible.

Mr. Fleming: I think if the hon. member will refer to section 9 of the bill he will see that that point is fully covered.

The Deputy Chairman: Shall the section carry?

Mr. Robinson: No, it does not carry. Section 9 of the bill deals only with the power of the corporation to acquire, purchase and hold real estate. There is another section of the bill, if the sponsor has read it, which refers to devises. I should think it would be very appropriate that the sponsor should give some thought to amending subsection (b) of section 4, which may very well curtail the gifts that this estimable institution may obtain in the future.

Mr. Fleming: The applicants for incorporation are satisfied with the form of the bill. Section 9 makes it quite clear that the corporation has power to receive lands, real estate and interests in real estate by way of devise.

The Deputy Chairman: Shall the clause carry?

Mr. Robinson: No, I do not think it should carry yet. Before leaving subsection (b) of section 4, I might say that I hope the sponsor of the bill is right in his interpretation that the corporation will not be precluded in the future from accepting gifts such as I have mentioned. In subsection (d) of the same section one of the objects is stated to be to administer in Canada the property, business and other temporal affairs of the corporation. At the present time is there a corporation which has property, business or other affairs, and will such property be transferred after incorporation to the new company? If so, I should like to know what property and what business the incorporators have in Canada.

[Mr. Robinson.]

Mr. Fleming: There is no corporation of this name at present. There is an unincorporated society which has been carrying on this type of work in Canada for the last eighteen years, and which is a Canadian offshoot of the parent society in England. The unincorporated society now carrying on work in Canada has no property at the present time. It has an office in Toronto; but a gift of land is being made to the society, and that is one reason for the application for incorporation.

Mr. Robinson: Subclause (e) mentions that one of the objects is to establish, support and maintain a publishing house for the purpose of printing and disseminating gospel literature for the support of the doctrines and faith of the corporation. I would like to ask the sponsor whether a publishing house is in existence in Canada at present, and what literature is being disseminated.

Mr. Fleming: There is no publishing house as such at the present time. The society has quarters on Spadina avenue in Toronto consisting of small office space. The society is dedicated to the work of disseminating the scriptures, usually in the form of gospels and portions. Last year in Canada, for instance, 353,409 portions of the gospels and booklets and portions from the holy scriptures were distributed in fifty languages.

Mr. Stick: What section are we discussing?

The Deputy Chairman: We are now considering section 4.

Mr. Stick: Have we passed the first three sections?

The Deputy Chairman: Yes; they have been carried.

Mr. Stick: It seems to me we are discussing the bill all over the place and not sticking to the section.

Mr. Dickey: I wonder if the sponsor would tell us whether the intention is to actually set up a printing establishment where this printing will be done, or is it simply the intention to set up an organization to prepare material and have the printing done outside their own premises under contract, or something of the kind?

Mr. Fleming: I do not believe any decision has been reached on that matter yet. The plans of the incorporators probably have not extended that far up to the present. It would be a matter for decision by the board of the new corporation as plans advance.

Mr. Dickey: I take it they have no facilities of that kind at present?

Mr. Fleming: No.

Section agreed to.

On section 5—*Power to make by-laws.*

Mr. Robinson: Has the sponsor compared this clause with clauses in similar bills; and if so, are these powers wider or of the same import as clauses in other bills of a similar nature?

Mr. Fleming: I think it will keep me sufficiently occupied answering for this bill without answering for other bills I may or may not have seen. All I can say is that as to bills designed for the purpose of incorporating religious organizations, I think this bill can be said to be in the usual form. The details of the powers set forth in section 5 I think are absolutely necessary and in good form.

Mr. Robinson: I will rest my comments on section 5 there, though I know my hon. friend would not do so if the bill were sponsored on this side.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—*Committees.*

Mr. Robinson: There seems to be some difference in meaning between section 6 and section 8. Section 6 reads:

Subject to and in accordance with the by-laws enacted by the corporation under section five of this act, the board of trustees of not less than six and not more than twenty elected by the corporation shall manage all temporal matters of the corporation.

Section 8, on the contrary, reads:

The corporation may exercise all its powers by and through such committees as it may appoint from time to time by by-law.

There seems to be a discrepancy between the wording of section 6 and that of section 8, and I am wondering if the sponsor would not feel easier in his mind if that discrepancy were cleared up. Again I suggest that the bill be permitted to stand until he has considered this point and perhaps introduced an appropriate amendment.

Mr. Fleming: I appreciate the unselfish solicitude of my hon. friend. I do not suppose I can convince him there is no discrepancy; however, if he will give due weight to the opening words of section 6 I think he will see there is no discrepancy such as the one he claims to have found lurking in the proverbial woodpile here. Section 6 begins with the qualifying words "subject to and in accordance with the by-laws enacted by the corporation." Section 8 makes provision for carrying on certain aspects of the work of the corporation by special committees appointed by by-law.

Mr. Robinson: I appreciate the very adequate explanation given by the hon. member, but section 6 mentions the temporal matters of the corporation. Can the hon. member explain what the temporal matters are, and how he distinguishes those from the powers mentioned in section 8?

Mr. Fleming: It will give me great pleasure to have a chat with my hon. friend later and explain what temporal matters are.

Mr. Robinson: Well, I do not feel I have had an adequate answer to my question.

Section agreed to.

Sections 9 and 10 agreed to.

On section 11—*Obligation to dispose of lands.*

Mr. Robinson: Subsection 1 reads:

No parcel of land or interest therein at any time acquired by the corporation and not required for its actual use and occupation, and not held by way of security, shall be held by the corporation—

Would the sponsor say what is the meaning of the words "not held by way of security"?

Mr. Fleming: The bill makes provision for the corporation to hold mortgages on real estate. That is one of the ways in which they may invest any funds available for investment. Lands "not held by way of security" would include lands not held by way of mortgage.

Mr. Robinson: Does the hon. member mean that for the words I have just quoted we could substitute the words "and not held under mortgage"?

Mr. Fleming: I am afraid the hon. member is putting an interpretation on my words which strains them. I think his alternative suggestion would somewhat narrow the language of the bill and in that way would be a detriment rather than an advantage, much as I appreciate his helpful suggestion.

Section agreed to.

Sections 12 and 13 agreed to.

On section 14—*Execution of documents.*

Mr. Robinson: I have something to say on this section with which I am quite sure my hon. friend will agree. It reads:

Any deed or other instrument relating to real estate vested in the corporation or to any interest in such real estate shall, if executed within the jurisdiction of the parliament of Canada, be deemed to be duly executed if there is affixed thereto the seal of the corporation and there is thereon the signature of any officer of the corporation duly authorized for such purpose, or of his lawful attorney.

It seems to me that the latter words of the section "or of his lawful attorney" are a departure from ordinary business practice.

I should think it would be usual in the case of most corporations to appoint two, three or more signing officers who can sign in one another's absence. It seems to me also that it is a dangerous precedent to allow a corporate officer to appoint an attorney. In fact, I may go further and say that I doubt if it is within the powers of a corporate officer to delegate his authority. I believe this clause should be amended so as to eliminate the latter words, and use the signatures of the principal officers of the corporation instead of a lawful attorney.

Mr. Fleming: It is a pleasure, Mr. Chairman, to see the way in which the hon. member has given careful study to this bill. I appreciate that he has done that out of recognition of the importance of the bill.

I have no doubt that the corporation will make adequate provision for the appointment of alternative signing officers. However, as to the concluding words of the section to which the hon. member has drawn attention, may I say that they are by no means unusual. If he will look at the next bill on the order paper, Bill No. 268, an act to incorporate the Polish National Catholic Church of America in Canada, section 14—

Mr. Croll: On a matter of privilege, I object to getting into the argument on this particular bill in any way at all.

Mr. Robinson: I assure the hon. member I have also examined Bill No. 268 with similar care.

Mr. Fleming: I simply draw to the attention of the committee the fact that the bill to which I have just made a very respectful and deferential allusion contains in section 14 the precise counterpart of section 14 of the bill now under review, including the words "or of his lawful attorney".

Mr. Robinson: I have no doubt there are many precedents in this file of documents which I have before me of similar language. The question which I asked the hon. member was this. As a practising lawyer in Ontario, does he not feel that these words in this bill are superfluous, and perhaps a derogation from established authority? If necessary I intend to move that the words "or of his lawful attorney" be eliminated from the bill. I would much prefer to merely make the suggestion and have the hon. member who is sponsoring the bill move the amendment.

Mr. Fleming: I believe, Mr. Chairman, the hon. member will agree that I am sponsoring quite enough now without taking on any amendments.

[Mr. Robinson.]

Mr. Robinson: Then may I move, seconded by the hon. member for Skeena:

That the words at the end of section 14 of this bill "or of his lawful attorney" be eliminated.

The Deputy Chairman: Order. The standing orders require that amendments be given to the chairman in writing. I understand the hon. member is now writing out his amendment. Before he sends it over may I say that I have heard it, and consider that it would be a rather important amendment. I should like to draw to his attention standing order 113 which says:

No important amendment may be proposed to any private bill, in a committee of the whole house, or at the third reading of the bill, unless one day's notice of the same has been given.

The amendment, therefore, would be out of order at this time.

Mr. Robinson: In answer to that, since the hon. member sponsoring the bill refuses to sponsor the amendment, perhaps he does not consider it important.

Mr. Applewhaite: Speaking to the point of order, I must admit Your Honour's decision is well taken. I might take a few moments of the committee's time to point out to the hon. member who has moved the amendment that he is not entirely debarred from his remedy. Citation 811 of Beauchesne says that it is the correct course, in all cases where it is necessary—

The Deputy Chairman: Order. If the hon. member wishes to make a suggestion to some other hon. member he must not do so on the section of a bill. I have made my ruling and the ruling is not debatable. The hon. member of course may appeal it, but it is not debatable.

Mr. Applewhaite: I would not appeal your ruling but might I, with deference, suggest that we might have had time to discuss the point of order.

The Deputy Chairman: The hon. member will agree with me that whenever an amendment has been proposed it is for the chairman to decide whether or not it is to be accepted. I have decided I could not accept it because of standing order 113. That ruling being made, and being based on a standing order which is very clear, I do not think I should ask the opinion of hon. members. A point of order is discussed at the request of the chairman when he has some doubts as to whether or not a certain amendment is in order. But when he has no doubt whatever, it would be useless to waste the time of the committee by asking the opinion of various members.

Mr. Robinson: Mr. Chairman, I do not dispute your ruling, and I assure you that I am merely trying to be helpful.

Section agreed to.

Sections 15 and 16 agreed to.

On section 17—*Investment of funds.*

Mr. Robinson: Section 17 reads as follows:

The corporation may also invest and reinvest any of its funds—

(a) in any bonds or debentures of any municipality or public school corporation or district in Canada, or in securities of or guaranteed by the government of Canada or of any province thereof;

(b) in first mortgages or freehold property in Canada and for the purposes of the same may take mortgages or assignments thereof whether such mortgages or assignments be made directly to the corporation in its own corporate name or to some company or person in trust for it, and may sell and assign the same;

(c) in any securities in which life insurance companies are authorized from time to time by the parliament of Canada to invest funds, subject to the limitation on investments in stocks, bonds and debentures set out in the Canadian and British Insurance Companies Act, 1932.

I feel that this is a most important section of this bill, in view of the provisions of section 4, which I previously drew to the attention of the committee and which provides that this corporation may accept subscriptions, donations and legacies from the public. I should like to ask the sponsor whether the provisions of section 17 limit the corporation to the same investments which would be authorized, say in Ontario, as trustee investments.

Mr. Fleming: Mr. Chairman, I think it is quite obvious that the provisions of section 17 speak for themselves, and will not admit of any derogation on the part of provincial legislation. However, with due regard for the importance of the language used in the section, I think the hon. member will agree it is highly important that the powers thereby conferred should be put to work. The powers in section 17 of the bill can be put to work only if the corporation really has funds to invest, and as its only source of funds for investment or any other use in connection with this work is, as the hon. member has indicated, by subscription or charitable donation, may I say to the hon. member that I, on behalf of the corporation, shall be extremely glad to receive his subscription so that we may put these powers of investment to work.

Mr. Robinson: I assure the hon. member that I shall be glad to forward a subscription. But at the same time my question has not been answered by any manner of means. I asked a direct question, namely whether the sponsor has examined the terms of section 17 to ascertain whether the subscribers to this corporation will have the same treatment as is afforded to investors in trustee investments in the province of Ontario. I have taken that province as an example because I know it better than the others. But I think it is a perfectly fair question to ask the hon. member whether this company is limited to the trustee investments such as we know them in the province of Ontario.

Mr. Fleming: The limitation so far as the investment powers of the corporation are concerned is defined in section 17, not by the Trustee Act of the province of Ontario. I think it will be clear that the provisions of section 17 are not identical with those governing the investment in trustee securities on the part of corporations or trustees subject to the Trustee Act in the province of Ontario.

Mr. Robinson: Mr. Chairman, I must confess that I am entirely dissatisfied with the answer which has been given to my question on section 17. I should therefore like to move, seconded by the hon. member for Skeena, that the committee rise and report progress.

Motion negatived.

Section agreed to.

Section 18 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

POLISH NATIONAL CATHOLIC CHURCH OF AMERICA IN CANADA

The house in committee on Bill No. 268, to incorporate the Polish National Catholic Church of America in Canada—Mr. Croll—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

On section 3—*Head office.*

Mr. Robinson: I was wondering if it were necessary to have the wide powers as to head office that are requested by section 3 of this bill. Section 3, subsection 1, reads as follows:

The head office of the corporation shall be in the city of Toronto, in the province of Ontario, or at such other place in Canada as may be decided by the corporation.

I should like to inquire of the sponsor whether it would not be agreeable to eliminate the latter words of the section so as to keep the head office of the corporation in Ontario.

Mr. Croll: Mr. Chairman, that is a highly desirable recommendation, but I do not think I would suggest it to the committee. As a

matter of fact, it may be that the organization is considering Midland, and I would not want in any way to deprive that worthy city of having the head office of this fine corporation.

Section agreed to.

Sections 4 and 5 agreed to.

On section 6—*Management.*

Mr. Robinson: Mr. Chairman, I presume that the sponsor of this bill has now had some notice of the question which I intend to ask. Here again this section seems to me to be linked with section 8. Section 6 is similar to a section in the bill we were considering a few moments ago. Section 6 reads as follows:

> Subject to and in accordance with the by-laws enacted by the corporation under section five of this act, the board of trustees of seven members elected by the corporation shall manage all temporal matters of the corporation.

Section 8, on the contrary, reads as follows:

> The corporation may exercise all its powers by and through such committees as it may appoint from time to time by by-law.

On the previous bill I had, from a member of the legal profession, an answer to a somewhat similar question. I should like to know whether the sponsor of this bill considers my objection to be valid or whether he would prefer to have the sections stand as they are. I still feel that there is some discrepancy between the wording of the two sections, and that it would be advisable for the sponsors to consider them carefully before they insist on passing them.

Mr. Croll: All I can say, Mr. Chairman, is that I agree with the view of the hon. member for Eglinton with respect to the interpretation of this section. Since the committee has seen fit to endorse his view, I ask that it also endorse this section.

Section agreed to.

Sections 7 to 10 inclusive agreed to.

On section 11—*Obligation to dispose of lands.*

Mr. Robinson: I should like to have the views of the sponsor of this bill on the exact meaning of the words "and not held by way of security" in line three of section 11, subsection 1.

Mr. Croll: Mr. Chairman, I cannot add anything to what has already been said with respect to this section. It is in identically the same terms as the other one.

Section agreed to.

Sections 12 and 13 agreed to.

[Mr. Croll.]

On section 14—*Execution of documents.*

Mr. Robinson: Mr. Chairman, I was wondering if the sponsor of this bill, who was in the house when I was inquiring with regard to a similar section in the previous bill, would not agree to the elimination of the last five words of the section, namely "or of his lawful attorney"?

Mr. Croll: Mr. Chairman, I thought the hon. member's argument was extremely well made indeed but that it did not have much substance to it. I think that section 14 should stand as it is.

Section agreed to.

Sections 15 and 16 agreed to.

On section 17—*Investment of funds.*

Mr. Robinson: I should like to ask the sponsor of this bill whether this section protects the shareholders or members of the corporation to the same extent that the Trustee Act in Ontario, with regard to trustee investments, protects, for instance, the beneficiaries of estates.

Mr. Croll: Paragraph (c) is a new one that was added to these bills this year in view of the amendment that was made last year to the Canadian and British Insurance Companies Act. It was first incorporated in the United Church Act. It was felt that it gave the necessary protection as indicated by the hon. member for Simcoe East.

Mr. Hunter: I am not sure whether the sponsors have considered this paragraph, but it is usual for trustees or for those acting in a fiduciary capacity to go not over 50 per cent, or at the most 60 per cent, on first mortgages. While I am not suggesting that the people who are in this bill as the original incorporators are incompetent in any way, in view of the fact that they are acting as trustees, and will be acting as trustees of very large sums of money in the future, I have no doubt, it has struck me that the sponsor may very well have neglected to investigate the very wide powers of investment in first mortgages which they have, and they may wish to have that restriction put in that is normally put in the powers of trustees, and which may just have slipped by. I would suggest that a percentage be inserted, and it would be a wise precaution.

Mr. Robinson: I should think that we should have an answer to the question that has just been asked. It goes to the root of the question that I asked previously.

Mr. Croll: This is a normal clause in all these bills. It was examined very carefully

in committee. We think it gives ample protection both to the public and to the incorporators. That is all I can say.

The Deputy Chairman: Shall the clause carry?

Some hon. Members: No.

Mr. Robinson: I do not feel that that is sufficient. For instance, the hon. member who has just spoken mentioned paragraph (b) which deals with first mortgages. But paragraph (a) deals with bonds or debentures of any municipality or public school corporation or district in Canada, or in securities of or guaranteed by the government of Canada or of any province thereof. I would not like to be dogmatic about it, but I doubt very much whether under our trustee investment laws in the province of Ontario it is possible to invest in the debentures of a public school corporation, and we are perfectly justified in asking why this corporation should have wider powers of investment than are allowed to corporations of a similar nature.

Mr. Croll: The powers are no wider than those which are normally given under these conditions, and time and again they have been endorsed in this house and as late as ten minutes ago.

Section agreed to.

Section 18 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF SASKATCHEWAN

The house in committee on Bill No. 337, to incorporate the Ukrainian Catholic Episcopal Corporation of Saskatchewan—Mr. Knight—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Knight: On a point of order, I think section 1 is carried.

The Deputy Chairman: Yes, section 1 is carried.

On section 2—*Head office.*

Mr. Knight: On Friday night the hon. member for Simcoe East was good enough to suggest that I should accept an amendment to this clause. At that time I was not able to hear him distinctly at this distance in the chamber, but in reading the matter over in *Hansard* I thought that the hon. member's suggestion was a very good one, and I thank him for it. I propose to take advantage of it. In doing this I may say that I have the assent of the parliamentary agent of the proposed corporation. The amendment affects clause 2, subsection 1, and would have as its object inserting after the word "place" the words "in the said province". Perhaps one of my colleagues would be good enough to move this amendment. Clause 2, section 1, would then read:

> The head office of the corporation shall be at the city of Saskatoon, in the province of Saskatchewan, or at such other place in the said province as may be appointed by the corporation.

If that suits the will of my hon. friend I shall ask my colleague to move the amendment.

Mr. Stewart (Winnipeg North): I so move.

The Deputy Chairman: Shall the amendment carry?

Mr. Applewhaite: Has it not just been ruled that at this stage in the committee of the whole an amendment to a section cannot be made?

The Deputy Chairman: At this point I must decide whether or not the amendment is material or important. I have heard the hon. member for Saskatoon read his amendment, and in the course of his remarks he said that he has the assent of the parliamentary agent. Furthermore, I consider that this amendment is not a material or important one and therefore I have decided to accept it. If the hon. member for Skeena and others consider that the matter is doubtful, I am prepared to put the question as to whether or not the amendment is important.

Mr. Applewhaite: Mr. Chairman, I have no intention of criticizing the ruling which you made. Doubtless you were justified in making it, but I gather you would consider it desirable that the practice should be as uniform as possible. May I say this with respect, and not by way of criticism. If the question whether or not a motion is important is the decisive factor as to whether or not it should be made at this time—I know the word "important" is in standing order 113—I would suggest that the question of its importance is one on which the house might on occasions at least see fit to make representations. In this case, sir, I am willing to accept wholeheartedly what I understand is your decision, that the amendment is not important.

Amendment agreed to.

Section as amended agreed to.

Sections 3 to 8 inclusive agreed to.

Private Bills

On section 9—*Execution of documents.*

Mr. Robinson: As the sponsor of this bill has been so kind as to move the amendment which I suggested a few days ago, I wonder if he will be willing to consider an amendment similar to those I suggested in connection with like sections in two other bills which came before us this evening. Section 9 reads:

Any deed or other instrument relating to real property vested in the corporation or to any interest in such real property shall, if executed within the jurisdiction of the parliament of Canada, be deemed to be duly executed if there are affixed thereto the seal of the corporation and the signature of any officer of the corporation duly authorized for such purpose or his lawful attorney.

As I have said on two previous occasions tonight, I believe the concluding words of the section "or his lawful attorney" are a departure from business practice as followed by most corporations. I believe it would be possible for the corporation by means of a bylaw to authorize two, three, four or more signing officers so that they would never be without an officer to deal with a matter of this kind. As I said before, I feel it is dangerous to allow an officer of a corporation to delegate his authority to someone who is not responsible to the shareholders or members of the corporation. I ask the sponsor of this bill, as I asked the sponsors of the previous bills, to agree to the elimination of the last four words of this section. I hope the sponsor will be as kind in this respect as he was in respect to section 2.

Mr. Knight: As my hon. and learned friend knows, these matters are beyond a layman and I can only quote two other authorities, the hon. and learned member for Spadina and the hon. and learned member for Eglinton, who have stated that this is the usual form of incorporation and that these words are customary. I appreciate my hon. friend's interest and sincerity in wishing to have this bill drawn up properly. As I said before, I cannot let my limited knowledge of the law accept the amendment unless it is endorsed by the legal firm who is looking after the interests of this corporation.

Mr. Robinson: I have no desire to put my hon. friend in any embarrassing position with respect to the wording of the section. This matter is of some importance and I suggest that it might be well to allow the bill to stand until the hon. member may have the advice of the solicitors as to whether they consider the amendment which I have suggested to be desirable. I suggest that the bill stand until my hon. friend has had an opportunity to obtain that advice.

[Mr. Applewhaite]

Mr. Gibson: I was wondering about this section and perhaps my legal friends can advise me. The section reads:

Any deed or other instrument relating to real property vested in the corporation or to any interest in such property shall, if executed within the jurisdiction of the parliament of Canada, be deemed to be duly executed—

What is the inference to be drawn from the words "executed within the jurisdiction of the parliament of Canada"? Probably the sponsor could answer that question.

Mr. Bryce: We did not hear what you said.

Section agreed to.

Section 10 agreed to.

On section 11—*Investment of funds.*

Mr. Robinson: This section is considerably broader than the sections in the two bills we considered earlier this evening. The section reads:

The corporation may invest its funds, or any portion thereof, either directly in the name of the corporation or indirectly in the name of trustees, in the purchase of such securities as it may deem advisable, and also may lend its funds or any portion thereof on any such securities.

That is practically a blank cheque to this corporation to invest in any securities whatsoever and to lend its funds on the security of any securities whatsoever. I objected to the safeguards which were contained in the previous bills, but this section goes immeasurably farther than the sections in the previous bill. I consider it to be very broad and I was wondering if the sponsor could say whether that particular aspect has been considered and whether this section has been compared with similar sections in other bills.

Progress reported.

The Acting Speaker (Mr. Beaudoin): The house will resume the business which was under consideration at six o'clock.

SUPPLY

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

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Administration services—

217. Departmental administration, $398,452.

Mr. Black (Cumberland): Mr. Chairman, this is an important department affecting all of Canada, some parts more than others, and perhaps we should have a statement from the minister as to the main activities of the department last year and what is proposed for the current year. We have a large variety

of mines in Nova Scotia, more particularly coal, but gold and other minerals are found in small quantities. We have hopes of developing this phase of mining activity. Some hon. members have a particular interest in some of the items, and in the meantime perhaps the minister would make a general statement.

Hon. George Prudham (Minister of Mines and Technical Surveys): The branches of this department are the mines branch, the geological survey of Canada, the surveys and mapping branch, the geographical branch and the dominion observatories. The functions of these branches may be described briefly as follows: The mines branch undertakes in its laboratories the analysis of ores and minerals of economic interest, metallic, nonmetallic, radioactive and fuels, their production, processing, utilization and marketing, the investigation of metals and alloys and their properties and uses. The information thus secured is made available to the mining and metallurgical industries of Canada with a view to stimulating the production, use and export of the country's mineral wealth.

The geological survey of Canada carries on geological studies in the field and office designed to promote the discovery and development of Canada's mineral resources. The results of investigations are made available to prospectors and other interested parties in the form of geological maps and reports. It also carries on surveys using the recently developed airborne magnetometer. The branch provides, free of charge, identification of mineral specimens submitted by prospectors and the general public, and checks samples for radioactivity.

The surveys and mapping branch is made up of five divisions. They are as follows: Topographical survey, Canadian hydrographic service, geodetic survey of Canada, legal surveys and aeronautical charts, and map compilation and reproduction. Their main functions are as follows: The topographical survey division is the primary mapping organization of the federal government, and is responsible for topographical mapping on scales of four miles to one inch and larger, from both ground and air surveys. It carries out the surveys for the control of air photography, details topography from both ground surveys and air photographs, and prepares the resulting maps to the manuscript stage.

The Canadian hydrographic service is responsible for the charting of the coastal and inland waters of Canada, and for the study of the water levels on the great lakes and the St. Lawrence waterway. It carries out hydrographic surveys and investigations, and publishes charts, sailing directions, tide tables and other results of its work.

The geodetic survey of Canada provides a national system of precise triangulation and level control on which are based detailed topographical, hydrographic and other surveys. It provides control for air surveys in remote areas by means of astronomical fixations. The geodetic survey is currently co-operating with the national research council and the Royal Canadian Air Force in the development of shoran apparatus, and techniques designed to obtain geodetic measurements from aircraft.

The legal surveys and aeronautical charts unit carries out surveys of dominion land under the direction of the surveyor general. It is also responsible for the preparation of air navigation charts used in the "Canada Air Pilot", and for this purpose plots air photographs on scales smaller than four miles to one inch. It maintains a central distribution office for all maps prepared in the surveys and mapping branch.

The map compilation and reproduction division is the division which is responsible for the drafting of the maps produced by all divisions of the surveys and mapping branch, and for the printing of both maps and charts. To carry out this function it has specialized compiling, drafting, photographic and lithographic units.

The geographical branch is a comparatively new one, having been organized in 1947 with the objective of collecting and making available geographical data on Canada and foreign countries for the use of government and other interested organizations. It is currently engaged in the preparation of an atlas of Canada, and the compilation of geographical data on strategic areas in northern Canada and on the east and west coasts.

So far as the dominion observatories are concerned, the main observatories are located at Ottawa and Victoria, B.C. They are responsible for scientific studies in stellar and solar physics, in terrestrial magnetism, in gravity and seismology. From Ottawa Canadian standard time is broadcast over station CHU for the benefit of surveyors, aerial navigators and ocean shipping.

Mr. Herridge: When the estimates of the Department of Resources and Development were under discussion I asked a question with respect to the development of the surveys of the Columbia river basin in which my constituents and the people of British Columbia generally are interested. At that

time the Minister of Resources and Development advised me that I should direct my questions to the Minister of Mines and Technical Surveys when his estimates were before the committee inasmuch as there had been a transfer of funds after they had been voted in the estimates of the Department of Resources and Development. I should like to ask the minister if he can give this committee some information as to the drilling that is taking place along the Columbia river with a view to finding suitable foundations for dam sites, what has been the result of the drilling done to date, the various points at which it has been undertaken, and what dam sites are to be investigated in the current year.

Mr. Prudham: This department does not carry out any development work. We merely act in an advisory capacity to the Department of Resources and Development and the Department of Public Works. I believe the Department of Public Works is doing the drilling that the hon. member has mentioned. We have undertaken to compile eighty-eight map sheets for that area. Thirty-six are completed and some survey work only is completed on the balance. We have one geologist on the dam sites that the hon. member has mentioned.

Mr. Herridge: So far as drilling is concerned, should I direct my question to the Minister of Public Works when his estimates are under discussion?

Mr. Prudham: I believe so.

Mr. Adamson: I should like to ask the minister a question about the water levels on the great lakes. At the present time the water levels particularly of lake Ontario and surrounding waters are abnormally high. It is generally considered that they follow a certain cyclical trend. We used to call it the old seven year cycle or seven year sine. Three or four years of abnormally high water have rather upset all previous calculations, and it is causing a great deal of damage to the shore line. I should like the minister to say whether the geodetic survey has made any study of the level of the waters of the great lakes, and I would ask him whether he has any statement to make on the abnormally high water level which has persisted for a number of years.

Mr. Prudham: This department has taken levels through the hydrographic survey branch and has made the information available. That is as far as our responsibility goes.

Mr. Adamson: Is nothing done about run-offs? Is nothing done about the flow of rivers? Is nothing done about the flow of the Niagara river and the St. Lawrence river?

Mr. Prudham: I believe that comes under the water and power bureau of the Department of Resources and Development.

Mr. Adamson: That brings up the next question. Where does the Department of Resources and Development stop and where does the Department of Mines and Technical Surveys start? Where is the division of authority between the two?

Mr. Prudham: This is a technical department only; we do not do any development work. We carry out survey projects for other departments.

Mr. Adamson: That was the policy of the old department of mines; they did not do any development work. I remember the survey and prospecting parties going into the field, and the one thing they were afraid of was that they might find an ore deposit. I assume the minister is equally hopeful that they do not find anything of commercial value. All they want to do is chart the geology of the country. With respect to the geological survey, would the minister say how many parties are out this year, where they are; who is the chief of the geological survey branch and if possible who are the chiefs of the various parties?

Mr. Prudham: I think we can give that information when we come to the particular item if that would be satisfactory.

Mr. Adamson: That is perfectly satisfactory. Now I should like to ask a question with regard to the air survey. Would the minister say how much of the dominion has been mapped and what is the program for the coming year with regard to topographical mapping through the air survey? At the same time could he explain the "Canada Air Pilot", whether it is on a route basis or an area basis.

Mr. Prudham: The department tries to photograph from the air about 200,000 square miles a year. For the actual topographical mapping survey work we have about sixty parties in the field.

Mr. Adamson: That is, as distinct from the geological survey, there are sixty mapping parties? Are these all airborne, and how many personnel would be in this group?

Mr. Prudham: The average party consists of five or six persons, and they are usually transported to the remote areas by air and then left to do their survey work on foot.

Mr. Adamson: It is the old method of triangulation and ground survey; it is not done by aerial photography?

Mr. Prudham: These survey parties establish control points which can be related to the aerial maps.

Mr. Adamson: I would be interested to learn how much of the country is being mapped, because I realize there is a tremendous job to be done in mapping the country both topographically and geologically. In Canada we have pioneered in air mapping, and I wonder if the minister could say how much has been mapped, what is the furthest boundary north, how much it is expected will be done this year, whether we are mapping north of the tree line yet, whether we are mapping in the Northwest Territories, whether we are dealing with specific things such as river basins, and in short a general statement. I appreciate that the topographical mapping of the country presents the department with a tremendous job and I would like the minister to explain what is being done.

Mr. Murray (Cariboo): A great deal of topographical work has been carried out in the northern reaches of the Cariboo, some of it in co-operation with the Americans in Alaska. In our own district the work of photographing from the air is well in advance of anything the United States is carrying out on its side of the line. I happen to know that from conversation with some of the surveyors and I thought it would be of interest to hon. members.

Mr. Prudham: Practically all Canada to the remote north has been photographed and mapped by the trimetrogon system. They are now proceeding to photograph it by vertical photography, and relating it to the control points established by these topographical parties. About two-thirds of the photography by the second method has been completed.

Mr. Adamson: Has it been carried on north of the boundaries of the three prairie provinces? Have those provinces been mapped?

Mr. Prudham: The trimetrogon work has all been done.

Mr. Adamson: Those maps are available?

Mr. Prudham: They are available at eight miles to the inch only.

Mr. Adamson: There are no maps at four miles to the inch or one mile to the inch for that territory?

Mr. Prudham: Not yet.

Mr. Fraser: Has the air force helped in that work?

Mr. Prudham: The air force has been doing a great deal of that work. This year of necessity they have had to curtail their activity, and for that reason we are having to engage more private companies to do it.

The Deputy Chairman: Order. Since hon. members began putting questions to the minister on mapping, topographical surveys and so on, I have been examining the estimates. If it is the wish of the committee to have a discussion on item 228 now, let us do so, but if not let us pass the first item. Twice I have asked if the first item, departmental administration, is carried, and each time I am told it is not. Everyone is discussing mapping and topographical survey, a discussion which should take place on item 228. Let us carry the first item; the sooner we do so the sooner we will reach item 228.

Mr. Fraser: I thought while we were in the air we should finish it.

The Deputy Chairman: Perhaps we should come down to earth.

Mr. Murphy: Under this department is survey work carried on in connection with uranium?

Mr. Prudham: Yes.

Mr. Murphy: Would the minister tell the committee the extent of the work that has been carried on during the past year?

Mr. Prudham: That comes under a specific item, and I would prefer to wait until that item is reached.

Mr. Adamson: Under this item would the minister explain what facilities his department has in Ottawa? Some of the most efficient methods now being used in connection with our present mining development were developed by our scientists and engineers and chemists and physicists here in Ottawa, and I should like to know whether the ore dressing laboratories and other facilities of the old department are now under this department or whether they are under the Department of Resources and Development? I should like to know where the division is, because the work being done by these scientists and engineers in these laboratories has been pioneer work in ore development and ore treatment, not only in Canada but in the world.

Mr. Prudham: That all comes under this department now. We have a radioactive laboratory in the mines branch for the testing of radioactive ores and a laboratory under the geological surveys for the identification of minerals, in addition to these other laboratories which the hon. member has mentioned. We have the mineral processing division, the industrial minerals division, the fuels division, the physical metallurgy division and the minerals resources division.

Mr. Adamson: All these laboratories are situated in Ottawa?

Mr. Prudham: Yes, on Booth street.

Item agreed to.

Explosives Act administration—

218. Administration, operation and maintenance, $88,164.

Mr. Fraser: Does an individual have to have a permit if he has an explosive in his possession, that is for stumping powder and things of that kind?

Mr. Prudham: I see a provision for a two-dollar fee for individual permits, so I presume that is so.

Mr. Thomas: Before this item carries, will the minister tell the committee just how much control his department has over the storage of military explosives, shells and things of that kind?

Mr. Prudham: This department has no control over the storage facilities of the armed forces. If there should be an explosion, we would investigate the catastrophe with the armed force concerned.

Mr. Fraser: The minister mentioned a two-dollar fee for a permit. Does he mean to say that a farmer has to have a permit and pay two dollars in order to blow up stumps on his property? I do not think that is proper. The two-dollar fee would be for those who buy explosives in carload lots, and store them.

Mr. Prudham: There is no fee charged an individual doing that type of work.

Item agreed to.

Mines branch—

219. Mines branch administration, $70,093.

Mr. Follwell: I believe this is the item under which I should ask the question supplementary to the one asked by the member for York West concerning aerial survey mapping of the Northwest Territories. He received a rather sketchy answer, but perhaps it went as far as the minister was able to go at this time. Will the minister state just how much of the Northwest Territories has been mapped by aerial photography, and if there has been any particular aerial photography done in the Baffinland area?

Mr. Prudham: Is this item 219, Mr. Chairman?

The Deputy Chairman: Yes, item 219.

Mr. Prudham: I do not think the question relates to that particular item.

[Mr. Prudham.]

Mr. Follwell: The reason I asked it, sir, is that the item refers particularly to mineral resources investigation. I presume that would be investigation of mineral resources, but I could be wrong.

Mr. Murray (Cariboo): Under this heading, might I ask if there is any intention of reviving a provincial-dominion arrangement whereby trails and transportation facilities are opened up into new property? Some years ago the government of Canada contributed probably one-half to projects of that kind. I think it would be important to canvass the possibilities of reopening such an arrangement. In my own district a good many new mines were brought in as a result of the co-operative efforts between Ottawa and the department of mines at Victoria. In some cases private corporations were able to contribute something towards the building of a road into a new property. I believe that this properly comes under this heading, and I should like the minister to say whether he intends to reopen this provision?

Mr. Prudham: In answer to the member for Hastings South, may I say that the territory has been completely mapped by the trimetric system, and they are now proceeding with more detailed surveys. Some districts have been quite completely mapped, and others have not been. If there is any particular area the hon. member has in mind, we could perhaps give more precise information.

Mr. Follwell: The particular area I mentioned was the Baffinland area. Are there any aerial photographs available of that area now?

Mr. Prudham: Yes, Mr. Chairman, aerial photographs are available by the trimetric method.

Mr. Adamson: That is eight miles to the inch?

Mr. Prudham: Yes, eight miles to the inch. In answer to the hon. member for Cariboo, the development of roads into mining areas in the Northwest Territories would come under the Department of Resources and Development. This department would most likely be called in for advice and information on the geological prospects in the area before such a grant was considered.

Mr. Benidickson: I understood the federal government has associated itself with the province of Manitoba recently in connection with a mining road into a camp which I believe was called Snow Lake. How recently have any joint arrangements been made in that territory?

Mr. Prudham: That road was started by the old department of mines and resources. This new department has had something to do with the completion of the road, and I believe it is now completed.

Mr. Benidickson: What percentage of the cost of that road was borne by the federal government?

Mr. Prudham: I am sorry, but that information went to the Department of Resources and Development when the departments were divided.

Mr. Benidickson: During the past year have there been any requests from the province of Ontario for assistance in connection with the construction of the mining development roads?

Mr. Prudham: There have been general discussions with mining officials in Ontario, but no specific requests.

Mr. Wright: Do these mining survey parties carry the necessary instruments for the detection of uranium ore when making geophysical surveys and other surveys?

Mr. Prudham: Yes, Mr. Chairman, the parties carry detectors when they are in an area in which there are prospects of that kind.

Mr. Follwell: Will the minister state whether any investigation is being conducted by his department in regard to finding tin in Canada? Are there any known deposits of tin in Canada now that are of commercial value?

Mr. Prudham: Several prospects have been investigated but there have been no worthwhile results.

Mr. Wright: When these parties have been out, have they made any discoveries? Have any mineral claims been filed by survey parties from the minister's department during the past year, with respect to either uranium or other minerals?

Mr. Prudham: I do not know whether I quite understand the question. Does the hon. member mean to ask whether any claims have been filed as a result of our surveys?

Mr. Wright: Yes; by the department itself, not by individual prospectors.

Mr. Prudham: No. Any government official is barred from staking claims.

Mr. Wright: The department itself does not stake claims?

Mr. Prudham: No.

Mr. Wright: Do they present the information to Eldorado which is a mining company and which has an exploration department or subsidiary?

Mr. Prudham: Yes. The information that our parties gather is available to private prospectors, to provincial governments or to anyone who is interested in developing the resources.

Item agreed to.

Mineral resources investigations—

220. Administration, operation and maintenance, $1,622,676.

Mr. Bater: I should like to advise the minister that I am interested in the Lloydminster oilfield. I notice that in the sessional committee on railways and shipping owned and operated by the government, on Tuesday April 17, 1951, Mr. Donald Gordon, president of the Canadian National Railways was asked whether that heavy type of oil in the Lloydminster field is suitable for use in locomotives. Mr. Gordon's answer is as follows:

> Bunker C oil is used in our oil-burning locomotives; but diesel oil is used in our diesel operations. In western Canada our operations are almost entirely oil-burning. In fact, west of Edmonton we operate entirely with a converted type of oil-burning locomotive in which we use bunker C oil. I might say that we are concerned about the supply of bunker C oil and we would like to see a very much greater development at the Lloydminster field.

I should like to ask the minister if this is the department that might assist in the further development of that field, as this oil is so necessary for the use of the oil-burning locomotives.

Mr. Prudham: In our department we have a top-ranking authority on oil and gas in Canada in our director of scientific services. The department has made a geological survey of the Lloydminster area and has gone as far as it can in that regard. The information is available to anyone who is interested in exploration.

Mr. Murphy: This item is for $1,622,676, approximately $101,000 more than it was a year ago. It includes administration, operation and maintenance. Can we get a breakdown of those figures? There are apparently three different items.

Mr. Prudham: I would refer the hon. member to page 246. A complete break-down is given there. The salary allotment of this vote has been increased by $106,133. The remainder of the requirements have been reduced by $4,400, the vote as a whole being increased therefore by $101,733. With reference to salaries, although the number of positions provided for has been reduced by

sixteen, statutory increases and general salary increases recently granted make necessary the provision of the additional funds.

Item agreed to.

Mines branch—

221. Construction or acquisition of new equipment, $296,000.

Mr. Adamson: What new equipment?

Mr. Murphy: I asked a question a few minutes ago. Can the minister now make a statement under this particular item? He might give the committee the information his department has.

Mr. Prudham: Would the hon. member give me the question again?

Mr. Murphy: A few moments ago I asked about the number of surveys that were being made. I will ask a few more questions which the minister can answer at the same time. Is the department working in conjunction with any other department in making those surveys for radioactive ore and with what results? If the minister is in a position to state the areas in which prospecting has been carried on, we should like to know.

Mr. Prudham: No survey work is done under the mines branch administration. That is all chiefly laboratory work and research. I will try to answer that question under the geological survey item when it comes up.

Mr. Murphy: A minute or two ago the minister said that some of the survey parties carried equipment—I imagine that would include geiger counters—where there is likely to be uranium. I do not know, but I imagine that statement rather needs an explanation. I cannot understand how they could determine where there is likely to be uranium and where there is not likely to be uranium, because it has been discovered in most unlikely places. The minister should know, anyway.

Mr. Prudham: The general areas where these strategic minerals are likely to be found are fairly well plotted; and whereas the areas are not specifically known, they are generally known. When parties go into any of these particular areas, they go with the equipment that they think will be most useful.

Mr. Murphy: Pursuing that subject, I should like to ask another question. Would it not be possible for the survey parties to carry geiger counters in these unlikely areas or would that not be convenient?

Mr. Prudham: All parties that go into the radioactive areas of the Pre-Cambrian shield carry these geiger counters.

[Mr. Prudham.]

Mr. Noseworthy: I notice that, as shown at page 247, in this particular division there are 168 permanent positions and 237 temporary ones. Can the minister explain why that branch requires so many more temporary employees than permanent ones?

Mr. Prudham: This particular department has grown rapidly with the growth of radioactive research. Many of these employees are mill men and mechanics, and some of them are not the type that would likely become permanent. I think that is partly the explanation.

Mr. Noseworthy: Just how long does an employee require to be with the department in order to secure a permanent appointment?

Mr. Prudham: I understand that a branch of any department has to be established long enough to gain a certain standing with the civil service commission. Permanent appointments are decided by the civil service commission.

Mr. Noseworthy: The minister says "long enough". Will he specify just what "long enough" means?

Mr. Prudham: I understand that any portion of a department that is considered to be a permanent operation is eligible to have its employees established on a permanent basis.

Mr. Noseworthy: Does the explanation that the minister gives for this particular branch apply to all branches within his department? I computed that there are 745 permanent employees and 1,134 temporary employees in his department listed in the details of the services.

Mr. Prudham: This department has been in being only a very short time. I am told that the proportion of temporary employees in this department is no larger than in other departments of the government. I do not know that I can be any more explicit than that.

Mr. Adamson: This is a new branch dealing with radioactive ores.

The Deputy Chairman: We are dealing with item 221, construction or acquisition of new equipment.

Mr. Adamson: I am dealing with the second part of that item, investigations of radioactive ores.

Mr. Lesage: That is the heading for the next three items.

The Deputy Chairman: As it is shown on the resolution that I have before me item 221 has to do with construction or acquisition of new equipment, $296,000. Item 222 is

investigations of radioactive ores, administration, operation and maintenance $240,760. Shall item 221 carry?

Mr. Black (Cumberland): Before the item carries I should like an explanation of the large expenditure on new equipment in the two years, last year and this year. The amount of half a million dollars was expended or asked for, for the acquisition of tools and machinery and acquisition of research and scientific equipment. Last year the amount was $242,000. What is the nature of that machinery? Where is it used, and what class of work is it utilized for?

Mr. Prudham: This vote provides for the purchase of capital equipment items for use in the laboratories and machine shops, and for replacement of motor vehicles.

Construction of a new machine shop and stores building is well advanced, and it will be occupied during this fiscal year. A large part of the machine tool equipment in use in the old shop is obsolete and incapable of doing fine work to the close tolerances required for development of metals for defence purposes. Lack of space in the old shop prevented the purchase and installation of any new equipment. With the additional space and improved facilities provided by the new building, it will be possible to instal new, modern lathes, shapers, milling machines, grinders, et cetera and $50,000 has been requested for this purpose.

An amount of $242,000 has been included for the purchase of scientific apparatus and machinery for use in the laboratories, and ore dressing and metallurgical mills. Approximately $136,000 of this amount is a revote for equipment for which funds were provided in 1950-51 but which was not delivered in that year. The balance is for new equipment for research on improved ore dressing and metallurgical processes in connection with strategic minerals and metals for defence purposes.

Mr. Black (Cumberland): Where are these new buildings being located? Are they distributed in different provinces? Are any assigned to the maritime provinces, for instance?

Mr. Prudham: No; the new buildings are on Booth street here in Ottawa.

Mr. Black (Cumberland): The whole development is concentrated in Ottawa?

Mr. Prudham: Yes, that is right. There is a very good reason for that. At the present time they are working very closely with the Chalk River project and with the national research council.

Mr. Fraser: There is one question that I should like to ask. In the details on page 248 I find "memberships, $1,000". It has been increased by $200 over last year. What is that for?

Mr. Prudham: That amount is for the membership fees of the scientific staff in their various scientific societies and organizations.

Mr. Adamson: What are the societies and organizations? Has the minister a record of them?

Mr. Prudham: I have not a complete list, but there is the Engineering Institute of Canada and the Canadian Institute of Mining and Metallurgy.

Mr. Adamson: Does the minister know how much each of these gets?

Mr. Prudham: No; I have not the details here, I am sorry.

Mr. Murphy: I notice one item here, "sundries, $6,500". Last year it was $15,400. Can the minister explain the difference?

Mr. Prudham: That shows a reduction. The reason we are able to show a reduction there is that the new method of compiling the estimates made it possible to break the sundries item down into specific items a little closer this year.

Mr. Murphy: Did any part of the difference between $15,400 and $6,500 go into any other departments?

Mr. Prudham: No; it is allotted to specific items.

Mr. Murphy: Can the minister tell the committee any particular items that were left out this year to represent the difference? It is a little over a third of what it was last year.

Mr. Prudham: That item is smaller because we are not providing for so many unforeseen contingencies this year as last year. There is a good reason for that. The estimates are more specific this year, and probably a good portion of the money is allotted to specific items in a definite estimate. Probably a lot of this money is allotted to specific items.

Mr. Murphy: What does the item represent? Will the minister give some illustrations?

Mr. Prudham: This provision is for unforeseen expenses and contingencies not provided for in other primaries. Many of the costs chargeable to this item are expenditures for towel service, laundry, obtaining industrial water, gasoline samples and so on. A decrease of $4,500 is based upon recent experience and the intention to exercise the utmost economy.

Mr. Black (Cumberland): The item covering subscriptions, textbooks and other major library acquisitions is $8,500 this year as compared with $9,200 last year. What is the total investment in the library? Where is the library located? Is it open to the general public or only to the technicians and scientists of the department?

Mr. Prudham: The books referred to are available to the general public if they care to go to the Booth street office and inquire. This allotment covers the acquisition of reference text books for the mines branch library which services the department as a whole. The requirements for scientific textbooks do not diminish and the costs show a rising tendency, hence an increase in the allotment is required to cover greatly increased costs of binding and taking care of library acquisitions.

Mr. Adamson: Does the department support the Canadian Arctic institute and the Canadian astronomical society? I understand that both societies receive grants from the department and I was wondering whether that was done through this or some other department.

Mr. Prudham: I am told that if the Canadian Arctic institute is conducting a special project which this department thinks has merit we try to support it, but not on an annual basis.

Mr. Adamson: What about the astronomical society?

Mr. Prudham: Some of our scientists have membership, but not the department as a whole.

Mr. Noseworthy: The first item on page 248 is $8,500 for overtime pay. What class of employee is paid overtime and what is the basis, straight time or time and a half?

Mr. Prudham: This item is to provide for the payment of overtime to prevailing rates employees as provided by order in council. The increase of $2,500 is due to an increase in the hourly rates of pay for prevailing rates employees, the urgency of work on defence requirements and the need to accomplish moving of machines to the new mechanical shops with a minimum of interference with production.

Mr. Noseworthy: I take it that none of these employees who come within the civil service would be eligible for overtime?

Mr. Prudham: I have not that information, but I shall be glad to get it for my hon. friend.

Item agreed to.

[Mr. Prudham.]

Investigations of radioactive ores—

222. Administration, operation and maintenance, $240,700.

Mr. Follwell: How many mines are producing scheelite, and has the government entered into any arrangement with them by way of subsidy or special payment?

Mr. Prudham: There is only one active mine, which I believe is owned by the Department of Defence Production.

Mr. Follwell: The department owns the mine?

Mr. Prudham: Yes.

Mr. Follwell: Is the department negotiating with any mines at the present time, apart from the one the minister speaks of, for the production of scheelite?

Mr. Prudham: No.

Mr. Follwell: Is there any special inducement held out to geologists or prospectors to go out and look for thorium and uranium? Just how is the quest for these metals handled?

Mr. Prudham: The development of radioactive ores is carried on largely by the crown company, Eldorado Mining and Refining Company. The incentive to contractors and developers is handled through that company.

Mr. Follwell: The minister is unable to answer my question with regard to special inducements that are offered.

Mr. Prudham: I am not able to answer that question.

Mr. Adamson: On many occasions I have been asked what happens when a prospector brings a piece of radioactive ore to the department. I have had several complaints that they did not seem to be particularly interested. A prospector may have a sample of ore from a deposit which he may or may not have staked. He gets a geiger counter reaction from the ore but is interested in finding out from the department how much uranium oxide there is in the sample. The percentage of uranium oxide in the ore indicates its value; it does not matter what reaction you get on the geiger counter. What is the procedure when a sample of ore is brought in to the department? What happens? And how is the prospector or developer informed about the value of the ore so brought in?

Mr. Prudham: When a sample is sent in it is given a geiger counter assay and the percentage of radioactive material is determined. This usually takes about a day. If the

hon. gentleman knows someone who has been brushed off I should like to know about it and have the hon. gentleman tell him to come around again.

Mr. Adamson: They were not particularly interested in stating whether there was a geiger counter reaction. You could probably get a radioactive reaction from a geiger counter in this chamber. It is the percentage of uranium oxide that is of value. Does the department make a report giving the percentage of uranium oxide? Does the department say: We have received the sample, we have assayed it, it has a certain percentage of uranium oxide in it, and we think you had better go out and stake the deposit? Or does the department say: This is a valuable deposit and we think you should turn it over to the Eldorado Mining and Refining Corporation? I should like to find that out because the development of radioactive ores and uranium oxide is one of the most important we can carry on at the present time in Canada.

It is not particularly attractive commercially. There is only one buyer. There is a set price, and it is not a simple thing for the average prospector to discover. He gets a reaction on a geiger counter and he says: I have a deposit of uranium. Frequently he has not, but the decision whether he has or has not is one that the department, through technical officers, can make for him, or at least tell him whether he should go on. I should like to know what happens when a man brings in a sample of ore. I know the geiger counter readings and I know what happens, but what I am interested in is whether the department tells him it is a certain type of rock, what he should look for, and advises him how to continue the development of a potential property.

Mr. Prudham: Both thorium and uranium are radioactive, and to have a complete analysis of a sample there would have to be a chemical analysis which would take longer. That would be done by the mines branch if it was thought the sample warranted that amount of work. It can be told by preliminary tests whether it is rich enough for chemical analysis. Chemical analysis can take as long as a month to complete, but that is done whenever the specimen warrants it.

Mr. Adamson: Can the minister say what percentage of uranium oxide they consider valuable?

Mr. Prudham: 0·50 per cent or more.

Mr. Adamson: Half of one per cent.

Item agreed to.

224. To provide for payments to McGill university in connection with the development of a coal-fired gas turbine, $75,000.

Mr. Follwell: The minister might give a report to the committee on the development of this coal-fired gas turbine. I understand that the Union Pacific Railway is using such a gas turbine on some of their lines running west to the coast. I am wondering if it would not be well to have a report as to what particular development is being carried on, and what progress is being made by this group at McGill university.

Mr. Prudham: An order in council was passed on November 4, 1950, authorizing the Minister of Mines and Technical Surveys to enter into an agreement with McGill university under which the university will be reimbursed for its costs in developing a coal-fired gas turbine in an amount not exceeding $125,000. The work of developing a prototype turbine will be carried out in the dynamics laboratory of the university under the direction of Professor Donald L. Mordell. A successful design is expected to reduce railway transportation costs and the costs of electric power developed from coal, and will assist the Canadian coal industry by widening its markets. At the present time I understand the project is still on the drawing board and they are not quite ready to start the actual construction of the experimental model.

Mr. Adamson: There is no prototype yet?

Mr. Prudham: No.

Mr. Black (Cumberland): I notice that this experiment is being carried on at McGill university. I would think that an appropriate place to have this undertaken would be at one of the colleges in the maritime provinces. The maritime provinces produce coal, and it is most necessary that there be a permanent market for the product. I would ask the minister if any such experimental work has been pursued in any of the maritime universities.

Mr. Prudham: In this particular case the job went to the man with the idea. Professor Mordell was the originator of this idea, and it looked so good that the department decided to back him on it. As he is a professor at McGill university the experiment is being carried on there. I think I can tell my hon. friend that if any similar good ideas come out of the maritimes we will be glad to look into them.

Item agreed to.

Geological Survey of Canada—

225. Geological survey administration and miscellaneous services, including the expenses of the national advisory committee on research in the geological sciences, $156,527.

Mr. Adamson: I should like to ask the minister to give me the number of parties who are doing surveys this year, who is the head of the service this year, and what districts the parties are in. I should like this information because I should like to know, and I think the mining people would like to know, what new maps can be expected in the forthcoming year. I should also like to ask what provincial governments are co-operating at the present time in this work. I know that the department of mines of Ontario is doing a similar type of work. What co-operation is being received from provincial governments and in what districts?

Mr. Prudham: This information has already been released to the press. The geological survey has eighty-eight parties in the field. Assessment of strategic minerals including tungsten, molybdenum, chromite and antimony, which are essential to Canada's defence program, will form an important part of this year's program of the geological survey. The work is to include further examination and mapping of the Quebec-Labrador iron region, mapping of areas believed to be favourable for the occurrence of oil, gas and coal, and examination of uranium-bearing deposits. The staff of the regional office established in Calgary last year will examine a great number of drill cores and cuttings available in that area to aid in the interpretation of the stratigraphy of the oil fields. Examination of glacial deposits including gravel, clay and sand, and the study of the ground water resources, will be extended to include the important industrial areas of Montreal and Vancouver. A special detailed study of the Sydney coal fields of Nova Scotia will be continued as an aid to the industry in planning further development of coal deposits. Parties have been arranged as follows:

Northwest Territories	7
Yukon	5
British Columbia	16
Alberta	11
Saskatchewan	5
Manitoba	6
Ontario	6
Quebec	7
Quebec-Labrador	4
New Brunswick	3
Nova Scotia	3
Newfoundland	7

In addition six geologists will be assigned to the strategic minerals investigation in various parts of Canada, and two to the investigation of radioactive minerals. The head of the department is Dr. W. A. Bell.

Mr. Kent: The minister said there were seven geological survey parties for Newfoundland. I wonder if he would say in what parts of Newfoundland that work was carried out.

Mr. Prudham: At Campbellton, there is one-mile mapping of base metal areas, and the same at Springdale. At Holyrood there is an examination of manganese deposits and stratigraphic studies. On the coast of Labrador there is reconnaissance relating to metallic minerals. In western Newfoundland there is examination of chromite deposits. At Terrenceville there is a continuation of geological mapping. In Ungava there is a detailed examination of the iron belt. At Willbob lake there is continuation of one-mile mapping of the iron belt, and the same at Griffis lake. At Grand Falls there is four-mile mapping of the iron belt.

Mr. Browne (St. John's West): Is the minister familiar with the bill recently introduced in the provincial legislature which would turn over to a corporation all the natural resources still ungranted? Will that affect the geological surveys the government is carrying on?

Mr. Prudham: I am not aware of the situation referred to by the hon. member, but it would not affect our surveys.

Mr. Sinnott: Would the minister be good enough to give us the location of the surveys in Manitoba?

Mr. Prudham: In southwestern Manitoba, continuation of four-mile mapping of drift cover and study of ground water resources; at Cranberry Portage, one-mile mapping of metal bearing areas, and the same at Elbow lake; at Churchill, stratigraphic studies relating to oil and gas, and the same at lake Winnipeg.

Mr. Browne (St. John's West): Who determines the areas to be studied by the geological parties? On previous occasions I have brought up this matter, and I am wondering why no party is investigating the west side of Placentia bay, which is highly mineralized and which has been recommended to Mr. Howse on many occasions for that purpose. I believe recently the premier of Newfoundland has become interested; still we cannot get a geological survey there. I wonder if the hon. member for Burin-Burgeo could use his influence with the government to have a party sent there. For many years crown grants have been made to people who have worked mines in that area, but without good geological reports it is impossible to

properly develop them. I wish the government would give consideration to placing a party in that field soon.

Mr. Prudham: These survey programs are always planned in co-ordination with the provinces so there will be no overlapping.

Mr. Browne (St. John's West): That would be with Mr. Howse down there?

Mr. Prudham: That is right.

Mr. Browne (St. John's West): Then I take it Mr. Howse has not recommended that any survey party should go to that area.

Mr. Prudham: We usually accept his recommendations, but we do not necessarily act in all cases on the recommendations of the provincial governments.

Mr. Browne (St. John's West): Can the minister say whether Mr. Howse has made any recommendation that a party should survey that area?

Mr. Prudham: We have not that information.

Mr. Riley: Would the minister let us know the location of the proposed surveys in New Brunswick this year?

Mr. Prudham: At Woodstock, one-mile mapping of metallic minerals and manganese deposits; at Bathurst, the same; at Fredericton, mapping of the drift mantle.

Mr. Follwell: I understood the minister to say there would be six geological survey groups in Ontario. Would he tell the committee where they will be operating and what they will be doing?

Mr. Prudham: The geological survey parties in Ontario will be working in the Ottawa area, survey of ground water resources; southwestern Ontario, stratigraphic studies relating to oil and gas; the same in the Niagara escarpment; in southwestern Ontario, collection of data on oil and gas wells; at Rice lake, continuation of mapping of the drift mantle.

Mr. Black (Cumberland): There are three such parties in Nova Scotia. The minister has given the particulars for the other provinces; I would like them for Nova Scotia.

Mr. Prudham: At Sydney, detailed study of the coal field; at Truro, one-mile mapping of industrial mineral area; at Stewiacke, mapping of drift mantle.

Mr. Fraser: A moment ago the minister mentioned Rice lake. Is that Rice lake, Ontario?

Mr. Prudham: Yes.

Mr. Browne (St. John's West): Is any aerial magnetometer surveying going on in Newfoundland this year under the auspices of the federal parties?

Mr. Prudham: No magnetometer survey work is planned for Newfoundland this year. The department has only one plane equipped for that purpose, and it is being used in areas where it is thought that strategic metals may be found.

Mr. Adamson: I was interested and pleased, I may say, to see that the department is doing so much work in connection with our ground water resources. I assume it is preparing water tables of certain areas of Canada. Having in mind the chronic water shortage in large areas of the United States, has the minister any information on the extent of the ground water resources and the lowering of the water tables in the prairie provinces and in southwestern Ontario? I know that the water table is going down, and it is causing some concern in certain areas. Is this condition general, and is the department in any way concerned over the destruction of our essential ground water resources?

Mr. Prudham: Our department is carrying out a study of the water resources, chiefly in Ontario and the prairie provinces. This action is taken in co-operation with the provinces, so there is no overlapping of such work.

Mr. Adamson: I know that the province is doing that work. As a matter of fact, I have some friends actually engaged in the ground water surveys at the present time. Is any information available? Are the ground water levels dropping? Is there any concern about our essential ground water resources? After all agriculture, and as a matter of fact life itself, depends on water. It is one of the most serious questions today in the Pacific coast area of the United States, particularly California. The destruction of the ground water resources in that area seriously jeopardizes the whole population.

Mr. Prudham: It is only within the last few years that we have started this type of survey. So far it has been conducted only in certain districts, and I have not got the complete results here. I can say that certain industrial areas are becoming concerned about the water supply, and the results of our survey show that they have reason to be worried.

Mr. Adamson: That is exactly the information which I believe the country should have before we reach the stage of a chronic lack of water. What does the department intend to recommend? Where are the districts which are already showing shortages of

ground water? Has the government, through the department, any suggestions for the preservation of this source of life? Large areas in the world have been destroyed through the destruction of the ground water reserves. I do not think anything could be more important than this work that the department is doing.

Mr. Balcom: Can the minister tell me whether any surveys have been made in Nova Scotia?

Mr. Prudham: In relation to water?

Mr. Balcom: Yes.

Mr. Prudham: No, there have been no surveys in Nova Scotia.

Mr. Adamson: Has any work been done on the Peel plain and the interlobate moraine in Ontario?

Mr. Prudham: Not specifically, Mr. Chairman. At the present time we are endeavouring to train a competent staff, and probably next year we shall be asking for a bigger vote for this purpose. I hope the hon. member will remember it at that time.

Mr. Adamson: I shall certainly support the minister. He mentioned some areas in which there is already a shortage of ground water. Can he say where those areas are? I believe it is important, particularly in planning defence construction. If a defence plant were built in a district in which you are going to have a shortage of ground water, you are going to add a tremendous burden of expense in the operation of that plant, in connection with housing and other ancillary operations. Can the minister say where there is a shortage of ground water at the moment?

Mr. Prudham: I am not prepared to say where there is a shortage. There is a special study being made of the Montreal area and the Ottawa area this year. The results are not yet known.

Mr. Black (Cumberland): I should like to have a statement from the minister with respect to the enormous iron ore bodies in Labrador. I understand there is one survey party making an examination of those ore bodies. What progress has been made, and what progress has been made in surveying the enormous ore deposits at Steep Rock in western Ontario?

Mr. Prudham: The department is making a study of the area, and making maps. We are working closely with the companies that are engaged in the development work there. The Ontario department of mines is carrying on a geological study of the Steep Rock area.

[Mr. Adamson.]

Mr. Black (Cumberland): Where do the minister's department and staff co-ordinate or overlap with the provincial departments of mines? Most of the provinces have mining departments of their own. He states he works in co-ordination with them, but where does the primary responsibility rest?

Mr. Prudham: That work is co-ordinated through committees that are set up. There is what is called a provincial mines ministers' conference. In some cases the provinces ask our department to make a general survey, and they carry out detailed studies of the ore bodies.

Mr. Black (Cumberland): Has the minister's department made a complete survey showing the tonnage of iron ore in the Labrador area and in the Steep Rock deposits? Has there been an estimate of the tonnage in those respective districts?

Mr. Prudham: This department does not carry out any drilling or any work that would prove up tonnages, but we do record the information that is gathered by the companies doing the development work.

Mr. Adamson: What about the geophysical work that is carried out under this item? How many of these survey parties are conducting geophysical surveys? I mention this, Mr. Chairman, because the modern method of prospecting is through the discovery of what are known as anomalies which are discovered by geophysical methods. They do not show that there is an ore body or they do not show that there is any particular type of ore there; but they certainly show that there is an alteration of the density of the rock underground and show a contact zone between the two different kinds of rocks which is generally a host condition to ore of various kinds. For instance, Lynn Lake I think was initially discovered almost entirely through geophysical methods. It is a method that is being perfected or is being largely developed by Canadian engineers and Canadian scientists. What are the department doing along geophysical lines and what are they doing with regard to geophysical work from the air?

Mr. Prudham: We have only one airborne magnetometer. As to Lynn Lake, I think the hon. member is mistaken. That survey work was done by ground work.

Mr. Adamson: Yes; but it was geophysical work.

Mr. Prudham: We hope to have our airborne magnetometer working in the eastern

townships this year. We still have to depend upon a supplementary estimate if we put it to work.

Item agreed to.

Surveys and mapping branch—

228. Surveys and mapping branch administration, $39,255.

Mr. Browne (St. John's West): I should like to ask the minister if he has any parties working on this work in Labrador this year.

Mr. Prudham: In Newfoundland we have a party working on a one-mile topographical survey in the Avalon peninsula southeast; a one-mile topographical in the Avalon peninsula southwest and also in the Harbour Grace district.

Mr. Browne (St. John's West): Has the minister anything in Labrador?

Mr. Prudham: In Quebec, New Brunswick and Newfoundland we have a one-mile topographical survey as a helicopter operation. We have a geodetic survey doing triangulation work in the Knob lake area, from Knob lake iron area to Fort Chimo and also an exploratory party establishing control areas in the Ungava peninsula.

Mr. Sinnott: It is definitely known that in the lake Dubonnet, Bird river and Cat lake area, there are large deposits of minerals. I should like to ask the minister if he will investigate and have this matter brought to the attention of the officials during this coming year?

Mr. Prudham: I think the mineral my hon. friend refers to is spodumene. At the present time, at the mines, branch experiments are being carried on with the mineral to determine its content.

Mr. Sinnott: There is plenty of nickel, copper and zinc in the same area.

Item agreed to.

Topographical surveys, including expenses of the Canadian board on geographical names—

229. Administration, operation and maintenance, $1,367,946.

Mr. Adamson: This is the topographical survey as distinguished from the geological survey. This is the survey giving the physical outline of the country. I should like to know how much of the country is mapped. A minute ago the minister said that apparently there was some distinction as to jurisdiction between the provinces and the Northwest Territories, and that the Minister of Resources and Development had the Northwest Territories and that the Minister of Mines and Technical Surveys had the provinces. At least that is what I gathered from his remarks. I assume that this topographical survey is being done eight miles to the inch, and that it is being done by aerial photographs. I should like to know how this is co-ordinated with the detailed maps of the Department of National Defence.

Mr. Prudham: The army survey establishment works co-operatively with the topographical survey. So far as this work is concerned, there are no provincial boundaries.

Mr. Adamson: Therefore you map the Northwest Territories through this survey?

Mr. Prudham: Yes.

Mr. Adamson: How far north have the maps been completed so far?

Mr. Prudham: So far, only in the Yellowknife area and in certain blocks north and northeast of the Yellowknife area.

Mr. Adamson: You followed the Mackenzie river and other water courses. Have you plotted river basins and drainage areas or have you plotted the northern limit of trees and the northern limit of certain types of vegetation?

Mr. Prudham: The whole area has been mapped by air photography but larger scale maps only have been produced so far in the areas that are highly mineralized and are likely to be available for immediate development.

Mr. Adamson: Those are topographical maps?

Mr. Prudham: Yes.

Mr. Adamson: And the maps are at the present time eight miles to the inch or four miles to the inch?

Mr. Prudham: Four miles to the inch.

Mr. Adamson: And it is the intention of the department to map an inch to the mile?

Mr. Prudham: Yes; in mineralized areas.

Item agreed to.

Canadian hydrographic service, including Canada's annual contribution of $5,750 to the international hydrographic bureau—

231. Administration, operation and maintenance, $1,575,902.

Mr. Follwell: I should like to ask the minister what is planned with regard to hydrographic surveys this year and how many boats will be used.

Mr. Prudham: The projects for this year are as follows: charting Newfoundland and Labrador by the ship *Acadia*; charting Newfoundland and gulf of St. Lawrence by the ship *Cartier*; charting Newfoundland and

Nova Scotia by the ship *Fort Frances;* charting Newfoundland and Nova Scotia by the ship *Kapuskasing*; charting Hudson strait and Labrador by a chartered vessel; charting British Columbia by the *William J. Stewart*; charting British Columbia by the *Parry*; charting the great lakes by the ship *Bayfield.*

Mr. Adamson: Have we a contour map of the ocean shelf along the Grand Banks? I mention this because the United States hydrographic board have recently intensified their work mapping the coastal shelf, particularly the Atlantic coastal shelf. Are we co-operating with them and mapping this shelf on a joint basis? Is there any work being done on the southern limit of perma frost? Will that come out of this item? Are we doing any work particularly along the shores of Hudson bay?

Mr. Prudham: Our department has not done any work in that area in recent years, but the joint defence planning board—I think that is the name—of the United States and Canada have a long range program. I believe that the United States navy are carrying on some work in that area at the present time.

Mr. Adamson: Does the minister's department co-operate with the United States navy and carry on joint surveys of the ocean shelf? It is very important not only from the defence point of view and the fishery point of view, but its importance is becoming more and more realized as the years go by, particularly with regard to the shore shelf of the oceans surrounding Canada.

Mr. Prudham: There is no official joint program, but there is a long range general program, and there is close co-operation between the two.

Mr. Adamson: I do not know whether it would come under this item but does the minister do anything with regard to the southern limit of perma frost and the depth of perma frost surrounding Hudson bay? Have any drillings been made with regard to the depth of perma frost, the intensity of perma frost and the southern limit of it on the continent? I realize that it is a comparatively new study, but it is one of the most important investigations that we can make.

Mr. Prudham: Both the geological survey and the dominion observatories are carrying out studies on perma frost this year. There is an investigation being carried on at Resolute bay.

Item agreed to.

[Mr. Prudham.]

Canadian hydrographic service—

232. Construction or acquisition of new equipment, $168,916.

Mr. Black (Cumberland): What is this appropriation for? I cannot help noticing, and I suppose other hon. members as well, that a great many votes are being asked for for construction or acquisition of new equipment. I mentioned one earlier. Just recently we called item 230, which had to do with the same subject, and hon. members on the other side of the house called "carried". I notice that some hon. members over there are more interested in having it carried than in obtaining information. I do not think anyone in the committee is disposed to hold up this minister's estimates, but when item 230 was carried it provided for $134,000 for the construction or acquisition of new equipment. The item which we have now called is for the construction or acquisition of new equipment and the amount is $168,916. Down below we have another item, item 237, which is for construction or acquisition of new equipment, and the amount is $135,335. Will the minister give some explanation of these large expenditures following other expenditures and probably others in previous years? Where are these acquisitions stored? What does the total amount to? I assume a tabulation is produced each year and kept by the department, and an inventory is kept, and the material is properly looked after, and not left out in the weather as we have heard happens with machinery that is purchased in the western provinces. We have heard complaints that farm machinery is purchased out there and allowed to be exposed to the weather and deteriorate. Can the minister give the committee some information?

Mr. Prudham: The item of construction and acquisition of new equipment is charged to each branch in the department, each being a separate item. This particular item, 232, has to do with Canadian hydrographic service. This vote is to provide mainly for the acquisition of equipment required for the charting of Canadian coastal and inland navigable waters, the investigation of tides and currents, and the preparation of plans and specifications for a new hydrographic ship for northern waters.

We had that item in the estimates this year, a vote of some two million dollars for a new ship which is very badly needed, but in the interests of economy we were asked to take it out of the estimates. We did. An item was left in the estimates for the preparation of the plans for that ship so that we can proceed when the money is available.

Item agreed to.

235. Legal surveys and aeronautical charts, administration, operation and maintenance, including a grant of $350 to the Canadian Institute of Surveying, and the expenses of the board of examiners for dominion land surveyors and payment of fees of B. W. Waugh, J. L. Rannie and J. E. R. Ross, members of the board, and A. W. Cole, secretary of the board, $548,907.

Mr. Fraser: Can the minister give us a little more detail here, because we have legal surveys and aeronautical charts? Then we have administration, operation, maintenance, and then we have fees. I should like to have it split up so that we shall know what it is.

Mr. Prudham: This vote is for legal surveys and aeronautical charts, including a grant of $350 to assist in printing the publication of the Canadian Institute of Surveying and Photogrammetry and $4,250 to cover the fees and other expenses of the board of examiners for dominion land surveyors.

The purpose of this vote is to maintain the legal surveys and aeronautical charts division which undertakes all legal surveys of crown lands in the Yukon and Northwest Territories, of national parks, and Indian reserves, and legal surveys required by the departments of the government of Canada; the preparation of electoral district maps; the plotting, preparing and maintenance of aeronautical charts of all kinds for civil and military purposes; the preparation of air flight manuals; the maintenance of a central distributing agency for charts, maps, plans and technical publications, and the maintenance of the central office for indexing, filing and recording survey returns and plans and supplying information from them. This vote also includes provision for the fees and expenses of the board of examiners for dominion land surveyors. In previous years this was a separate vote.

Mr. Fraser: That is the reason I asked it.

Item agreed to.

Map compilation and reproduction—

237. Construction or acquisition of new equipment, $135,335.

Mr. Black (Cumberland): We have the same item here again. What is it for? The minister did not answer my last question. What becomes of the machinery after it is acquired by the department from year to year? Is it kept under proper care and is an inventory taken from year to year? I am not going into what has been voted under this item in previous years as it runs into enormous sums for the acquisition of machinery, and so on.

Mr. Prudham: Because of national defence requirements and a general increase in our survey program, there has been an enormous increase in our mapping programs. This vote provides for the acquisition of map reproduction equipment. Because existing government map producing plants have proved to be inadequate in keeping pace with the demand for maps for civil and military purposes, and because they lack the facilities to produce the type of maps required today, consideration has been given to setting up a modern map production unit to handle all government map printing. With this end in view, the services of an independent expert on map printing were retained to make a survey of existing facilities and to make recommendations for an adequate plant. His report has been received and in it he recommends the equipment which should be acquired to bring about the desired improvement in map reproduction. The amount submitted in this vote is for the purchase of this new equipment.

I can assure the hon. gentleman that this equipment is well cared for. It is kept in central warehouses in various areas where it can best be distributed to the survey parties in the field.

Mr. Black (Cumberland): What is the total investment in machinery and equipment under this heading?

Mr. Prudham: I am sorry, but we have not a complete up-to-date inventory.

Item agreed to.

Geographical branch—

238. Geographical branch—administration, operation and maintenance, $240,711.

Mr. Adamson: Does the department co-operate with the American geographical society, which is probably the world's finest mapmaker. The present head of this society is a Canadian, which prompts my question.

Mr. Prudham: I understand that the geographical societies of Canada and the United States are private societies. There is no direct co-operation or co-ordination between our branch and those societies.

Item agreed to.

B—Dominion coal board—

243. Administration and investigations of the dominion coal board, $108,685.

Mr. Hansell: Are there any signs of large developments in the coal-mining area west of Okotoks and High River in the Priddis area, and south in Alberta? I am not asking that developments be carried on there because I know that a strip mine is turning out fairly good coal, but I do believe the possible development of this area has been somewhat over-expressed. The story has gone out that great things are about to happen in that area and I should like the minister to tell us

if that is so. I am inclined to think that that expectation is without very much hope.

People have been induced to invest money when perhaps the investment will not be to their benefit, at least for a long time. I do not know whether the minister has any information, but I think it is important that people should know whether they can expect any great developments if they invest their money. I recall two years ago a man came to me and said that a railroad was to be built into this area within sixty days. I said, "I am not a betting man, but I do not like the truth to be misrepresented. I am willing to bet you $100 that there will not be a tie or piece of machinery in there within the next six months, let alone the next sixty days". He said he had inside information. I said, "I do not care what information you have, put up your hundred bucks". He did not put up his hundred bucks, but I happen to know that others did put money in and, I am afraid, lost it. That is why I am asking the minister if he can state whether there is any expectation of great commercial development in that area.

Mr. Prudham: I have no information and I do not know of any prospective development.

The Deputy Chairman: Shall the item carry?

Mr. Black (Cumberland): I think we have made pretty good progress. This item is of importance to all Canada and I do not think we should rush it through. I have no criticism to offer of the work done by this board over the years; on the contrary, I pay it a great tribute for the work it has done in connection with the development of our coal areas.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will give third reading to Bill No. 381, to amend the National Housing Act; then Bill 390, respecting grants to municipalities; Bill No. 376, to authorize the Canadian National Railways to construct a railway from Sherridon to Lynn lake; Bill No. 392, respecting the Canadian National Railways and to provide for the refunding of financial obligations; and Bill No. 393, to authorize the Minister of Finance to meet certain capital expenditures and capital indebtedness of the Canadian National Railway system. We will afterward move to go into committee of supply and consider the estimates of finance, public works and secretary of state.

Mr. Fleming: In that order?

Mr. Fournier (Hull): Finance will be first.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Administration services—

217. Departmental administration, $398,452.

Explosives Act administration—

Explosives Act—

218. Administration, operation and maintenance, $88,164.

Mines branch—

219. Mines branch administration, $70,093.

Mineral resources investigations—

220. Administration, operation and maintenance, $1,622,676.

221. Construction or acquisition of new equipment, $296,000.

Investigations of radioactive ores—

222. Administration, operation and maintenance, $240,760.

223. Construction or acquisition of new equipment, $56,900.

224. To provide for payments to McGill university in connection with the development of a coal-fired gas turbine, $75,000.

Geological survey of Canada—

225. Geological survey administration and miscellaneous services, including the expenses of the national advisory committee on research in the geological sciences, $156,527.

Geological surveys, including an amount of $2,400 for Canada's share of the cost of the committee on mineral resources and geology, London, England—

226. Administration, operation and maintenance, $1,414,173.

227. Construction or acquisition of new equipment, $154,500.

Surveys and mapping branch—

228. Surveys and mapping branch administration, $39,255.

Topographical surveys, including expenses of the Canadian board on geographical names—

229. Administration, operation and maintenance, $1,367,946.

230. Construction or acquisition of new equipment, $134,000.

Canadian hydrographic service, including Canada's annual contribution of $5,750 to the international hydrographic bureau—

231. Administration, operation, and maintenance, $1,575,902.

232. Construction or acquisition of new equipment, $168,916.

Geodetic survey of Canada—

233. Administration, operation and maintenance, $661,935.

234. International boundary commission—administration, operation and maintenance, $59,274.

235. Legal surveys and aeronautical charts, administration, operation and maintenance, including a grant of $350 to the Canadian Institute of Surveying, and the expenses of the board of examiners for dominion land surveyors, and payment of fees of B. W. Waugh, J. L. Rannie and J. E. R. Ross, members of the board, and A. W. Cole, secretary of the board, $548,907.

Map compilation and reproduction—

236. Administration, operation and maintenance, $558,544.

237. Construction or acquisition of new equipment, $135,335.

Geographical branch—

238. Geographical branch—administration, operation and maintenance, $240,711.

Dominion observatories—

Dominion observatory, Ottawa, including membership fee of $500 to the international astronomical union—

239. Administration, operation and maintenance, $332,148.

240. Construction or acquisition of buildings, works, land and new equipment, $118,440.

241. Dominion astrophysical observatory, Victoria, B.C.—administration, operation and maintenance, $84,340.

General—

242. Payments to Royal Canadian Air Force and commercial companies for air photography, and to defray the expenses of the interdepartmental committee on air surveys, $1,340,000.

HOUSE OF COMMONS

Wednesday, June 20, 1951

The house met at eleven o'clock.

CANADA SHIPPING ACT

EXEMPTIONS UNDER PROVISIONS OF SECTION 133A

Hon. Lionel Chevrier (Minister of Transport): I wish to table a report showing certain cases in which ships were exempted under the provisions of section 133A of the Canada Shipping Act, 1934, from the obligation of carrying certificated masters, mates and engineers.

THE ROYAL ASSENT

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

Ottawa, June 16, 1951

Sir:

I have the honour to inform you that the Honourable Robert Taschereau, a judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Administrator, will proceed to the Senate chamber on Wednesday, the 20th June, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,

J. F. Delaute
Assistant Secretary to the Governor General

QUESTIONS

WHEAT BOARD—PROSECUTIONS FOR BREACH OF REGULATIONS

Mr. Diefenbaker:

1. How many prosecutions, by provinces, have been launched or commenced at the instance of the Canadian wheat board, for breach of regulations of the Canadian wheat board, in each of the years 1949, 1950, and 1951, to date?
2. What was the amount of the penalty, and the nature of the breach in each case?

Mr. McIlraith:

1. 1948-1949 Crop Year

Alberta

Charges laid:

One charge laid for delivery of grain in excess of quota.

Two charges laid for accepting delivery of grain in excess of quota.

One charge laid for discharging wheat from elevator.

Convictions:

One conviction for producer delivering grain in excess of quota. (Fine of $1 and costs.)

Two convictions for elevator agents accepting delivery of grain in excess of quota. (Fine of $10 and costs in each case.)

One conviction for elevator company having discharged grain from a licensed country elevator and storing it on the ground, the said grain being the property of the Canadian wheat board. (Fine of $100 and costs.)

Saskatchewan

Charges laid:

Five charges laid for delivery of grain in excess of quota.

Five charges laid for accepting delivery of grain in excess of quota.

Two charges laid for failure to enter deliveries in permit books.

Convictions:

Five convictions for producers delivering grain in excess of quota. (Fine of $1 and costs in four cases; $5 and costs in one case.)

Five convictions for elevator agents accepting delivery of grain in excess of quota. (Fine of $1 and costs in four cases and $2 and costs in one case.)

Three convictions for elevator agents failing to enter deliveries in permit books. (Fine of $2 and costs in one case and $5 and costs in two cases.)

Manitoba

Nil.

1949-1950 Crop Year

Alberta

Charges laid:

Sixteen charges laid for delivery of grain at wrong delivery point.

Sixteen charges laid for taking part in illegal delivery.

Two charges laid for failure to make entries in permit books.

One charge laid for taking part in delivery of grain at unauthorized point.

Convictions:

Fifteen convictions for producers delivering grain at wrong delivery point. (Fine of $5 and costs in each case.)

Questions

Sixteen convictions for elevator agents taking part in illegal delivery. (Fine of $10 and costs in each case.)

Two convictions for elevator agent failing to make entries in permit books. (Fine of $10 and costs in each case.)

One charge dismissed for producer delivering grain at wrong delivery point.

One charge dismissed for elevator agent taking part in delivery of grain at unauthorized point.

Saskatchewan

Charges laid:

Fifty-eight charges laid for delivery of grain in excess of quota.

Fifty-eight charges laid for accepting delivery of grain in excess of quota.

Two charges laid for delivery of grain at wrong delivery point.

One charge laid for making false declaration.

Twenty charges laid for failure to enter deliveries in permit books.

Eight charges laid for delivery from lands not named in permit book.

Three charges laid for counselling and procuring for delivery of grain at delivery point other than listed on permit book.

One charge laid for purchasing grain at delivery point other than specified in permit book.

One charge laid for accepting grain at delivery point other than specified in permit book.

Convictions:

Fifty-eight convictions for producers delivering grain in excess of quota. (Fine of $1 and costs in 14 cases; $2 and costs in two cases; $2.50 and costs in two cases; $8 and costs in seven cases; $10 and costs in twenty-five cases; $12 and costs in one case; $15 and costs in three cases; $20 and costs in three cases and $25 and costs in one case.)

Fifty-eight convictions for elevator agents accepting delivery of grain in excess of quota. (Fine of $1 and costs in fourteen cases; $2 and costs in two cases; $5 and costs in thirty-six cases and $7 and costs in six cases.)

Two convictions for producers delivering grain at wrong delivery point. (Fines of $2.50 and costs and $10 and costs.)

One conviction for producer making false declaration. (Fine of $1 and costs.)

Twenty convictions for elevator agents failing to enter deliveries in permit books. (Fine of $1 and costs in five cases; $2 and costs in two cases; $5 and costs in nine cases and $7 and costs in four cases.)

Eight convictions for producers delivering grain from lands not named in permit book. (Fine of $2.50 and costs in two cases; $5 and costs in one case, $10 and costs in one case; $25 and costs in three cases and $50 and costs in one case. Farmer served jail term rather than pay the $50 fine. One month jail term.)

Three convictions for superintendent counselling and procuring for delivery of grain at delivery point other than listed on permit book. (Fine of $25 and costs in each case.)

One conviction for elevator agent purchasing grain at delivery point other than specified in permit book. (Fine of $5 and costs.)

One conviction for elevator agent accepting grain at delivery point other than specified in permit book. (Fine of $5 and costs.)

Manitoba

Charges laid:

One charge laid for delivery of grain at delivery point other than specified in permit book.

Conviction:

One conviction for producer delivering grain at delivery point other than specified in permit book. (Fine of $25 and costs.)

1950-51 Crop Year

Alberta

Charges laid:

One charge laid against elevator agent for false entry in permit book.

Convictions:

One conviction against elevator agent for false entry in permit book. (Fine of $25 and costs.)

Saskatchewan

Charges laid:

Twenty-nine charges laid for delivery of grain in excess of quota.

Thirty-four charges laid for accepting delivery of grain in excess of quota.

Four charges laid for accepting grain at a delivery point other than specified in permit book.

One charge laid for entering delivery in wrong permit book.

One charge laid for delivery of wheat at wrong delivery point.

One charge laid for delivering wheat which was entered in another producer's permit book.

Convictions:

Twenty-nine convictions for producers delivering grain in excess of quota. (Fine of

$1 and costs in twenty cases; $3 and costs in four cases; $5 and costs in four cases; $50 and costs in one case.)

Thirty-four convictions for elevator agents accepting grain in excess of quota. (Fine of $1 and costs in twenty cases; $5 and costs in thirteen cases and $10 and costs in one case.)

Four convictions for agents accepting grain at a delivery point other than specified in permit book. (Fine of $1 and costs in one case and $5 and costs in three cases.)

One conviction for elevator agent entering delivery in wrong permit book. (Fine of $5 and costs.)

One conviction for producer delivering grain at wrong delivery point. (Fine of $5 and costs.)

One conviction for producer delivering grain which was entered in another producer's permit book. (Fine of $5 and costs.)

Manitoba

Charges laid: Twenty-eight charges laid for delivery of grain in excess of quota.

Thirty charges laid for accepting delivery of grain in excess of quota.

Thirteen charges laid for failure to enter deliveries in permit book.

Eleven charges laid for delivering grain to wrong delivery point.

Ten charges laid for accepting delivery of grain at wrong delivery point.

One charge laid for delivering grain on a permit, said grain produced on land other than named in said permit.

Convictions: Twenty-seven convictions for producers delivering grain in excess of quota. (Fine of $3 and costs in fifteen cases; $5 and costs in eleven cases and $15 and costs in one case.)

Eleven convictions for elevator agents accepting delivery of grain in excess of quota. (Fine of $5 and costs in nine cases; $15 and costs in one case and $50 and costs in one case.)

Ten convictions for producers delivering to wrong delivery point. (Fine of $3 and costs in seven cases; $5 and costs in one case and $15 and costs in two cases.)

Four convictions for elevator agents failing to enter deliveries of grain in producer's permit book. (Fine of $5 and costs in three cases and $50 and costs in one case.)

Two convictions for elevator agents accepting deliveries of grain at delivery point not named in permit book. (Fine of $5 and costs and $15 and costs.)

One stay of proceedings for producer delivering grain in excess of quota.

Nineteen stay of proceedings for elevator agents accepting over-deliveries.

Nine stay of proceedings for elevator agents failing to enter deliveries in producer's permit book.

One stay of proceedings for producer delivering grain to delivery point not named in permit book.

Eight stay of proceedings for elevator agent accepting delivery of grain at delivery point not named in permit book.

One conviction for producer delivering grain on a permit, said grain produced on land not named in said permit. (Fine of $15 and costs.)

2. See answers to No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CENTRAL MORTGAGE AND HOUSING CORPORATION—CONTRACTS IN NEWFOUNDLAND

Mr. Browne (St. John's West):

1. What contracts have been made in Newfoundland since April 1, 1949, by the Central Mortgage and Housing Corporation?

2. What are the details of the contracts, including nature and amount of same, whether tenders were called for, and if contractors are to be compensated by fixed fee, percentage or otherwise?

PRINTING CONTRACTS LET BY KING'S PRINTER—USE OF UNION LABEL

Mr. Knowles:

1. To what private firms were printing contracts let by the king's printer during each of the years 1948, 1949 and 1950?

2. What was the amount of printing, by dollar value, let to each of the above firms during each of the above years?

3. Which of the above printing firms are authorized to use the union label of an allied printing trades council?

Mr. Bradley: Return tabled.

MOTIONS FOR PAPERS

CORRESPONDENCE WITH MING SUNG INDUSTRIAL COMPANY AND DAVIE SHIPBUILDING COMPANY

Mr. Green (for Mr. Diefenbaker):

For a copy of all letters, telegrams, and other communications since January 1, 1949, and to date, in connection with the nine ships built for the Ming Sung Industrial Company Limited and/or its Canadian subsidiary, by the St. Lawrence Metal and Marine Works and Davie shipbuilding company, which have passed between the government of Canada and (1) the said Ming Sung Industrial Company Limited and/or its Canadian subsidiary or on behalf of either of said companies; (2) the Davie shipbuilding company, or any of its officers or other persons on its behalf.

Mr. Abbott: The hon. member is not in his seat, and I wonder if the hon. member for

Vancouver-Quadra would mind letting this stand. I wanted to have a word with the mover about it.

Mr. Speaker: Stand.

MING SUNG INDUSTRIAL COMPANY—CORRESPONDENCE WITH GOVERNMENT OF HONG KONG

Mr. Green (for Mr. Diefenbaker):

For a copy of all letters, telegrams, and other communications which, since January 1, 1949, and date hereof, have passed between any department of the government of Canada and any official of the government of Hong Kong, relating to exemptions granted to the Ming Sung Industrial Company Limited, under both the Canadian and British shipping acts of the said company.

Mr. Lesage: I would ask that this stand for the same reasons.

Mr. Green: I am moving it for the hon. member for Lake Centre.

Mr. Howe: This will take a considerable time to answer. Some of the correspondence, of course, is in Hong Kong. If the matter could be permitted to stand until we can discuss it with the mover, I think time would be saved.

Mr. Drew: This is a request for correspondence in regard to a specific subject. It will be noted that a short time ago it was possible to get a letter back from Hong Kong within a few days, demonstrating the facilities afforded now by air service. Certainly the correspondence here could be tabled. In any event, the only correspondence this government could table is correspondence under its own control. I believe that this could be proceeded with without the necessity for any delay.

Mr. St. Laurent: The hon. member perhaps will recall that that correspondence is usually in the form of cipher telegrams, and could not be produced in the text because that would give clues that would be helpful in breaking down the cipher. Correspondence with the government of another country is not produced without the consent of that government, and that consent would have to be obtained. I do not think it is unreasonable to ask that this stand for twenty-four hours until we can see just what correspondence there is here, and what paraphrasing it might be necessary to do to avoid giving clues that might be of assistance in breaking down the cipher.

Mr. Drew: If it is a matter of twenty-four hours, that is reasonable. But some of these delays, as indicated by other questions on the order paper of a similar kind, take many weeks, and that was what I had in mind. Certainly I would concur in the suggestion that this matter be allowed to stand for twenty-four hours.

Since the question has been raised at this particular point, Mr. Speaker, perhaps it might be appropriate if on a question of privilege I refer to a report that has been tabled. As I understood the answer given last Friday night by the Minister of Transport (Mr. Chevrier), it was to the effect that their records showed that the masters of all the ships were Chinese. I find that it appears quite clearly that this is not the case, because the master of the *Yen Men* is shown by the report now tabled as P. Hanisch. I do not think that is a Chinese name.

Mr. Abbott: How do you know?

Mr. Drew: I suggest it sounds more like a Russian name than a Chinese name.

Mr. St. Laurent: We are much obliged for the expert opinion.

Mr. Abbott: There is no privilege in this.

Mr. Speaker: Order. The next notice of motion—

Mr. Drew: I am sorry, sir; I thought you were calling "order" because you were going to raise some point. I believe there is a question of privilege here. I raised it not only as a question of privilege but as a matter of major public importance. The rules are quite clear with regard to the introduction of a discussion of this kind at this point in the proceedings.

Mr. St. Laurent: I do not think the Speaker can stand for that.

Mr. Speaker: I am not so sure that the rules are so clear in regard to that, but I do think the leader of the opposition should be allowed to make a brief statement on the question of privilege.

Mr. Drew: I was pointing out that in addition to the question of privilege, there is the other matter. In view of the fact that we have had certain rules clarified during this session I would point out that nearly every day some minister of the crown, whose position is no higher that that of the leader of the opposition in regard to the introduction of subjects in the house—

Some hon. Members: No, no.

Mr. Drew: You will find that by practice the leader of the opposition is granted the same privilege in introducing subjects for discussion. I am not now referring to motions or other such matters having to do with the business of the house; but the practice is quite clear that where questions of importance are raised the leader of the opposition may appropriately reply to them. There is also the fact that on matters of

major public importance, I think the rules will indicate—I am not going to argue it now—that a subject may be introduced under the general acceptance of the proposition that under our system, with government on one side and opposition on the other, the leader of the opposition should be granted an opportunity of expressing his views, not merely by way of question but by way of statement. I make that observation now in the hope it may be given consideration at some other time.

I am bringing this subject forward in regard to the explanation that was given for permitting these ships to have this special exemption from the Canada Shipping Act.

Mr. Speaker: Order. I believe I should point out to the house that it is not in order for a member of the government or the leader of the opposition, on the order for motions, to raise questions which are likely to be controversial and to be debated at the time. The only matters that are allowed to be introduced are statements upon which the house will enter into a debate at a later date. There has been a practice that when important statements are made by a member of the government, the leader of the opposition and the leaders of the two other groups are allowed to make brief statements. I do not think the matter which the leader of the opposition is discussing at the present time is in order, because it is of necessity a controversial issue and will result in a debate. But I did say, and I am standing by my former ruling, that I feel I should allow the leader of the opposition to make a brief statement at this time as a question of privilege.

Mr. Drew: I did indicate that I was raising it, Mr. Speaker, because I thought it was proper following the other matter. I should be happy to defer it until the orders of the day are called, but with your permission I will simply refer to it in the hope that some further explanation may be obtained as to the reason for the relaxation of this important regulation concerning those who may be masters, mates or engineers on ships under Canadian registry. It is stated that no British subjects with proper certificates of competency were available for employment. I would hope that later today the Minister of Transport will indicate to this house what evidence he has that there were no Canadians or British subjects with proper certificates of competency to handle these ships before this unusual exemption was given.

Mr. Chevrier: I believe I indicated the reason for that in the earlier debate. I stated that information was received from Hong Kong to the effect that no British officers, engineers or mates were available for service on these ships; that was the reason for recommending the exemption under section 133A.

Motion stands.

MING SUNG INDUSTRIAL COMPANY—MORTGAGE ON DAVIE SHIPYARD

Mr. Fulton:

For a copy of the mortgage between George T. Davie and Sons, Limited, and the government, on the Davie yard, referred to by the Minister of Trade and Commerce as reported in *Hansard* for April 7, 1949, at page 2430.

MING SUNG INDUSTRIAL COMPANY—DIRECTIVE OF CABINET COUNCIL AUTHORIZING EXEMPTION FROM PROVISIONS OF SHIPPING ACT

Mr. Green (for Mr. Diefenbaker):

For a copy of the directive of the cabinet council, March or April, 1950, which authorized the exemption of the Ming Sung Company, in respect of five ships, from the provisions of the Canada Shipping Act.

Mr. St. Laurent: The government cannot consent to this motion, for many reasons. One results from the express terms of the oath of office of the members of the privy council. It reads in part as follows:

> You do solemnly promise and swear that you will serve His Majesty truly and faithfully in the place of his council in this His Majesty's Dominion of Canada; you will keep close and secret all such matters as shall be treated, debated and resolved on in privy council, without publishing or disclosing the same or any part thereof, by word, writing, or any otherwise to any person out of the same council, but to such only as be of the council . . .

That is a part of the oath of office. Now, this motion calls for a copy of a directive of the cabinet council of March or April, 1950. The Minister of Transport stated in debate the other night that there had been an oral directive. Whether or not it is proper to call it a directive is a matter which might be discussed. What happens is that when a minister of the crown has, by statute, the power to do a certain thing, and it is a mere matter of routine he does not necessarily discuss it with his colleagues. But because his conduct involves the responsibility of all the members of the government, if it is a matter about which he is in any doubt or about which he feels there may be some embarrassment, it is usual for him to discuss it with his colleagues before making his decision. The result of that discussion may be called a directive, or it may be called an opinion. It is an expression of the views of his colleagues upon the manner in which he might exercise the powers that

are given to him by statute. Prior to 1940 no memoranda were kept of such discussions or decisions in council. During the war, in 1940, it became the practice to keep memoranda of the discussions in the war committee of the cabinet; and in 1944 or 1945 the practice was started of keeping memoranda of these discussions which took place in cabinet. But these memoranda cannot be published.

When this question was raised I suggested that I might get permission from the administrator not to table them—they certainly could not be published in that way—but to show them confidentially to the leader of the opposition. On consideration, however, it was found that such a procedure would establish a precedent which might some day embarrass whomsoever occupies the office I now occupy, and that it would not be proper to establish precedents which would in any way depart from this constitutional tradition that the matters treated, debated and resolved on in privy council cannot be published to any who are not of the privy council.

Although I do not wish to establish any precedent that would impinge upon that traditional constitutional rule, I think that such information as can be given in confidence to any member of parliament who is desirous of obtaining it, and can be given without violating the express terms of the privy councillor's oath, can be expected to be given. But from the time of confederation up to 1944 there were no memoranda of what took place in these deliberations, and nothing in writing resulted except the recommendations that were put before the governor general and that received his assent.

Mr. Drew: Mr. Speaker—

Mr. Speaker: Before the leader of the opposition speaks, may I remind the house that, under standing order 51, these notices of motion for the production of papers are to be put forthwith without debate. I hope there will be no misunderstanding of the rules. I cannot allow debate. On the other hand, I think I should allow the leader of the opposition to make some reply to what has been said.

Mr. Drew: Mr. Speaker, it was because the Prime Minister had carefully explained the reasons that I felt it was appropriate that some comment should be made, because these records establish a precedent in regard to matters of this kind. The Prime Minister has referred to a well-established and reasonable tradition which has been recognized, namely, that discussions in the privy council are indeed privy only to the members of the council itself. In fact, the very word "privy" indicates the nature of those discussions.

[Mr. St. Laurent.]

On the other hand, the Prime Minister refers to a change which took place in the procedure some years ago. It was, in fact, Mr. Lloyd George who for the first time permitted anyone outside of the actual membership in the council to be present; and he permitted a secretary of the council to keep the memoranda to which the Prime Minister has referred. There has always been the recognized principle that, until many years afterwards, and the government itself decided that the reasons for secrecy had disappeared, those memoranda would not be disclosed. I point out, however, that there is a distinction to be drawn between disclosure of the discussions which take place in the meetings of the council, and the result of those discussions. I submit that the oath of office to which the Prime Minister has referred is one that applies strictly to the discussions in the meetings of the council, but not to the result of those discussions, upon which some subsequent action may be taken.

In this case we are dealing with a directive which produces a positive result outside of the privy council. It produces a result precisely the same as that produced in other cases by order in council. Most certainly the rules of secrecy referred to by the Prime Minister do not apply to orders in council. That is one of the most clearly established rules that this house has insisted upon recognizing. An order in council is the result of secret discussions which must not be disclosed, but the order in council becomes a functional interpretation of those secret discussions, which then produces action in accordance with those discussions.

This directive under a particular section of the Canada Shipping Act is in precisely the same category and is, I submit, under no greater measure of protection as to secrecy than is an order in council itself. In fact I submit it would produce a highly improper situation if simply by the device of not having a written directive and relying on an oral directive, we were then to be told that we could not know what the considerations were which produced such an extraordinary result as that which followed in this particular case. Here we have a situation where most important provisions of the Canada Shipping Act were waived so that ships could be operated, contrary to those provisions, in distant waters. If this principle is to apply to a directive of that kind, then the terms of secrecy might be extended to all the acts of the government made as a result of discussions in cabinet council, and the house would be left in ignorance with regard to some of the most important things that the government might do.

I therefore suggest that the Prime Minister should reconsider the decision he has made. With regret I wish also to indicate in advance that I would certainly feel that we should vote against any decision which would indicate acceptance of that point of view.

Mr. St. Laurent: I wish to make only a brief reply. The leader of the opposition says —and he is quite right—that orders in council are not covered by the oath of office. They are published, and they are regularly tabled. The practice has now been established of producing every month a summary of the orders in council passed during the previous month.

In connection with these other matters, may I say that the effective act is the act of the minister. When he consults his colleagues beforehand he does so for courtesy reasons, because of the fact that his act will involve the responsibilities of his colleagues; but the official act is the act which he performs as minister, and that act was the exemption which he granted.

The government must insist on its obligation to the crown to maintain secret the decisions made, the opinions expressed and the debates which take place in council, otherwise than through the production of orders in council or the production of the official acts of the individual ministers under the statutory powers they are exercising.

The house divided on the motion (Mr. Green, for Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Adamson
Black (Cumberland)
Blair
Brooks
Bryce
Casselman
Catherwood
Courtemanche
Coyle
Drew
Fleming
Fraser
Graydon
Green
Harkness
Jones
Knight
Knowles
Lennard
MacInnis
McGregor
Murphy
Noseworthy
Pearkes
Stanfield
Tustin
White (Hastings-Peterborough)
Wright—28.

NAYS

Messrs:

Abbott
Applewhaite
Ashbourne
Balcom
Bater
Beaudoin
Benidickson
Beyerstein
Blackmore
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bourget
Bradette
Bradley
Breithaupt
Brown (Essex West)
Bruneau
Byrne
Cameron
Campney
Carroll
Carter
Cavers
Chevrier
Claxton
Cleaver
Cloutier
Corry
Cote (St. Jean-Iberville-Napierville)
Cote (Verdun-La Salle)
Cournoyer
Crestohl
Croll
Darroch
Decore
Dewar
Dickey
Dion
Dube
Dumas
Dupuis
Eudes
Fair
Ferrie
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Garland
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gauthier (Sudbury)
George
Gibson
Gingras
Gosselin
Gour (Russell)
Gourd (Chapleau)
Gregg
Hansell
Harrison
Healy
Helme
Henderson
Henry
Herridge
Hetland
Howe
Huffman
Hunter
James
Johnston
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Lapointe
Larson
Leduc
Lefrancois
Lesage
Little
Low
Macdonald (Edmonton East)
MacDougall
MacLean (Cape Breton North and Victoria)
Macnaughton
McCann
McCulloch
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Masse
Monette
Mott
Murray (Cariboo)
Murray (Oxford)
Mutch
Nadon
Nixon
Parent
Pinard
Poulin
Proudfoot
Prudham
Quelch
Ratelle
Richard (Ottawa East)
Riley
Rinfret
Robinson
Rochefort
Ross (Hamilton East)
Rousseau
St. Laurent
Shaw
Sinclair
Sinnott
Smith (Queens-Shelburne)
Smith (York North)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Thomas
Tremblay
Valois
Viau
Warren
Weaver
Welbourn
Whiteside
Whitman
Winters
Wylie—143.

CONSUMER CREDIT

AUTOMOBILE INDUSTRY—EFFECT OF RESTRICTIONS

On the orders of the day:

Mr. D. F. Brown (Essex West): Mr. Speaker, I should like to ask a question of the Minister of Defence Production or the Minister of Finance. Would either of those ministers inform the house as to the results of the imposition of credit restrictions in the automobile industry, and whether any further

action is contemplated in the immediate future?

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I do not know that I can answer my hon. friend by telling him what the effect of the consumer credit restrictions has been on the automobile industry. These restrictions form a part of the government's anti-inflation program. My own view, for what it is worth, is that what appears to be a falling off in sales in the automobile industry has been due rather to production and purchasing in anticipation of tax increases, or something of the kind, and that for the time being the market is saturated; but that is a matter of personal opinion. There is certainly no intention to make any immediate change in consumer credit restrictions.

Mr. Bryce: I should like to ask a supplementary question to that asked by the hon. member for Essex West. Will sufficient defence contracts be supplied to the automobile firms to keep them fully employed?

Right Hon. C. D. Howe (Minister of Defence Production): The employment situation in the automobile industry is being obscured by the strike at the Canadian Acme Screw and Gear company. Acme is a principal supplier of parts to the automobile industry, and until the flow of parts is restored, the unemployment situation will not be clear so far as the government is concerned. However, we will endeavour to make defence work available to the automobile industry, as we have to all industry, and we are hopeful that some relief may come through that source.

LABOUR CONDITIONS

THREATENED STRIKE IN WEST COAST SHIPPING INDUSTRY—VANCOUVER ISLAND FRUIT GROWERS

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, would the Minister of Labour make a statement about the threatened strike in the west coast shipping industry? The fruit growers on Vancouver island depend almost entirely upon shipments by boat and barge.

Hon. Milton F. Gregg (Minister of Labour): Our conciliation officers in British Columbia are in close touch with the situation. I shall obtain an up-to-date report and inform the house tomorrow.

NATIONAL DEFENCE

DISTURBANCE AT WAINWRIGHT, ALTA., MILITARY CAMP

On the orders of the day:

Mr. Robert Fair (Battle River): Mr. Speaker, I should like to ask a question of the Minister of National Defence, based upon a report appearing in this morning's *Citizen* to the effect—

[Mr. Brown (Essex West).]

Mr. Speaker: Order. The hon. member should put his question without quoting from the newspaper.

Mr. Fair: Will the Minister of National Defence make a statement as to the disturbance at Wainwright, Alberta, last night, in which some of the recent arrivals at this military camp were involved, and as a result of which the town hall and some of its contents were damaged?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I have already received a report on the incident. A disturbance occurred when approximately forty soldiers interfered with members of the Canadian provost corps at Wainwright in connection with the detention of one man. This disturbance was speedily brought under control. Some damage was caused. Personnel concerned are being kept in barracks, and other steps are being taken.

HEALTH INSURANCE

PROPOSALS OF CANADIAN MEDICAL ASSOCIATION—QUESTION AS TO GOVERNMENT PARTICIPATION

On the orders of the day:

Mr. Charles Henry (Rosedale): I should like to ask a question of the Prime Minister. Has the government given or will it give consideration to government participation in recent proposals of the Canadian Medical Association for national health insurance in Canada?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. member sent me notice of his intention to ask a question, along with some interesting clippings from newspapers concerning the proposals referred to.

The government, as such, has not yet given consideration to these recent proposals, but I know from conversation with them that several members of the government, as Canadian citizens, myself included, have noted with great interest the reports of these proposals, and have welcomed this further evidence of the concern of the medical profession in Canada to increase the efficiency and scope of their assistance to their fellow-citizens in their traditional role of good Samaritans. Their profession, like the other professions, is organized and operates under provincial legislation and, under that legislation, their associations enjoy a large measure of professional autonomy. I think that circumstance is all to the good, and if, in the exercise of that professional autonomy, they

can arrange to provide all Canadians with the medical care any of them may require, from time to time, on a prepaid basis, I am sure most of us will feel that also is all to the good. I have no doubt that all levels of government will be most anxious to see them succeed in that undertaking, and to consider with them what part those governments should take in helping to make the plan succeed and extend to the whole population.

Mr. Knowles: Supplementary to the question asked by the hon. member for Rosedale, may I ask the Prime Minister whether the government will consider setting up, either in the fall session or in the session of 1952, a special committee of parliament to go into this question of health insurance?

Mr. St. Laurent: That is something with which we shall have to deal a little later than this morning. I have said that I am sure that all levels of government—and that includes this government as well as others—will be most anxious to do everything they can to make it possible for the medical profession to carry out this undertaking under their autonomous powers. I think that it would be a most happy solution if the medical profession would assume the administration of, and the responsibility for, a scheme that would provide prepaid medical attendance to any Canadian who needed it.

HOUSING

HOME IMPROVEMENTS—QUESTION AS TO PAYMENTS UNDER NATIONAL HOUSING ACT

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): May I ask the Minister of Resources and Development if the government has given consideration recently to bringing into effect part IV of the National Housing Act authorizing payments for home improvements?

Hon. Robert H. Winters (Minister of Resources and Development): This matter has received consideration on many occasions, but the government does not believe that the general implementation of the home improvement section of the act would be prudent at this time.

INQUIRY FOR RETURN

C. D. HOWE COMPANY LIMITED

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Before the orders of the day are called I wish to direct a question to the Secretary of State. Yesterday, in his absence, the Prime Minister replied to a question I asked. I would point out to the Secretary of State that on June 14 he indicated that he would make inquiries and endeavour to expedite the bringing down of a return which was ordered on Monday, May 21, in response to a question asked by the hon. member for Three Rivers (Mr. Balcer). Can the Secretary of State indicate when that return will be available?

Hon. F. G. Bradley (Secretary of State): Could the hon. member give me some indication as to the subject matter?

Right Hon. L. S. St. Laurent (Prime Minister): I am sorry I overlooked bringing this matter to the attention of the Secretary of State. However, I have made inquiries and I find that this return requires the getting of information from the board of grain commissioners. We have not received that information, and that is why the return has been delayed. If the hon. gentleman, speaking for the hon. member for Three Rivers, wishes to have the return filed without the information from the board of grain commissioners, that can be done at once.

Mr. Drew: I welcome the Prime Minister's statement, and would ask that the information available be tabled at once. The information to be obtained from the board of grain commissioners can be tabled when it is received.

Mr. St. Laurent: On that understanding I shall ask that a partial return be prepared and tabled at once, and the other information will be tabled as soon as it is received.

NATIONAL HOUSING ACT

AMENDMENT WITH RESPECT TO INTEREST RATES, REPAYMENT OF LOANS, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved the third reading of Bill No. 381, to amend the National Housing Act, 1944.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, there is just one comment that I wish to make by way of clarification.

I think it is quite evident, in view of the present position of the market, that if loans are to be obtained to assist in house construction under part I of the National Housing Act there will have to be some increase in the prevailing rate. As the act now stands I do not think there is any alternative. But that is no justification for the type of amendments to the act that are contained in this bill.

It has been a feature of the act from its first enactment in 1944 that the rate of interest, which is a most important factor in the whole housing plan, should be established and fixed in the legislation. Parliament is meeting now so frequently and constantly

that it would not be difficult to have parliament deal with any changes needed from time to time in so important a matter as the interest rate. There is then no justification for giving to the governor in council this very broad power of fixing the rates prevailing under the various parts and sections of the National Housing Act.

It means that if this bill is adopted and that power given to the governor in council, parliament will not be consulted with reference to any future changes. Parliament will have less and less voice and less and less control in the direction of housing policy and the carrying out of the intent of parliament as reflected in the legislation adopted here.

I indicated yesterday what I thought was a proper perspective of the changes in rate, and that the increase of one-half of one per cent in relation to the whole housing problem would not be nearly as serious a matter as other retrograde steps the government has taken over the past year and a half. I do wish to make it clear that if we are to have loans available under the present scheme, it is obvious, considering the competitive conditions existing today in the mortgage market, that there must be this adjustment of one-half of one per cent. Nevertheless, that is no justification for the type of amendments contained in the bill now being submitted for third reading.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, this bill is objectionable to all realistic people, because the interest rates are altogether too high, and the terms under which loans may be obtained in order to build houses are altogether too difficult. The result is that probably fifty per cent of those who ought to be building houses under this act are unable to do so. I do not see how any conscientious member of parliament can support legislation under which such conditions obtain.

The argument that might be advanced that this bill is necessary because of war conditions, the danger of inflation, and all that sort of thing, might be a bit more impressive but for the fact that similar arguments have been advanced ever since 1946, when the nation became, at least on the surface, free from war. Now the indications are that there is just not going to be anything like adequate provision for building houses for the ordinary man in Canada.

It is argued that this bill is anti-inflationary. I take quite a different view. One of the most important elements in the cost of living at the present time is the cost of shelter. The cost of housing for ordinary people right here in Ottawa is completely prohibitive, at least it is exorbitant and practically prohibitive because it is depriving these people of a great deal of money they should have for other purposes.

So far as I can judge, a person would not be going to extremes if he called a bill like this pro-communist. It is one thing to talk against communism, and another thing to do something about removing the things which breed communism. When one considers the resources we have which could be used to build houses, it is no wonder that people begin to feel disgusted with democracy. They ask what is the matter anyway when a country like Canada, governing itself, is unable to do any better in respect of housing than this government has done in past years—or apparently contemplates doing in the years ahead. A bill like this is inflationary in the broad sense of the term, and it is actually pro-communist because it will create conditions that will breed discontent, which may lead to extreme thoughts such as the communists entertain.

Because of that fact, and because I do not believe any person facing realities can support this legislation, I move:

> That Bill No. 381 be not now read a third time, but that it be referred back to the committee of the whole, with instructions that they have power so to modify the bill that:
>
> 1. The building of houses for Canadians shall depend upon the need of Canadians for houses, and their desire and willingness to build houses, limited only by the availability of Canadian resources, material and human, requisite for building houses;
>
> 2. The availability of financial assistance for building houses shall be governed, not by the willingness or unwillingness of mortgage companies or other lending agencies to lend upon certain terms, but shall be governed by the credit of Canada, the result being that money shall be created and advanced by the Bank of Canada to prospective builders for as long a period as thirty years, if need be, and at interest rates not exceeding one per cent per annum, or at most, actual cost.

I do not think that proposal is in any way extreme. It is time this country began to face its financial matters realistically. It is obvious that the financial system under which we are endeavouring to carry on is breaking down when conditions such as those which obtain in connection with housing prevail throughout the country. Consequently, so far as I can judge, the proposals I make in this amendment are moderate.

In the first place, as I have suggested in the amendment, the Bank of Canada could be used to finance housing in Canada. If it cannot, it is high time the people of Canada knew that fact and were told why it cannot be so used. According to the Bank of Canada Act it is possible for the Bank of Canada to take $1 of gold and upon it to create four one dollar bills, giving those

dollar bills an apparent twenty-five per cent gold backing. But that twenty-five per cent gold backing is not effective, to the degree that gold must be surrendered in exchange for that Bank of Canada $1 bill. On April 10, 1933, the gold redemption clause in Canada was suspended by order in council which means that it is utterly impossible for any person to present a $1 Bank of Canada bill and obtain gold for it, or to demand anything for it except another Bank of Canada bill. This means that the apparent gold backing of the bill has no effect whatever on the actual value of that bill, and therefore should have no effect whatever on the limitation of the number of such bills that could be printed.

Then under the Bank Act it is possible for any ordinary bank, say the Bank of Nova Scotia or the Bank of Montreal, to take a $1 bill of the Bank of Canada and legally create $20 of credit upon it. In actual practice they create $10 or $11 of credit. I notice the Minister of Finance (Mr. Abbott) leaving, just when he should be right here. He has a pretty difficult thing to defend, and he cannot defend it.

Just to show that there is nothing extreme in what I have said, that is, that the Bank of Canada can take $1 of gold and print four one dollar bills, and that the ordinary chartered bank can take one of those bills and legally create $20 of credit or in practice $10 or $11, so that legally in Canada it is possible for our banking system, the central bank and the commercial banks working together, to take $1 of gold and expand it to $84 of currency and credit, I am going to read a short extract. Some people may doubt what I say, so to reassure them, I am going to read from a book called "The Canadian Banking System", by Professor James Holladay, the text of which was copyrighted in 1938. I refer to page 140:

> The Bank Act of 1934, however, sets up a specific quantitative reserve which the chartered banks are required to hold against their deposit liabilities. In form, this reserve must consist of a deposit in and notes of the Bank of Canada. In amount, it must be equal to five per cent of the deposit liabilities in Canada. As a result, the chartered banks as a group can legally create deposits amounting to $20 on the basis of a one-dollar reserve. A much larger secondary expansion is made possible, however, for the Bank of Canada is required to hold only a twenty-five per cent reserve against its liabilities, which in turn constitute the reserves of the chartered banks. Consequently, the Bank of Canada can expand a dollar into $4 of liabilities which, if borrowed by the chartered banks, will enable them to lend an aggregate of $80 against a primary deposit of one dollar. This compares with a possible legal expansion of $28.50 under the federal reserve system in vogue in the United States.

In the face of those facts it is fantastic to argue that the banking system of Canada cannot create the money which is necessary to build houses. I propose that the Bank of Canada should create money, and advance it for the purpose of building houses. Just to show that the general philosophy of creating money is completely sound, I should like to refer to the case of the British Bradbury which was used during world war I, right in the midst of the most terrible war mankind had seen up to that time.

When war broke out in August, 1914, the Bank of England found itself in difficulty within a very few days because people were calling for gold, and the supplies were being exhausted at an alarming rate. The bank therefore notified the government that real difficulties were going to develop unless something was done. The British government passed an act called the "Currency and Bank Notes Act of 1914". The first section of this act provides as follows—and I read from a very fine book called "Currency, Credit and the Exchanges," by Dr. William A. Shaw, secretary to His Majesty's treasury. This book was published in 1927. On page 14 it states:

> The treasury may, subject to the provisions of this act, issue currency notes for £1 and for 10s., and those notes shall be current in the United Kingdom in the same manner and to the same extent and as fully as sovereigns and half-sovereigns are current and shall be legal tender in the United Kingdom for the payment of any amount.

In issuing these treasury notes the British treasury created an absolutely new form of currency. May I read from page 15 of this book, "Currency, Credit and the Exchanges":

> At the instigation of the treasury, therefore, the British legislature was consciously instituting a new form of currency. Whence was the idea of such a currency derived? In this matter it is necessary to distinguish. The innovation, whether deliberate or accidental, did not consist in the denomination. One pound notes were well enough known in England as well as in Scotland, for they were issued by the Bank of England from 1797 to 1825. The real innovation consisted in taking away from the banks the right of issue of this emergency currency. The issue of it was reserved to the state, and the banks were employed only as distributors.

Much of the comment to be found on that page of this most excellent book will be worth-while reading for all those who desire to know something about how we may get out of the financial difficulty in which we are now. The new note was called the Bradbury. These Bradbury's were supplied to banks as extra currency which they might use instead of gold, so that in no case would the Bank of England have too great a demand on its supply of gold. The Bradbury displaced gold in Britain's economy during the war. It was used to buy every bit of gold which had been in circulation in England, so that the supply

of gold and specie could be used by Britain in her difficult circumstances to buy goods abroad in case she desired so to do.

The amount of Bradbury's which came to be in circulation in Britain, purely as a result of people carrying on their business in a normal way, amounted to £354 million in 1920. Any hon. member can check that on page 38 of the book to which I have been referring. The Bradbury's were backed by the currency note redemption fund which by February 11, 1927, contained £56·25 million of Bank of England notes, £6,300,000 of silver coins together with £231,951,041 of securities that earned between £9 million and £10 million a year for the treasury, which could be used in defraying its expenses.

A very valuable bit of comment upon the whole question of the Bradbury appears on page 66 of this book by William A. Shaw. He says:

> The episode of the British treasury note experiment transcends in importance any other event in the economic experience of the modern world. On the practical side it has emancipated us from the grip of an imperfect gold currency system and of a costly and cruel bank rate system. In comparison with such an achievement the erection of the federal reserve system in the United States is halting and imperfect. But the treasury note episode has not merely this practical value. It has an equally significant import in the domain of theory. By its means we have evolved the true theory of money, and in the light of this theory our currency and banking legislation need no longer be the process of blindfold groping and experimenting which it has been in the past.
>
> This theory of money rests upon one basic principle—viz., that goods purchase goods. In this axiom the word "goods" is used for brevity's sake as comprehending all economic goods or services which, as possessing economic value, possess thereby exchange value.

In time past this year I have argued on several occasions that it is quite evident that the amount of money whch can be put into circulation in a country depends entirely upon the number of exchanges which the country desires to make, and the amount of goods and services which enable those exchanges to be made, as for instance on April 19, April 30, May 1, May 3, May 22, May 23 and June 4. My position is borne out by the second paragraph of the quotation which I have just read.

Further valuable comment upon the Bradbury is found on page 71 of this book. It says:

> By such a chain of reasoning I think it will be clear that a community's purchasing power is the totality of its exchangeable goods, and that in the case of a paper currency the community's currency is simply a function and not a value or an addition to total values.

This statement would warrant a great deal of careful elaboration and study, but we shall not take the time to do that here. After all, we are talking about housing and how to get the money to finance the housing which this nation needs. Another most valuable comment upon the Bradbury experiment is to be found in the preface to the book, page 5. It is as follows:

> It has solved the century-old problem of an automatic currency control, and has thereby opened up the prospect of a scientific method of credit administration; and in addition it has led to the building of a pattern exchange mechanism, which is peculiarly adaptable to the British empire, and which is instantly realizable if we wish it.

What is being discussed here, Mr. Speaker, is, after all, altogether too profound for some people.

Mr. Abbott: I believe the hon. member is completely out of order on this bill, and that is why I am afraid I have not been paying as close attention to him as I ordinarily would.

Mr. Blackmore: I doubt very much if I am out of order, for the simple reason that I moved the motion at the beginning and I am now discussing that motion. I am quite in order.

Mr. Speaker: I shall have to consider whether the amendment is in order. It did occur to me that the hon. member was discussing general financial questions rather than the principle of this bill. I suggest to him that he complete his remarks as soon as possible.

Mr. Blackmore: Thank you, Mr. Speaker, and I shall endeavour to do just that. But you realize, sir, that it is one of the most frustrating things in the world for a member of parliament to come into this house year after year after year, representing a nation in which nature abounds with resources, and find the government sitting here twiddling its thumbs and failing to solve the problems which obviously it can solve physically, and pretending that the reason why it cannot solve the problems has to do with finance. If there is anything that could be more appropriate than discussion of finance in connection with the problem of housing, I must say that on the spur of the moment I cannot think of it. However, I will close this discussion promptly.

A valuable comment upon this whole Bradbury experiment, which I believe hon. members who are following me—and a number are—will desire to hear about, is to be found in another book by the same Dr. William A. Shaw, entitled "The Theory and Principles of Central Banking," copyrighted in 1930, after this great student of money had had time to give four years of further study to the whole Bradbury situation.

Since I have referred to Dr. Shaw, I think it would be well for me to give the house some idea just how big a man Dr. Shaw is. In the first place, he is a doctor of letters; he is editor of the calendar of treasury records at His Majesty's public records office; he is the author of "The History of Currency," "English Monetary Writers," "Currency, Credit, and the Exchanges During the Great War," "The Coming Reaction: by Legislator," and so on. I believe those qualifications give everyone justification for listening to his words with at least a moderate amount of attention. May I read a comment in this 1930 volume on the whole Bradbury question; it will be found at page 50:

It was only by accident during the great war that Great Britain stumbled upon the true principles of paper money issues. In the first financial shock caused by the outbreak of war the British treasury offered to the banks the help of an emergency loan currency for which the banks should pay interest. They unanimously declined to avail themselves of such form of relief, and thereupon the treasury offered to sell them currency notes at full face price without limit, and at the same time opened a currency note redemption fund for the purpose of retiring the issue as soon as the need for it was over. To the treasury's surprise the currency note quickly struck root, and proved itself completely acceptable, and gradually the treasury realized that the whole circulation of the country could be changed over to paper and the gold withdrawn. The change-over was accomplished with astonishing ease and speed by 1916. By the restrictions which were later placed on the movement of gold this currency note circulation became virtually inconvertible, though it was not declared so by law until 1925.

To this currency note circulation there was at first no limit fixed. It could fall or rise unhampered, according to the community's demand or need for it, and in the remaining years of the war and of the armistice period it bore the strain of increased prices and enormously increased production without friction or effort. For the first time in history the world had a sample of a truly automatic currency, issued only by the state, sold only at full face value, supplied or retired in complete accordance and response to the community's unfettered demand or need.

After ten years of illuminating experience this perfect, uncontrolled, and uncontrollable automatic currency system was thrown over, the automatic principle was surrendered, and our currency, although declared by law to be inconvertible paper, was placed, or was supposed to be placed, under the control of the Bank of England, and became once again sensitive, or was supposed to be made sensitive, to the vagaries of a fluctuating gold cover fund. Why was this retrograde step taken, and why did England thus throw over the pure theory of currency issue, which she had accidentally discovered and so wonderfully exemplified to the world?

The answer is threefold.

(1) The financial mind of London, both in the treasury and in the city, never assimilated the currency note concept, nor ever grasped the pure theory of currency issue which it exemplified. To this day the assertion is still made that the rise of prices which occurred during the war and armistice period was due to the currency note as an inflationary agent; whereas, in fact, the direct opposite was the case. The rise in prices preceded and caused the increase of the currency, and exactly the same increase of prices occurred in the United States, which was throughout on the freely acting gold standard, as in the United Kingdom under the currency note. It was only on the continent of Europe and in countries where the currency system was neither the free gold system of the United States of America, nor the self-regulating paper system of Great Britain, that price movements occurred of so abnormal a nature as to be attributable to currency inflation.

I am not going to read the remainder of the passage now.

Mr. Speaker: Order.

Mr. Blackmore: But on page 54—

Mr. Speaker: Order. I have allowed the hon. member to read a long extract from the book written by this well-known author. May I suggest to him now that he conclude his remarks.

Mr. Blackmore: Yes, I shall be glad to conclude my remarks.

It may be said that this proposal that I have made would cause inflation. This question has been raised several times. I wish to point out that the supply position in this nation, as I set it forth on June 4 of this year, is good. May I cite as further evidence of that fact a statement which was put on the record by the Minister of Trade and Commerce (Mr. Howe) as reported at page 4078 of *Hansard*, the second paragraph of column one, where he says: "There is another matter—." I am not sure that I would be in order in reading that passage.

Mr. Speaker: I doubt if the hon. member would be in order in reading it at this time.

Mr. Blackmore: I will go on to say what he showed. He conveyed the ideas: first, that civilian producers have exceptionally heavy stocks in Canada; second, that these civilian producers are likely to run into consumer resistance; and third, that we can have a flourishing civilian economy. How one can reconcile the danger of inflation from sufficient expansion of currency to build houses for this nation with that statement of the supply position in Canada, I think it is impossible to see. Consequently, Mr. Speaker, I would contend—and I believe on sound grounds—that the proposal that I have made would not cause inflation. I therefore feel that we are justified in supporting the amendment I have made to the motion for third reading of Bill No. 381.

Mr. Speaker: An amendment has been moved by the hon. member for Lethbridge (Mr. Blackmore). Is there a seconder to his motion? If not, the motion will have to be dropped.

Mr. Low: I will second it.

Mr. Speaker: The hon. member for Peace River (Mr. Low) seconds the motion, which is as follows:

That Bill No. 381 be not now read a third time, but that it be referred back to the committee of the whole, with instructions that they have power so to modify the bill that:

1. The building of houses for Canadians shall depend upon the need of Canadians for houses, and their desire and willingness to build houses, limited only by the availability of Canadian resources, material and human, requisite for building houses;

2. The availability of financial assistance for building houses shall be governed, not by the willingness or unwillingness of mortgage companies or other lending agencies to lend upon certain terms, but shall be governed by the credit of Canada, the result being that money shall be created and advanced by the Bank of Canada to prospective builders for as long a period as thirty years, if need be, and at interest rates not exceeding one per cent per annum, or at most, actual cost.

I doubt whether this amendment is in order on third reading of the bill. I would refer hon. members to Beauchesne's third edition, paragraph 710, part of which I shall read:

The question for the third reading is put immediately after the report from the committee of the whole. All amendments which may be moved on a second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

I shall also read paragraph 711:

When a motion is made "that the bill be now read a third time," the same kind of amendments are permissible as on the second reading, i.e., amendments postponing it for three or six months.

Paragraph 1 of the amendment deals with a matter which, in my opinion, is not contained in the bill. According to the reference which I have read, the amendment must be within the scope of the bill. The first paragraph is not within the scope of the bill.

As to the second paragraph, on a motion for third reading the bill may be sent back for amendment in any particular; that is, for amendment of any clause or clauses of the bill. But it could not be sent back for amendment in such a way as to alter the whole principle of the bill. In my opinion the second paragraph seeks not only to alter the principle of the amending bill which is now before the house, but also to alter the principle of the main act. Such an amendment could not be moved in the house on third reading; that is to say, a motion could not be made that the bill be not read a third time, setting forth the reasons given in the amendment. This being so, in my opinion it could not, on third reading, be sent back to the committee for amendments of this character. Accordingly I must rule the amendment out of order.

[Mr. Speaker.]

Mr. E. G. Hansell (Macleod): Before third reading is given I should like to say just a word. It will not take me too long.

I sat in the house yesterday and heard the speeches that were given on the second reading of this bill. I could not help but draw one conclusion. As I listened to these speeches the minister was reminded of things that he already knew. He was reminded of the importance of housing to the welfare of the family; that housing consisted of a material house, but within the house there lives a family making up what is known as the home. I think we sometimes get confused in our terminology, and perhaps that confusion is designed. We talk of home owners. They do not own homes; they own houses. The home is the institution that lives within the house. Housing is important therefore by reason of the fact that it contributes to the welfare of the home, or it could very easily contribute to the delinquency of family life.

We are told that the three great institutions in the world are the home, the school and the church. We usually say that, and place the home first. When it comes to caring for the welfare of the people in terms of home and family life, the policy of the government is contained within the strict confines of its monetary policy. We cannot do this and we cannot do that. No matter how desirable it is to the welfare of the people, or no matter how physically possible it is, we cannot do it because of some sort of financial restrictions. Therefore I am to conclude—I cannot help but conclude—that the policy of the government is more concerned with the perpetuation of an iniquitous, evil monetary policy or system than it is concerned with the welfare of the people.

I will simply conclude by saying that the financial brains of the government, the Minister of Finance (Mr. Abbott) if you want to pool those brains and put them within his skull—

Mr. Noseworthy: There would not be room for them all.

Mr. Hansell: In his monetary policy the Minister of Finance is contributing to the perpetuation and the strengthening of a great Frankenstein that will break itself, and is in the process of breaking itself, and in that process will break the people and the nation; in his financial policy he is just as much a slave to the dictates of that Frankenstein as any slave was to the lash of the taskmaster's whip. I say that, and I am not mincing my words when I say it. It is my profound conclusion that their policy to keep and preserve that Frankenstein is more important to them than the policy of keeping the family and the home and the life of our people intact and

building through the homes and the life of our people a great nation.

Motion agreed to and bill read the third time and passed.

DOMINION ELECTIONS ACT

THIRD REPORT OF SPECIAL COMMITTEE

Mr. Sarto Fournier (Maisonneuve-Rosemont): Mr. Speaker, by leave I would ask that the house revert to routine proceedings.

Mr. Speaker: Has the hon. gentleman leave?

Some hon. Members: Agreed.

Mr. Fournier (Maisonneuve-Rosemont): I have the honour to present the third report of the special committee appointed to study the Dominion Elections Act, 1938, and amendments thereto.

EXCISE TAX ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. Douglas Abbott (Minister of Finance) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 294, to amend the Excise Tax Act. He said: I should like, by leave, to make this motion now in order that the bill may be included in the royal assent which I understand is to be given later this day.

The amendments are in line with similar amendments that were made to the Customs Act, substituting twelve months for six months. I think the hon. member for Eglinton (Mr. Fleming) is aware of the nature of the amendments.

Motion agreed to, amendments read the second time and concurred in.

MUNICIPAL GRANTS ACT

PROVISION FOR GRANTS TO MUNICIPALITIES IN LIEU OF TAXES ON CROWN PROPERTY

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 390, respecting grants to municipalities.

Mr. Drew: I assume the minister has said all that he proposes to say.

Mr. Abbott: Yes; I indicated on the resolution stage that I would be prepared to make my statement either then or on second reading. It was suggested that I should do it then, and I did so. It will be found at page 4216 of *Hansard*.

Mr. J. S. Sinnott (Springfield): I wish to say a few words on this bill. Since I was the reeve of a municipality over a period of years I realize the extent of the relief that these municipalities are to receive from the federal government. I take issue with the hon. member who had a few words of complaint about the taxes in the city of Ottawa.

Mr. Gibson: Does the hon. member pay any?

Mr. Sinnott: I am amazed at the complaints coming from the lumber king.

Mr. Gibson: Mr. Speaker, I wonder whether I may direct a question to the hon. member? Does he pay any taxes in the city of Ottawa? Has he any idea what the taxes are in the city of Ottawa?

Mr. Sinnott: Possibly before I get through the hon. member will know.

Mr. Sinclair: Just contain yourself over there.

Mr. Sinnott: So far as the city of Ottawa is concerned, the hon. member should know that the services rendered ought to be taken into consideration.

Mr. Drew: Mr. Speaker, I think that the hon. member for Comox-Alberni asked an interesting question. Perhaps the hon. member could tell us whether he pays corporation or other taxes here in Ottawa.

Mr. Croll: He is entitled to make his speech.

Mr. Sinnott: When I get through with my speech, possibly the leader of the opposition will be able to contribute something.

When you own property along Island Park drive or along any of those other millionaire roads paid for by the federal treasury—I understand the roads were built by the federal authority—the roads are policed by a federal department; the grass is cut by a federal department. Members come here to Ottawa to perform a service for their constituents. When they come here I propose to see that they live within their means. However, if they acquire these properties with huge assessments they must know what their taxes will be, if the tax is to be levied in accordance with the assessment. If they can afford to buy these expensive properties, naturally they should suffer the consequences.

I do not think the hon. member meant to begrudge the city of Ottawa a few paltry dollars. Why, a man coming from British Columbia, a man of his type, would consider that little sum of $760 only as pocket change.

An hon. Member: Peanuts.

Mr. Sinnott: Yes, peanuts. He has referred to another member from British Columbia who, while living within his modest means, is taxed at $550. Yet that gentleman does not complain.

Mr. Gibson: What position does he hold?

Mr. Sinnott: These members live in castles, in ivory towers; but when taxes of this kind are imposed they complain. They want to have their assessments lowered, so that they may have the benefit of lower assessments at the expense of the little fellow, the poor man.

I believe the assessment commissioner in Ottawa is efficient, and that assessments are carried out in accordance with proper values. The hon. member for Comox-Alberni would be well advised, if he cannot afford these luxuries, to dispose of his property and to buy another in which he could live within his means.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, this is a bill of some importance. Because of its importance I must express regret that it has been available to hon. members for so short a time. It is now exactly 12.45 o'clock, and this bill has been distributed in the House of Commons for only one hour. I doubt very much if hon. members have had the opportunity to read it.

Mr. Abbott: Its terms are almost identical with those of the order in council which has been in effect for some time.

Mr. Fleming: I obtained a copy of the bill from the distribution office just before coming into the house at eleven o'clock. In a matter of this kind, anxious as we are to co-operate in furthering the business of the house, and always recognizing the difficulty of pushing ahead with legislation in these days when we are sitting long hours, as well as the difficulty of having legislation printed in time for hon. members to review it, the inadequate notice we have had as to the provisions of this bill is most regrettable, measured in the light of its importance.

Yesterday we discussed the general scheme when the resolution was before the house, and I do not propose to retrace that ground at this time. However, in the limited time at my disposal I propose to make a brief review of the contents of the bill, and to offer some observations in regard to it.

I am sure the house will be glad to see a bill dealing with this subject, but I think it will view with disappointment the fact that the bill maintains a rigid formula, and is even more ungenerous toward municipalities than most of us had understood during the discussion on the resolution. After a review of the bill it can only be said that the provision made here for grants to municipalities is not only ungenerous but niggardly.

What is the scheme of the bill? No crown property, no property of any agent of the crown, whether incorporated or otherwise, is submitted to taxation at the hands of a municipality. What is provided here is authority to the minister to make grants within certain very narrow provisions laid down in the bill.

Then, as to the way the scheme seems to work out, one progresses from one limitation to another. In the first place, in reckoning the value of crown-owned property in a municipality, the first thing done by the crown is to eliminate a great deal of such property. The crown eliminates:

(i) real property forming part of an undertaking in respect of the conservation, irrigation, reclamation, rehabilitation or reforestation of land,

(ii) a park, historical site, monument, museum, public library or art gallery,

(iii) an improvement to land or structure that is not a building designed for the shelter of people, plant or movable property,

(iv) real property under the control, management or administration of the national railways as defined in the Canadian National-Canadian Pacific Act, 1933, or a corporation, company, commission, board or agency established to perform a function or duty on behalf of the government of Canada, or

(v) real property leased by His Majesty to a tenant from whom, by reason of such tenant's interest in that real property, a municipal taxing authority may collect real estate tax.

So we make those five deductions first of all from the value of real property owned by the crown or its agencies in municipalities.

The next such deduction is to remove from the total of crown-owned property, federal property that does not accept from a municipality any service referred to in the following terms: a service that—

(a) the municipality customarily furnishes to real property in the municipality; and

(b) is, in the opinion of the minister, a material service.

That is another far-reaching limitation, because if we take out of the total of federal properties those which have services only in respect of public roads and sidewalks, we have taken out of the category of properties with which the granting provisions of this bill are concerned, a great deal of property.

The third limitation is that the total of all such properties—that is to say, having eliminated all those properties in the sections I have referred to up to the present time, of which there are approximately seven categories—must exceed four per cent of the taxable property of a municipality, including that portion of the crown-owned property remaining after the subtraction of the properties in the seven categories I have mentioned.

So that unless the property survives all those tests there can be no benefit to the municipality whatsoever. But, sir, even at that point there is a fourth limitation that enters into account. It is this: that the minister is under no obligation to accept the valuation placed upon a property by a municipality.

Under this bill he retains virtually unlimited power to set the value that is to be put upon the crown property after reducing it by the elimination of property in the seven categories I have mentioned. Therefore he is going to have a perfectly free hand in establishing the values of crown property.

If the property survives all these limitations, a grant may be made. If you examine the provisions in regard to the grant you will see that in the first place it is not equivalent, even as applied to the limited value of crown property remaining after these various deductions have been made, to the rate of taxation as applied to other property in the municipality. The formula that is applied to determine the grant in lieu of taxes is equivalent to seventy-five per cent of the rate applicable to other property in the municipality.

The sixth hurdle in this sequence is that if the minister still chooses he is not under any obligation to make a grant on the foregoing basis. He may decide instead simply to pay for the services furnished to the crown property. In determining the amount to be fixed for the services, the minister still has a free hand. It is for him to determine what value shall be placed upon the services received or what deductions shall be made from the grant by reason of services that the minister considers the crown does not require at the hands of the municipality.

Then we come to the seventh obstacle in the sequence. Even if some municipality survives these six tests with respect to crown-owned property within its confines, the minister may still refuse to make any grant at all. There is no obligation upon the minister under this bill to make a grant even in those circumstances. The bill specifically and expressly provides that no right is conferred. If any hon. member attaches importance to the words "the minister may . . . out of moneys provided by parliament, make a grant to the municipality" and construes these words as imperative and the equivalent of "shall", I would point out that the draftsman of the bill has taken great care to make it clear that the word "may" means "may" and not "shall".

Mr. Abbott: Quite properly so.

Mr. Fleming: Not only has he stated that no right to a grant is conferred; he has been careful to insert the words "in his discretion".

Mr. Abbott: It has always been perfectly clear that these are *ex gratia* payments and not payments as of right.

Mr. Fleming: That is perfectly clear in the bill, and the minister made it perfectly clear yesterday that parliament was providing only for *ex gratia* payments and there would be no compulsion applied to the federal government.

It seems to me that a review of the bill in these stages indicates that the benefits which a few municipalities are going to derive are very limited indeed. This is not an act of generosity on the part of the federal government, because—

Mr. McIlraith: Oh, yes; it is a great improvement.

Mr. Fleming: The hon. member for Ottawa West (Mr. McIlraith) says that it is a great improvement. Where is the great improvement? Apparently the hon. member for Ottawa West is a champion of things as they are as applied to municipal assistance from the federal government.

Mr. McIlraith: I am thoroughly familiar with it.

Mr. Fleming: If the hon. member is satisfied with the deal Ottawa is getting today from the federal government in respect to property owned or occupied by the crown in Ottawa, all I have to say to him is that I think Ottawa is not getting a square deal.

Mr. McIlraith: I said it was a great improvement over the old situation.

Mr. Fleming: An improvement over the old arrangement? I should like to see where the improvement lies.

Mr. Abbott: $900,000 worth.

Mr. Fleming: This bill simply purports to put into statutory form the terms of the order in council which hitherto prevailed. Where is the great improvement? I think hon. members who are concerned with the affairs of municipalities in this country, and particularly with the burdens that are cast upon the taxpayers in them by the ownership of property by the federal government, will not be satisfied with the limited help offered by this bill to the municipalities. If the hon. member for Ottawa West is satisfied with this; if he can see a great improvement in it, then I think he is viewing the acts of the federal government in this particular, as is not infrequently the case, through rose-coloured glasses, or indeed through magnifying glasses.

I fail to see where municipalities like Ottawa will be able to see any great improvement in this bill. Just look at the figures to be found in the estimates. Last year the minister budgeted for grants to municipalities, under the order in council which preceded this bill and which has been in effect for the last year or so, in a total of $1,600,000. He is asking the house to approve in this year's

estimates a total of $1,800,000, an increase of just $200,000. The figures that he gave us yesterday indicate—

Mr. Abbott: The original estimate was $1,600,000 more than they had been paid before.

Mr. Fleming: Of course it was, but I think the minister had better bestir himself and do something worth while before cackling too loudly over a most inauspicious beginning at extending a measure of belated justice to the municipalities.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Fleming: I think I can conclude briefly, Mr. Speaker. Prior to the luncheon recess I was stressing the fact that as the bill is drawn it sets up a series of hurdles or obstacles in the way of municipalities qualifying for the grant. The whole emphasis is placed upon the erection of obstacles in the path of municipalities seeking any assistance from the federal government, regardless of the extent to which ownership by the federal government of property located within the municipality reduces the total of assessable property upon which the municipality may levy its needed taxes.

Just prior to the noon recess it was suggested that this represents a great improvement. I take issue with any suggestion that this bill makes any great improvement in the relations between the federal government and the municipalities in reference to the exemptions now enjoyed by this government. It is true that the introduction of this limited method of assistance is some improvement over the system which prevailed prior to 1950, under which the municipalities received nothing; but I think the argument is quite untenable, as one hon. member argued this morning, that this bill represents a great improvement. All that was paid by way of assistance to the municipalities under this grant last year was $1,578,251.13, and by no stretch of the imagination can it be said that there was any very tangible assistance given them. All that is contemplated for the present year is a modest increase to $1,800,000.

I have already indicated that having regard to the extent of federally-owned property in this city, and the very high cost of municipal services, Ottawa is not receiving sufficient assistance from the federal government.

Mr. McIlraith: We agree with that.

[Mr. Fleming.]

Mr. Fleming: I am glad to hear the hon. member say he agrees, because I had a very different impression from his comment this morning, when he praised this legislation as a great improvement.

Mr. McIlraith: It is a great improvement, a wonderful improvement.

Mr. Fleming: I do not think there is anything great about it. If it is an improvement, it is a very modest improvement over an even more modest ancestor.

What is the extent of the assistance? If hon. members will look at the statement at page 4224 of *Hansard* for Monday, June 18, they will see that the ordinary grants under the four per cent formula, which is now to be carried into this legislation, provided only eighteen municipalities with a total of just $1,389,929.41. Then six western municipalities received grants in lieu of taxes on government grain elevators aggregating $74,186.80. Five municipalities received transitional grants respecting newly acquired properties totalling $1,663.19, and twenty-two municipalities received grants in lieu of special assessments for local improvements amounting to $112,471.73. Those four subtotals make up the grand total of $1,578,-251.13. If that can be called great by any stretch of the imagination, all I have to say is that I do not understand the meaning of the word. I should say that as compared with nothing before, that is a very attenuated attempt at a beginning; and to assert now that, because we are being asked to appropriate $200,000 more this year than was available for these grants last year, that is a great improvement, suggests to me, as I said this morning, that the hon. member for Ottawa West (Mr. McIlraith) is just viewing this proposal through a magnifying glass.

This bill does not make any attempt to draw certain distinctions which with great respect I think might well be drawn in an approach to a matter of this kind. The four per cent formula, hedged around as it is with such a multiplicity of hurdles and obstacles, is a test that is far too rigid and exacting. I believe there must be some test, some yardstick applied; I do not suggest that the grant should be simply decided by the minister in every case without due regard for some established yardstick. But the yardstick that has been selected here, it seems to me, fails to take account of some aspects of the matter which I think should be taken into consideration.

As I mentioned yesterday, there is the fact that in many cases property owned by the crown in the right of the dominion is not used simply for the purpose of rendering a service to the people of the municipality. In

many cases it is put to a revenue-producing use; yet there is no attempt in this bill to recognize that fact. Nor is there any attempt to recognize the fact that frequently a use made of property by an agency of the crown may be directly competitive with the interests of persons who are taxpayers in the municipality. In fairness I should say I believe there is some hope of adjustment there, in that certain of the crown agencies mentioned by the minister yesterday are to be invited by the government to make grants to the municipalities in lieu of taxes. But if you examine the formula by which these crown agencies, whether corporate or otherwise, are to be guided in arriving at the amount of the grant they should make in lieu of taxes, the minister goes no further than to say it is to be fair and reasonable. As a yardstick that is just about as vague as anything could be. Unless the government goes further and lays down the rule that these corporate emanations of the crown should pay, in respect of property owned and occupied by them in these municipalities, the same rate that they would pay if they were private taxpayers, then justice will not be done to the municipalities in respect of those grants.

I cannot find any warrant for some of the other fine distinctions drawn in this bill, especially in the matter of services. The bill rejects services rendered by the municipality by way of building roads and sidewalks, and they do not enter into the calculations of the Minister of Finance in arriving at the grants to municipalities. Surely that is drawing too fine a line; that is grossly unfair to the municipality, especially in the light of the fact that the costs of municipal services have been rising to such prodigious heights in recent years.

One can only express regret, Mr. Speaker, that the emphasis placed in this bill is negative, that the whole stress put upon the bill is upon the negative features and the difficulties put in the way of municipalities seeking to qualify to receive even the modest amounts provided here. The first requirement, it seems to me, is an altogether fresh and realistic approach to the problems of these municipalities. We would like the Minister of Finance to do something to assist at that very important level of government. This bill, I am sorry to say, will contribute very little to the accomplishment of that worthy purpose.

Mr. J. T. Richard (Ottawa East): I shall be brief, Mr. Speaker, but I would not want this house or the people of Canada to think that the people of Ottawa do not appreciate what is being done in this bill, nor on the other hand to believe that they are fully satisfied with what they are receiving. I believe we should put first things first. Some years ago the city of Ottawa was receiving nothing. It was difficult, and it took time, to convince the people at large in the Dominion of Canada and the members in the House of Commons that the municipalities which had public buildings of the government of Canada within their boundaries should receive any special grant. The first grant given to the city of Ottawa was for the sum of $100,000. It was given by means of a vote from year to year, and a few years ago it was raised to $300,000.

Under this formula, which is rather complicated and which is incorporated in a statute, the city of Ottawa has received $962,000 for this year. That is more than three times the amount received in the previous year. The formula was arrived at by mutual understanding. I would not want this house to think there are any serious differences between the assessors of the city of Ottawa and the assessors who act on behalf of the government of Canada. There is, however, one point on which there is disagreement, and that is that the formula allows only seventy-five per cent of the excess over four per cent to be taxable at the public school rate for the city of Ottawa.

Nevertheless under this formula the city of Ottawa is certain of a fixed sum based on the assessment from year to year. I only wanted to point out that if anyone wishes to say this is a niggardly sum or that there has been no improvement, certainly the people of Ottawa do not feel that way. They are looking forward to improvement in the formula, and to an increased grant as the development of the city progresses. There is one thing that should be remembered, and that is that the city of Ottawa also receives some benefits from grants made to the federal district commission. Again there is agreement between the city and the federal district commission. I am sure that the government and the members at large look upon the city of Ottawa as a national capital and will be only too glad to approve this legislation. Perhaps they can improve it, as I have suggested, by making a grant to the full one hundred per cent instead of the seventy-five per cent.

Mr. J. W. Noseworthy (York South): As I listened to the member for Ottawa East (Mr. Richard) I was reminded of the biblical parable of the poor man who was satisfied with the crumbs that fell from the rich man's table. It would seem to me that his point of view was that of the poor man who was grateful for any crumbs which fell from the rich man's table, even though now those crumbs may seem to be like crusts of bread.

Mr. Richard (Ottawa East): I am glad you consider a million dollars a crumb.

Mr. Noseworthy: I believe that parable well represents the point of view expressed. Actually in the past that has been very much the position of the municipalities in their relationship to the federal government. In recent years the federal government has been prepared to pass out a few crumbs to the municipalities, and some, not all, of the municipalities have been grateful for those few crumbs.

The thing we have overlooked in this discussion is that Ottawa is not the only city concerned with this bill. In considering the bill I should like to emphasize the note which the member for Eglinton (Mr. Fleming) struck in his concluding remarks, concerning the importance of government at the municipal level in any democratic system. The tendency here seems to be to underestimate the importance of municipal government. Any services that a municipal government can render to a community should be rendered by the municipality because that government is closest to the people. The further removed any government is from the people, the less efficient that government is likely to be. In a democratic system we must not take any measures that will remove from the municipalities the responsibilities for those phases of government which they can render best.

In recent years the municipalities have found they have not sufficient income to meet many of the responsibilities which are theirs to perform. Their field of taxation is pretty well limited to real property, and is probably the most limited of all levels of government. We saw that in the depression. It was not the federal government or the provincial governments who went into bankruptcy, but scores and scores of municipalities across this country found themselves going into bankruptcy. We, and other individuals, hesitate to render very much aid to education. We still leave the cost of education to be borne largely by municipal governments. There is a fear that, if the federal government put too much money into education, in some way they will have a voice in the curriculum and in the administration of the school system. I should never want to see in this country an educational system whereby all financial responsibility for it was removed from municipal governments. Those countries in which educational costs have been centralized and have been borne entirely by central governments have shown us that there is always a tendency for the local people to lose interest in their schools; and what applies to the school system applies to many of the other services that the municipalities render. My point is that municipal government is so important in a democratic system that we must do nothing to undermine government at that particular level.

In the past it was taken for granted that crown properties should be exempt from taxation. But gradually over the years the federal government has adopted the practice, as I mentioned at first, of giving a few handouts to the municipalities. This bill provides for nothing more than larger handouts by the federal government to the municipalities. The amount that the municipality is to receive in lieu of taxes for federal properties is still largely left to a matter of dickering between the municipality and the federal government. That, I submit, is just not good business practice. There is only one way in which this matter can be handled properly in the interests of the municipality and in the interests of good democratic government. The federal property should be assessed on the same basis as is any other property in the municipality and the federal government should expect to pay municipal taxes on that property on exactly the same basis as does any other property owner in the municipality. If the federal government has reason to believe that the assessment is too high or that it is unfair, it has the opportunity—as has any other taxpayer in the community—of going before a board and there arriving at a fair assessment. So long as the question of payment in lieu of taxation is left as it is, a matter of negotiation between municipalities and the federal government, so long will you have discrimination. You are opening the door there for political patronage on the municipal level, just as we find political patronage existing within other services at the present time.

Government buildings or government offices are placed in certain municipalities, certain towns and cities, because in the opinion of the federal government authorities that is the centre from which those offices can best serve the community, the province or the country at large. As to Ottawa, I do not think Ottawa as a city had a great deal to say about whether or not this should be the national capital. Ottawa was chosen as the national capital because it was felt that this was the one place in Canada that would best serve such a purpose at the time when the selection was made. Whether the hon. member for Ottawa East (Mr. Richard) and other Ottawa members are quite content with the handout that Ottawa gets from year to year—

Mr. McIlraith: He did not say that.

Mr. Noseworthy: —is not a matter of importance. It is neither here nor there as

far as the discussion of this bill is concerned. Whether or not the people of Ottawa are satisfied is probably another question. But whether the municipality concerned be Ottawa, Toronto, Montreal or the smallest municipality in this country, I can see no good reason why the federal government should not be required to pay taxes on all federal property, assessed by the same method as are other properties in the municipality.

There was, of course, a day when municipalities thought that there was some advantage in getting a government office or a government building established within the municipality. There were benefits. There are, of course, benefits which accrue to any municipality; but there are also responsibilities and there are also services. It is to the certain advantage of a city or town that any industrial enterprise should be established in that city or town; but because the city or town is going to derive some benefit from the establishment there of the industry or commercial enterprise is no good reason why the citizens of the city or town should give that enterprise property tax-free in perpetuity. That practice is being rapidly abandoned. Cities and towns which in times past sought to attract industrial enterprises by granting exemption from taxation have come to change their point of view; and today the general practice is that even those enterprises which at one time were considered to render to the municipality sufficient service to warrant exemption from taxation are being taxed today. There is an increasing demand that all such properties should bear their fair share of municipal taxation. I think it would be difficult for anyone to give good, sound, logical reasons why the citizens of any particular municipality should be called upon to support a federal government office or building which serves not only the municipality but, in some cases, the country, in other cases the province and in still other cases the surrounding countryside.

There is another feature to be considered. Actually what the government is doing in this bill is merely passing on to the municipalities what they have taken from them by reason of government policy which has led to the present rising cost of living. Within the last year every municipality in this country has had to raise its tax rate because of the rising cost of living which has resulted from this government's policy. Many municipalities have had to step up their tax rate as much as twenty mills owing to the rising costs of material and services. For that this government's policy is to a large extent responsible. In increasing the size of the handout that the government are giving to the municipalities by this bill, they are simply handing back to the municipalities all or part of what they have taken from them as a result of their policy which led to that rising cost of material and general living. In the light of the importance of municipal government, and in fairness to all municipalities, because so long as this present system is followed there is bound to be a certain degree of unfairness as between municipality and municipality, the question of the taxes the federal government should pay on any government piece of property in a municipality should not be left to negotiation so that some municipalities can get a better deal or drive a harder bargain with the federal government than others. It should be on a straight assessment basis, and the federal government pay their taxes as other taxpayers in the country.

Mr. J. L. Gibson (Comox-Alberni): I am glad to see that the hon. member for Springfield (Mr. Sinnott) is in his seat this afternoon. In his remarks this morning he said something about me which in fairness to other hon. members in the house I think I should answer. Being in a charitable frame of mind this afternoon, I should like to think that his remarks this morning came from the fustian part of his nature instead of being dictated by that keen, analytical financial mind of his which has been so keenly developed during his long term of office as the reeve of the municipality of Brokenhead.

There was only one of his comments that I resented slightly. He suggested that in my remarks on the resolution stage I had complained personally of paying what I considered to be high taxes in the city of Ottawa, and that I had suggested, by inference or in some other way, that they should be unloaded in some manner at the expense of the little fellow. There is only one thing that I can say to him. I have always flattered myself that in a small way I have tried to carry my fair share of whatever burdens came my way; and even if I could not do it I would probably be like the hon. member. I would get out and try to earn enough money at some extramural activities, possibly in the grease business, or something of that kind, which would allow me to maintain my fair share of whatever burden I would be asked to carry.

Mr. Stick: Small town mentality.

Mr. Gibson: In his remarks he referred to the modest little house in which I happen to live on Island Park drive, which he referred to as millionaires' row. I am afraid he does not know his geography in Ottawa

very well. Certainly, the one millionaire's row we have here—and he has probably driven around it and seen the great estates—is in Rockcliffe, where the true millionaires of this town live. I gather their taxes are very very low. I think probably he has inadvertently put his finger on one of the main difficulties in the Ottawa taxation situation. It is the fact that our Ottawa city council has seen fit to acquire large sections of adjoining townships and have left out this one very desirable location, which contains people who are able to pay very heavy taxes. They have been left out of the scheme of things here.

That Ottawa has not taken in Rockcliffe is one of the factors contributing to the very high rate of taxation here. I notice that some of the newspapers have mentioned that for the first time a member of parliament from other than Ottawa ridings has taken some interest in the taxation problems of Ottawa. That may be a fair comment, but let me point out to them that I was trying to do a service to the other hon. members here, because after all we as members represent the city of Ottawa as well as our own constituencies. I was trying to point out to the other hon. members that from my own personal experience, and from the experience of other hon. members who have found it necessary to purchase homes in Ottawa, we have suddenly become very conscious of the difficulties with which the taxpayers of Ottawa are faced in meeting this terrifically high municipal taxation that is in effect in this town.

It just appears to me, as I said in my remarks during the discussion on the resolution stage, that Ottawa is in effect, by virtue of the fact that most people living here are civil servants, a company town; and it seems to me that we as members of parliament, and indeed the government, should be very much concerned with the welfare of our employees, just as we would expect any company which was running a company town to be concerned with the welfare of its employees.

I realize that at the present time the government probably has not the power, but I would suggest that it might be a very worthwhile thing for this government to consider asking the citizens of Ottawa or the council of Ottawa whether they would not consider having one of the keener minds on our treasury board associated with them on their board of control. I say that because I feel that they could well use some of the expert financial advice that is given to the Minister of Finance (Mr. Abbott) by these experts in their regular capacity.

Mr. Stick: Free of charge.

[Mr. Gibson.]

Mr. Gibson: As I understand, we have a precedent in the town of Yellowknife in the Northwest Territories. We have three representatives on the board there, and I do not think we would be breaking any new ground by trying to make the same arrangement in the city of Ottawa. I would even go further than that. Now that we have this great map in the buildings here showing what Ottawa is eventually to become under the Greber plan, I think it might be an excellent idea for this government to give consideration to the establishment of a federal district here to administer the affairs of this town, much in the same way as is done in the federal district of Columbia. I think there is much more validity for such a suggestion in Ottawa than there is in the district of Columbia. I would suggest that that might very well be done. Under a plan like that it would be possible that the residents of Ottawa would feel that they were being justly treated. Perhaps we would have to establish a tax rate for the residents of the city on a composite basis. We might take towns like Victoria, British Columbia, Regina, Saskatchewan, and Hamilton, Ontario. These are three average towns across Canada. After doing that we could probably set a composite tax rate comparable to theirs that might make the residents of Ottawa feel that they were being fairly treated.

I should like to point this out to the Minister of Finance also, if he feels that we are being fair to the city of Ottawa—I am not going to say that we are not—by giving them $1 million now, or $900,000 and some odd: surely we can go back over the period of years when we gave them only $100,000 and say that if the $900,000 that we are giving them now is fair, when we were giving them $100,000 we were being grossly unfair to them. The city of Ottawa must have a very high bonded indebtedness by virtue of the fact that the federal government was not paying its fair share of the tax burden in this city in those years.

There is another point about this city. I believe that there is far too much taxable land that is tax free in this city. I saw a news item the other day which said that there was a curling club in this city tax free, and a lawn bowling club tax free. I think these are the kind of things that a federal government representative on the board of control, which I suggested, might well look into, and probably try to assist this city in getting itself into shape to give its citizens a tax rate that is comparable to the tax rates of other cities in Canada. I think that the federal government could

very well concern itself more directly with the problems of its employees who live in this city of Ottawa.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I think all of us want the city of Ottawa to get its due, and I believe we can agree that it will, so long as the two members representing Ottawa East and Ottawa West hold their present jobs.

But Ottawa is not the only city in Canada. There is Fort William, a city we consider just as modern, just as progressive and just as clean as Ottawa. Those of us in Fort William are going to present this legislation and the speeches supporting it, to our city administrators, so that they may present their case and receive the benefits to be received by other cities in Canada.

Let me pay my tribute to the federal district commission, because I believe they spend their money well. Around these parliament buildings I have never seen a man leaning on his shovel or his hoe, or riding in his wheelbarrow; and on that one occasion each year when we want to use the lawns the federal district commission could not be more courteous. We are grateful to them for that.

I know the city of Ottawa has two sources of revenue in addition to those mentioned by the hon. member for Ottawa East (Mr. Richard). It has the attraction of the House of Commons, so that tourists may visit these buildings, or people from the constituencies may see their members in action. The city has the further advantage of the salaries paid to those who work in these buildings. These people, in their turn, pay taxes, such as those to which references were made by the hon. members for Springfield (Mr. Sinnott) and Comox-Alberni (Mr. Gibson). Those of us from Fort William believe we should qualify because, in addition to our large customs building, which houses the income tax branch, and the branch of the Department of National Revenue, we have the old post office which has been refitted for income tax purposes, and the large post office which houses the branch of public works, the mounted police and other utilities. We would not be without one of them because we believe they bring in revenue while adding dignity to our city.

I thank the minister for having introduced the legislation. We will be on his track later on.

Mr. J. H. Dickey (Halifax): Mr. Speaker, I wish to congratulate the minister and the government upon the principle that will be included in the law of this country when the bill is passed. My colleague from Halifax expressed his views in the matter on Monday, and I should like now to adopt his remarks.

I must say I was surprised by the language of the hon. member for Eglinton (Mr. Fleming) in describing the bill, and by his attitude toward the legislation. I understood that the hon. member for York South (Mr. Noseworthy) was in agreement with him; but perhaps I should not be too surprised by the attitude of the hon. member for York South. Certainly I am as much in disagreement with him as with the hon. member for Eglinton.

Mr. Fleming: Did the hon. member ever sit on a municipal council?

Mr. Dickey: No, I have not. But if the hon. member for Eglinton had any knowledge or appreciation of the difficulties that have faced municipalities this legislation is intended to assist, he would not have taken the attitude he took this afternoon.

Mr. Fraser: The hon. member for Eglinton has had a good deal of municipal experience.

Mr. Dickey: I am sure the hon. member has full knowledge of the very real problem facing all municipalities in this country. It is quite obvious however that he does not have any appreciation of the special problems of municipalities having a high proportion of federal tax-exempt properties within their boundaries.

Mr. Fleming: Like Ottawa.

Mr. Dickey: Yes, and like Halifax and other cities.

Mr. Fleming: I was prepared to give them more than the minister does.

Mr. Dickey: We in Halifax thought that when the federal government a couple of years ago announced the policy of paying special grants in lieu of taxation, a great step forward had been taken. We feel, in addition, that their action in bringing in this legislation and incorporating this principle in a bill to become the law of the country is a further step forward. Certainly I agree with the hon. members for Ottawa West (Mr. McIlraith) and Ottawa East (Mr. Richard) in the remarks they have made concerning the effect of the bill.

The minister, in discussing the matter at the resolution stage, dealt at some length with one of the main points which I shall discuss briefly this afternoon. His observations appear at page 4224 of *Hansard* where he states that he made it quite clear in his statement of November 14, 1949, which was the original negotiation announcement of this policy, that the crown must reserve to itself the right to establish the valuation. I do not think we can quarrel too much with that statement. The crown naturally would have to take

special care to see that valuations of property were done in a fair and reasonable manner. Then he went on to say:

> These are *ex gratia* payments and, for reasons which I think are fairly obvious, the crown could not put itself entirely in the hands of the local assessors.

I agree with the minister that from the legal point of view these are *ex gratia* payments, but that is only from the purely legal point of view. As well as being *ex gratia,* these payments are *ex justitia;* they are based upon justice and reason.

The minister went on to describe arrangements which would be made for agreement between the federal government and local assessors, and pointed out that in one or two cases, one of which was Halifax, the department had retained outside advisers to assist in coming to a conclusion.

The city of Halifax is appreciative of the efforts made to reach a fair and equitable settlement in the matter, so far as grants to Halifax are concerned. However, I am sure the minister is fully aware that only the first step has been taken. We hope that it is not just the first step and that in the next few years as this legislation becomes more familiar and as we get used to its administration there will be room for adjustments which the cities and municipalities think should be made.

I think the government has been right in drawing up the bill in the way they have. I would point out to the minister that the real test of this legislation will be the manner in which it is administered. I am sure that he will give special attention to matters of that kind which will be coming up in the future.

The hon. member for York South (Mr. Noseworthy) suggested that this bill would open the door to political patronage at the municipal level. I do not know just what the hon. member intended to convey by that statement, but certainly the meaning I took from it was quite unpleasant. I am sure that many of the municipalities receiving assistance under this bill will quite properly resent that kind of implication. He said also that these payments were handouts. I want to assure the hon. member that nobody in Halifax, Ottawa or any of the other municipalities that have been faced with these special problems considers these payments to be in any sense handouts. We are not happy to have suggestions of that kind made in this house.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to say a word about this bill and apparently I should govern my remarks by the list that has been presented.

[Mr. Dickey.]

I notice from the list that Halifax is getting $197,394 under this four per cent formula. Being a family man, I appreciate what constitutes a formula. These formulas are put out in little tins, some containing peas, some containing carrots, some containing beans or other things, and they are just about as sensible as this four per cent formula.

Getting down to my own riding, I notice that Maple Ridge receives $53.66 under the four per cent formula, and $126 even under the three and a half per cent formula, which is the smaller tins of peas and beans. I have great sympathy with Halifax but—

Mr. Croll: There is another one for Maple Ridge, $53.66.

Mr. Cruickshank: The hon. member is bringing to my attention the fact that $53.66 is also being paid to Maple Ridge, but I mentioned that. This legislation is mainly due to two hon. members from British Columbia. Some years ago the hon. member for Coast-Capilano (Mr. Sinclair) introduced a resolution along these very lines. He is now in a more fortunate position to bring about legislation of this kind. As long as he listens to some of my advice he will help to bring about legislation that may be of assistance.

The other hon. member who has assisted in this is the hon. member for Vancouver East (Mr. MacInnis). If I understood correctly what he said, he was contending that government properties should be subject to regular assessment and pay taxation at the regular rate. I agree entirely with that. I can see no reason why government property should not be assessed in the normal manner and taxed at the regular rates.

When I first came to Ottawa the grant being made to this city, if I remember correctly, was $100,000. At that time I sat where the hon. member for Comox-Alberni (Mr. Gibson) now sits. I objected strenuously to that grant being made. But I had the privilege of visiting Washington, the great capital of the United States, and I saw what the forty-eight states had done to build up the capital of that country. I began to realize that Ottawa was not the capital of Ontario, it was the capital of the dominion, and I was ready to agree to an increased grant. I repeat that government properties should be subject to regular assessment and taxation just the same as any other business or residential property.

If this city is the capital of Canada I contend that its form of government should be similar to that of Washington, D.C. I do not want to say anything derogatory about the local government of Ottawa, but I might mention that in Vancouver, the third city of

Canada with a population of some 400,000, there are only eight aldermen and no controllers. You would need to be a mathematician or a member of the Department of Finance to keep track of the number of controllers and aldermen in this little town of 135,000 people.

If the people of Canada are to put up the money, as I believe they should, to make this the most beautiful capital on the North American continent, then they should be protected by a form of government similar to that in Washington rather than the present government. Whenever you pick up either the *Journal* or the *Citizen* you see where Charlotte and Tardif are quarrelling over a pinball game or something else, and all the time we are putting up the money. I disagree strongly with that idea. I do not care whether Charlotte and Tardif like it or do not like it; if they come out to British Columbia we will show them how to run a great city without government assistance.

I want to come back to these figures. It is easy for the hon. member for Halifax (Mr. Dickey) or for the hon. member for Vancouver North—I should correct that and say "Coast-Capilano"; they gave up a good name and took on a poorer one—to argue as they have, but I think something should be said in fairness to the minister and the system he is trying to bring into effect.

In my riding is located the largest army camp in western Canada. The government has been criticized over that camp, even by the people of Chilliwack. That camp has now been set up as a permanent army camp to form part of our national defence. Its payroll contributes largely to the welfare of the district. Many people criticized the government for taking four or five hundred acres out of taxation.

Within two miles or so of where I live is one of the finest airports in the Dominion of Canada comprising 900 acres. I have in my office, from the days when I used to be a member of the municipal council, a file filled with criticisms of the federal government and the Department of National Defence because there would be no taxes received from these 900 acres of what had not been very profitable land—I will put it that way. For the last five years some 900 children within my own district would not have had the benefit of education of any kind but for the facilities of that camp. During the disastrous floods of 1948 the people who had to be evacuated would have had nowhere to go if it had not been for the facilities at that airport. In the plans now being formulated for the evacuation of civilians from Vancouver and New Westminster in the event of bombing, it is planned to have evacuees handled at this airport.

I am saying this to point out to those in my own riding that it is not simply a question of saying they have lost the municipal revenue from some 900 acres of land. They must not forget what they have gained through the facilities at the Abbotsford airport in the way of education for their children, accommodation during the floods of 1948 and so on. The same applies to the Chilliwack army camp. However, I do not think the minister has gone far enough. The present formula is a step in the right direction, but eventually these grants should be made in every municipality, regardless of size. That should apply whether it is the great city of Ottawa, the lesser city of Halifax, or even the little area out here called Carleton, where the residents apparently have to walk 200 yards to get their mail, which I admit is a great drawback and hardship, particularly when you consider some of the speeches they have to carry home with them. However, I agree with those hon. members who have suggested that there is only one proper formula to be applied in connection with the taxation of this property; that is, government property should be assessed and taxed in exactly the same way as other property, with the same right of appeal to the assessment courts or other civilian courts.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the discussion that has taken place has related substantially to Ottawa, but it has also dealt with other cities and municipalities in which particular members are interested. It seems to me that for the reasons put forward by the hon. member for Fraser Valley (Mr. Cruickshank) all hon. members should be interested in the situation in this city. I believe the hon. member put his finger on the crux of the situation when he said this is the capital of Canada, and that in considering the provision to be made for it and the plans that will be carried into effect for its improvement we must regard this as the property of all Canadians. I am not going to discuss the suggestion he has made as to the method of government, other than to say that he has put forward something which definitely will call for consideration in the years ahead as the over-all plan takes more complete form.

I was struck by the attitude of the two Ottawa members who have discussed this subject. The hon. member for Ottawa East (Mr. Richard) has said he feels sure the people of Ottawa would not wish to have the people of Canada generally think they are not grateful for what they receive under the existing provision. Then of course, to be sure, he is on the other side of the argument as well: he goes on to state that neither

does he wish to say they are entirely satisfied. Having sought to place himself in both camps in that respect, he leaves it in that position. The hon. member for Ottawa West (Mr. McIlraith) fairly well sums up his position when he says he thinks this is an improvement.

Mr. McIlraith: He will sum it up in due course.

Mr. Drew: I am going to sum it up, because so far the hon. member has simply left it at that. I would be grateful if he would be a little more exact as to what he thinks should be done.

Mr. McIlraith: We give the leader of the opposition (Mr. Drew) precedence here.

Mr. Drew: I might remind hon. gentlemen, including the hon. member for Fraser Valley, that Carleton county now embraces a very substantial part of the city of Ottawa, so I am speaking also for one segment of this city. It should be remembered that we are dealing with what was regarded simply as a temporary expedient to meet a situation everyone recognized had to be faced in some way. The hon. member for Ottawa East said he thought there had been little disagreement as to the assessment of the property in question. That is correct. As I understand, there has been no disagreement. I also understand it has been agreed that the buildings in the city of Ottawa owned and operated by the Canadian government, other than the parliament buildings themselves, should be assessed at a figure which, if taxes were paid in the ordinary way, would have produced during the past year a tax of $3,338,900, as compared with the $962,392 the city received. Certainly $962,392 is not an insignificant figure; nevertheless we must appreciate that any payment, no matter how large or small it may be, is adequate or inadequate in relation to the figure for which it is substituted.

It has been pointed out that in this city other payments are made, and also that certain other services are rendered by the dominion government in connection with policing and activities of that kind. Of course those are not in substitution for the local responsibilities in that respect. The city of Ottawa carries on all the ordinary functions and responsibilities of a city of this size. The figure being paid, therefore, must be related to what would be received from those buildings were they not operated by the government. Making full allowance for any services that are rendered, comparing the $962,392 with the $3,338,900 which would have been received from those buildings on a normal assessment rate and normal taxes, then I say that without question the amount being paid to the city of Ottawa, the capital of Canada, is not adequate to give the city a fair return for the taxes it is compelled to give up in relation to those buildings.

Having said that, I want to point out that there are buildings which fall into different categories, and in discussing this whole subject we must remember that fact. For instance, as has been pointed out by some hon. members, there are buildings that are definite attractions from the tourist point of view. Others, while perhaps providing no utility service or no revenue service, might be placed in a special category. They are only a relatively small part of the buildings or operations under consideration. Then there are those operations which are of particular service to the community, such as post offices and buildings of that kind. Those should be placed in a special category, and some return made for the property set aside for those purposes. There is a third category, and that is the category to which the consideration of the members of this house must be directed, whether or not we at this time deal with that subject in any effective way. In that category come those buildings and those activities, industrial or otherwise, which operate on a revenue producing basis and which should pay taxes the same as any similar activity.

At a time when the government is extending its activities into many fields for defence production, in the form of crown companies and otherwise, this is something which must be faced. It certainly is not fair to any community, and all communities in Canada depend largely or in many cases almost entirely upon taxes obtained from real estate, to take over large areas in those communities, whether they be urban or rural municipalities, calling for the services that are necessary in such an area, policing, educational and others, and then not pay the normal tax rate for the property. I can think of many extremely important undertakings which were opened up during the last world war which caused great difficulties for the municipalities in which they were located. The people of those municipalities would have been the very last to have expressed any wish that those operations or undertakings should not go forward in the area. Nevertheless they did face great difficulties as a result of what was done.

Take as an example the great explosives plant at Ajax. This called for a large tract of land, not only for the explosives plant but also for the houses required for the

workers who went to that new and segregated community. Under the general provision that governments do not pay taxes, almost insurmountable problems were created in regard to educational and other facilities of that nature. Then in the case of the very large aircraft development at Malton, great areas were set aside for the plant and still larger areas to house the workers who came there to take part in that production. Again that area certainly welcomed a development of that kind, but it created immense difficulties. Since that time special steps have been taken and it has been possible to meet these particular problems, but that redress cannot begin to take care of all cases of that kind. Once again we are confronted with the necessity of a large expansion of defence production. Once again it will be necessary for the government to take over new tracts of land or acquire additional land in areas where there is already production of that type. I am satisfied that some steps must be taken to meet such a situation.

As for the bill which is before us, it is simply a bill to interpret in statutory form the order in council which introduced this device last year. As has been pointed out by some of the members, there does not yet appear to be any clear reason why four per cent happens to be the figure of concentration which becomes the starting point for taxes of this kind. Without in any way reflecting on the motives which prompted the remarks of the senior member for Halifax (Mr. Dickey), it is perhaps easy to understand why he regards with a greater measure of approval this hit or miss system, and that is all it is, than might the members from other communities of a similar size. Halifax receives the second largest payment of any city in Canada. As compared with Ottawa, which received $962,392, the city of Halifax receives $208,489.93. I have no doubt that the city of Halifax should receive that, and probably a great deal more. However, that is a very substantial payment in comparison with the city of Vancouver, for instance which receives a total under these various types of payment of $172.12. There will not be any suggestion that there are not large government operations in the city of Vancouver which should be contributing their share, and which are earning revenues which could provide some contribution to the ordinary services maintained by the city of Vancouver.

It is noticeable that neither the city of Montreal nor the city of Toronto receives any payment under this. It is all very well to make facetious remarks about cities such as Montreal and Toronto not deserving any payments, but the fact is that if a system is sound every city should be dealt with on the same basis.

Mr. Croll: Toronto is receiving about $8,000.

Mr. Drew: Is it in one of the smaller categories?

Mr. Cruickshank: It is with Maple Ridge, I guess.

Mr. Drew: It is in the same category as Maple Ridge; that is correct. Under grants in lieu of special assessments for local improvements Toronto receives $8,874.13 as compared with the $208,489.93 for Halifax and the sum of $172.12 for Vancouver.

Mr. Knowles: They would not get a very large subway for that.

Mr. Drew: No, not very great. The member for Fort William (Mr. McIvor), whom all of us love—I use that word advisedly—does sometimes rather strain that affection by the blanket approval that he gives to all those associated with him. I do admire his loyalty, but his unfailing certainty that all is well in this best of all possible worlds so long as things are done by Liberals is sometimes a little difficult to accept as an unqualified principle, no matter with what amount of affection we may regard the hon. member.

Mr. Abbott: There may be the odd exception that proves the rule.

Mr. Drew: As the Minister of Finance (Mr. Abbott) says there may be the odd exception where perhaps that applies, but as a blanket principle it is a rather difficult principle to accept. The member for Fort William, having given his unqualified assurance to the people of Ottawa that all will be well so long as the present members for Ottawa East (Mr. Richard) and Ottawa West (Mr. McIlraith) straddle the fence in the way that they have today, he then goes on to say that while it is true Fort William has not come in for benefits, he is going to pack his bag and go back there to make them do their best to get under the fire. The member for Fort William will have to make some new suggestions to them, because they were not able to qualify under this four per cent formula during this current year. There were a lot of municipalities in Canada that were not able to qualify, no matter how deserving they may have been. It is significant that throughout the whole of Canada, including cities, towns and villages, there were only eighteen that were able to qualify for the ordinary grants under the four per cent formula. May I repeat, Mr. Speaker, that if a principle is a principle at all and not just

something pulled out of a grab bag, then it is something that will apply to every municipality where operations or undertakings of the same kind, carried on by the dominion government, are carried on for the benefit of the people in those communities and for the benefit of the people of Canada generally.

This bill now before us perpetuates an ineffective, inefficient and unsatisfactory procedure that was adopted as a temporary expedient by order in council. I recognize the fact that a temporary expedient is better than none; but I do not think it should be written into the form of a statute and purport to interpret, as one hon. member put it, a principle in the form of law when it establishes no principle that any of us can possibly discern. It is perfectly true that, as the Minister of Finance (Mr. Abbott) interjected, this is the taxpayers' money. Certainly it is the taxpayers' money. But all of the money that is paid into the municipal, the provincial and federal treasuries across Canada comes from the same set of pockets across Canada.

Mr. Abbott: Will my hon. friend allow a question?

Mr. Drew: Certainly.

Mr. Abbott: I know that he is conversant with this matter. Does he know whether the province of Ontario pays any taxes to the municipality on provincial buildings in various municipalities?

Mr. Drew: As a matter of fact they are not paying in respect of a number of properties which would fall into the same category. But I would point out that they are making certain provisions for the municipalities by the diversion of moneys received from such things as the gasoline tax and other taxes, to support the municipalities. They are also paying to the municipalities, for the very purpose of relieving their municipal tax rate, 50 per cent of all the costs of education in the province of Ontario. This year, in the province of Ontario alone, this amounts to a payment of close to $50 million to the municipalities for that one reason. The province of Ontario—and I am only saying this in response to the question put by the Minister of Finance—through its government, has sought to recognize the difficulty of the municipalities in this respect.

Mr. Cruickshank: The leader of the opposition (Mr. Drew) will admit that is in the last couple of years, though.

Mr. Drew: I will admit that it was introduced during the second year that I happened to be premier of that province; and that is the same law that is in force today.

[Mr. Drew.]

In any event, when there is any division as between federal and provincial governments, I am quite prepared to have my remarks apply to the principle involved, and I do not wish to have any qualifications in regard to that principle, whether it be at the provincial or at the federal level. I am satisfied that as governments—whether they be federal, provincial or municipal—go into the operation and ownership of properties which earn revenue, those properties should pay taxes on exactly the same level as will any other property in those communities. I believe in free enterprise. I believe in free enterprise being protected against specially-subsidized government operations in the same field. In many of these cases governments are getting into operations where they compete with these organizations which, as ordinary corporations, must pay taxes. I am satisfied that it is in the interests of good government and of efficiency of operation to have those organizations pay taxes which put them on the same competitive level as any other organization in the same field.

Mr. Abbott: Will my hon. friend allow another question?

Mr. Drew: Yes.

Mr. Abbott: I do not want to interrupt him, but does he know whether or not the Ontario hydro pays municipal taxes on its installations?

Mr. Drew: They do not, on the same level. But may I also say that they have been making certain special allowances to the municipalities.

Mr. Abbott: But on the reasoning that my hon. friend was adopting, they should pay taxes on the same basis.

Mr. Drew: I thought I had made it clear that I asked that there be no reservations made in my remarks in regard to that point.

Mr. Abbott: That is fine.

Mr. Drew: No matter what may have been sound in the past, I think we have come to the time when, if governments at any level are going to extend into operations which compete with ordinary operations, they should pay taxes on those operations so that they may be subject to the same tests and the same standards of efficiency as is any other operation engaged in the same business.

As to this present bill, naturally it is one of those cases where it is wise to accept whatever is put forward on a provisional basis. But I can only express regret that a method which is so unscientific and inadequate for the purpose of balancing up these payments across the country is to be perpetuated in statutory form. Nevertheless,

since the government puts this proposal forward as the means by which it is going to continue whatever payments are being made, I am making these remarks now to urge upon the government that, in view of the fact that there is to be a second session this year, they be prepared to review this whole subject with the idea of examining this matter on the basis of some sound principle.

I would hope that they would come forward with a plan which will deal with properties of different kinds: those properties that are simply for the general service of the people of Canada, such as these buildings in which we are now meeting; those buildings which perform a special service for the locality such as post offices and buildings of that kind, and which are not operating anything in the nature of a business; and those operations that are straight business operations, operating in many cases in competition with private businesses. In that case I would hope that the government, within this present year, would be prepared to accept the principle—a principle that I regard as a sound one—that where the government goes into operations of this kind, those government operations will pay taxes.

Mr. Abbott: Ottawa would not get much on that basis.

Mr. Drew: I am quite prepared that Ottawa should stand on exactly the same basis as any other municipality in regard to whatever principle is applied. But I would point out again that, excluding these parliament buildings, the buildings in the city of Ottawa which are operated by the government and which are collecting revenues of various kinds, are assessed at a level which would have produced during this current year a total of $3,338,900 instead of the $962,392 they are receiving.

Mr. Sinclair: Plus the cost of the district commission, of course.

Mr. Drew: I was careful to point out that any special return they are receiving from the district commission or otherwise should be balanced against anything they receive; but that, subject to those balancing figures, the figure that the city of Ottawa receives should be a figure which bears some closer resemblance to the actual amount of revenue they would receive from those properties in the ordinary course of events. I do not see how the city of Ottawa is going to be able to carry on the services it is called upon to perform as the nation's capital as well as a city of homes and ordinary activities—whether it be under a regular municipal government or under a district commission such as has been suggested by the hon. member for Fraser Valley (Mr. Cruickshank)—unless they receive a more adequate return for the number of buildings that have been taken over and are being taken over all the time.

In this case, Mr. Speaker, I have put these remarks forward recognizing the fact that we are going to have another session; seeking also to emphasize the fact that any system which only provides payment to eighteen municipalities throughout the whole of Canada in relation to government operations cannot be a sound system; and suggesting that there is no reason for this arbitrary 4 per cent basis, but that the members of this house should be called upon to consider some scientific formula which will not only be good for the present but will meet the situation which is created with the ever-increasing entry of the government into business activities and other activities of various kinds across Canada.

Mr. David A. Croll (Spadina): May I first remind the leader of the opposition (Mr. Drew) that the first direct grant made to municipalities in order to relieve the burden on those municipalities was made not while he was in office but while the Hepburn Liberal government was in office.

Mr. Drew: Oh, no, Mr. Speaker. Reference was made by the hon. member for Fraser Valley (Mr. Cruickshank) I think to the system of grants to education at the level that was mentioned of 50 per cent.

Mr. Cruickshank: No.

Mr. Drew: That was introduced while I was in office; but may I point out—

Mr. Cruickshank: No, Mr. Speaker. Even the leader of the opposition cannot put words in my mouth.

An hon. Member: No, sir.

Mr. Cruickshank: I admire his versatile veracity, but if he will check *Hansard* he will find that I said no such thing.

Mr. Fraser: You made some reference to when they came into being.

Mr. Cruickshank: Do I have to take on the hon. member for Peterborough West while I am endeavouring to look after the leader of the opposition? If the leader of the opposition will check what I said he will find that I said, through the daily press the present government of Ontario are boasting particularly of what they have done in the last year or a year and a half. I think that can be checked in *Hansard*, and certainly it can be checked in the daily press.

Mr. Drew: I do want to keep the record straight. I certainly had no thought, and have no thought, of trying to put words in the

mouth of the hon. member for Fraser Valley because, as a matter of fact, that is not necessary. The fact is, my reference related first to the question asked by the Minister of Finance (Mr. Abbott) who asked whether the province of Ontario recognized those obligations, and I pointed out that the government of Ontario had undertaken to relieve the municipalities of the burden on real estate by assuming 50 per cent of the educational costs. It is quite correct, as the hon. member for Fraser Valley has pointed out, that these figures have increased year by year, but that was the formula which was effected several years ago. In regard to what was said by the hon. member for Spadina (Mr. Croll) when he said that this was introduced by Mr. Hepburn, the idea of grants by a provincial government to municipalities, I would remind him that the first grant to the municipalities by a provincial government was back in 1867, and not in the time of Mr. Hepburn. May I say that I also have a very high regard for Mr. Hepburn, a higher regard than some of his associates have displayed on different occasions.

Mr. Knowles: Who came first, the hen or the egg?

Mr. Croll: Just to put the record straight, I must repeat that sometime in 1934—perhaps it was in 1935—when the municipal problem was presented to the government of Ontario we gave them one mill on their assessment in order to assist them, in lieu of taxes and in lieu of other matters. In addition to that, we gave increased grants for education, which were later further increased.

Mr. Fleming: And took the municipal income tax away from them at the same time.

Mr. Croll: Let us get back to this bill.

Mr. Abbott: Hear, hear.

Mr. Croll: This bill in a small way deals with a very special problem. The members who represent constituencies that have benefited have come here and have said that it is a very nice bill indeed. No one begrudges the amount of money that is being paid out to them, the million and a half dollars.

Mr. Cruickshank: We do not go quite that far.

Mr. Croll: Of course, as the hon. member for Eglinton (Mr. Fleming) has said, it is an improvement. I share his views to a great extent, except that I do not share the violence of his language in the description of the bill.

Mr. Fraser: You should.

Mr. Croll: As the leader of the opposition has said, it is really a faltering step. At the present time Ottawa will receive almost 75 per cent of the amount of money to be paid out. I emphasize—and I express the opinion of the house—that no one begrudges a nickel of that. This is our capital city. This is our pride and joy, and we take a great deal of pleasure in it. We want it to be a beautiful city, we do not mind whatever money they require to spend in order to make us more proud of it; but it seems to me that we are approaching this on entirely wrong principles.

I have not been able to find a principle in the bill, although I have tried. I thought that after the hon. member for Fraser Valley had spoken I would understand the bill thoroughly and that he would explain it clearly. But he got off onto some baby food, and I did not get much information from him.

Mr. Blackmore: Skim milk.

Mr. Croll: Skim milk for the rest of the country. None of the 18 cities concerned begrudge the amount that Ottawa will get. I think it is a good idea, but the point I make is that the 4 per cent formula does not do justice to Ottawa, and it does less than justice to a great number of municipalities. I am going to remind the Minister of Finance about something that he said. Let me say further that, as I see the problem, the dominion government ought to pay taxes in the same way as everybody else pays taxes. This is not a recent view that I have held; it is a view that I have held for a long time. I quote him in order to emphasize my argument. When the question with respect to tax exemption for our fighting men in Korea was raised by the opposition the Minister of Finance said: "We do not want to set up a special group of taxpayers in this country."

Mr. Abbott: It has been done by our constitution, and for very good reasons, too, as my hon. friend knows perfectly well.

Mr. Croll: Whether it was constitutionally possible or not, my hon. friend found a way of getting around it and did grant that exemption finally.

Mr. Abbott: I am speaking of the exemption of the dominion government, not the service people. I am saying that is preserved by the constitution.

Mr. Croll: Of course it is preserved by the constitution. We have modified the constitution from time to time. I remember the day when you used to have to obtain a fiat if you wanted to sue the dominion government, and unless you got a fiat you were out of court. We have modified that, and

no one was particularly hurt by the result that people are getting a greater measure of justice.

To suggest that crown corporations should be invited to make contribution is wrong. It is either right or wrong. The crown corporations ought to pay taxes in the same way as everyone else pays taxes.

Mr. Abbott: That is not under this bill. I have said that before, Mr. Speaker. This bill has nothing to do with that.

Mr. Croll: I am just pointing out the shortcomings of the bill so that the minister can consider it at a future time. Certainly we are going to endorse this bill.

Mr. Fournier (Hull): When?

Mr. Croll: When you increase the four per cent formula and pay a proper tax. One of the objections made by the minister was that he did not think the dominion government ought to be put into the hands of the local assessors.

Mr. Abbott: Only as to valuation.

Mr. Croll: Yes; the suggestion is of course that the local assessors might raise the valuation some. That is not beyond the realm of possibility. Local assessors have been known to do that, but there is a way of meeting that. If the local assessors did the dominion government in, they could stand being done in every now and then. They do other people in very well. Besides, there is a formula—

Mr. Abbott: Always the people pay, anyway.

Mr. Croll: The argument everlastingly has been made when the municipal officials went to the provinces and asked them to pay taxes or went to the dominion and asked them to pay taxes: What difference does it make? The money is taken out of one pocket and put into another. But you take it out of different pockets. The pockets do not belong to the same people. That is the trouble. The municipalities will not even have any pants with pockets in them if you keep on refusing to pay your full share of taxes. In so far as the provincial government not paying taxes is concerned, here is an opportunity for the dominion government to set an example. After all, this is the Great White Father. We are the people who have an over-all responsibility. If we begin paying taxes on government property the municipalities will drive the provinces into the position where they will have to do the same thing.

It seems to me that is an excellent example of what is possible. We should have gone the whole way. It is an important matter to the municipalities. They have turned every way, trying to find a few dollars here and there, and yet on the other hand they see these large government buildings, which bring them some advantage, not paying taxes. That is a sore spot.

Mr. Abbott: Very few of them refuse those buildings.

Mr. Croll: Of course not; why should they? They are a part of Canada—and there are decided advantages to the local people. But there are disadvantages, too. It seems to me the government might well consider going the whole way and making it easier for the municipalities, which will bring them taxes not only from the dominion but from the provinces.

I would have thought that on this occasion the government would have taken advantage of the expression of feeling in the house when the original motion was debated, and settled this matter once and for all. I do hope that in due time the minister will set an example for the provinces. The federal government is doing a very good job of educating the people in the payment of income tax. It would be good for the dominion to feel that it is paying its share, so that the municipalities will not feel that they have been done in by the dominion government. I do hope the minister will give consideration to the requests made here from all sides of the house.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I for one am frank to say that I welcome the bill, and consider it a great improvement in the treatment of this subject. When I was first elected to the House of Commons in 1940 this subject was generally ignored. There was however a specific bill giving an annual grant of $100,000 to the city of Ottawa in lieu of taxes. When that bill came before the house at my first session one hon. member in the opposition put forward the proposal that it be cut off altogether, and that there should be no grant whatever. The idea was not popular, however, and out of fairness I must add that the opposition did not pursue it. Indeed the hon. member who made the proposal receded from it.

Treatment of the subject was postponed during the war years. In 1944, we were able to have a joint committee of both houses of parliament to deal with the subject. Unfortunately that committee was set up at the end of the session and its work was cut short by the termination of the session. However, it did one useful thing in that it

served to acquaint all hon. members with the nature of the problem, and focused it on their minds.

The grant involved in the city of Ottawa bill was increased in the following year to $300,000. In the last year there was a temporary order in council making provision for an interim payment, and today we have this bill. When I say the bill represents a great improvement I believe any hon. member who has examined developments on this subject since confederation will agree with me.

I was somewhat disappointed at the violence of the language of the hon. member for Eglinton (Mr. Fleming) in dealing with the subject, and his attempt to hammer it into the position of being some party matter that could be bandied back and forth between the parties. I do not believe we can deal with the municipalities of this country on that basis.

Their true position is that merely of statutory creations of the various provinces. In Ontario the municipal act and the present system of municipal government were brought into legislative being by the Baldwin government in 1849, which is one hundred and two years ago. There has been no change in the principle of that legislation since that time. It has been patched up a little each year, but the basic principle has never changed.

The situation is that we have municipalities, the creatures of the provinces, saddled with responsibilities in social welfare and other fields that were never thought of one hundred and two years ago. It is a completely changed set of obligations, and all costing large sums of money. Along with this however they have had the same basis of finding revenue, namely out of the land tax on real estate. I suggest the problem is not one that can be solved by the dominion government alone. It is a very difficult one, and perhaps one the dominion government may be wise not to stress too strenuously. Provincial-municipal difficulties are very real, and we could easily do more harm than good by interfering in something outside our legislative competence and jurisdiction. While we realize where the responsibility for that problem lies—and I have every sympathy for provincial and municipal governments in trying to face up to it—it seems to me that there needs to be a complete revision of the jurisdiction as between municipalities and provinces, and a revision that will put the financial responsibilities now placed on the municipalities into line with their sources of revenue.

I believe that would be a common ground for almost all parties in the house, and all members who have given any real thought to the situation. It is not good enough in dealing with the subject to say, "Oh, if the dominion government pays taxes, just like any other taxpayer, the problem will be solved." It just is not that type of problem.

I for one will welcome the day when a provincial government will come forward and will really look at the municipal legislation and make an attempt to bring municipal authority and responsibility into line with municipal financial sources of revenue. When that is being done, and as part of the process, I have no doubt at all that we will have to look at the responsibility as between the dominion and provincial governments. I welcome the opportunity of doing that, and I will welcome the day when we can do it. I look forward with eagerness to that day, and I hope it may be done in my time.

I for one am not satisfied with the one-hundred-and-two-year-old system. The hon. member for York South (Mr. Noseworthy) dealt with the grant to Ottawa, and seemed to single it out. I do not know what view he was seeking to convey, but he did make use of some biblical references. I did not like particularly his use of biblical references as related to this subject—but that is neither here nor there. I do object strenuously however when he describes as a crumb a grant of one million dollars to a municipality trying to carry on. I suggest it is something different from that, and that a million dollars of the taxpayers' money is not a crumb either to the municipality, the dominion government or to anyone else.

I noticed today that, regardless of the position hon. members may have taken as to the adequacy or inadequacy of the bill, there is one refreshing change. There seems to be unanimity as to the idea that something should be done. It was interesting and refreshing to observe that the disagreement was only as to the details as to what and how much should be done.

The leader of the opposition (Mr. Drew), who represents the adjoining constituency, made one reference with which I am strongly in accord. He used the hydro as an example of an enterprise which was carrying on business in competition with ordinary business and not being taxed in the ordinary way. I was glad to hear the leader of the opposition make that direct and unequivocal reference to the desirability of its paying taxes as an ordinary taxpayer.

Mr. Drew: I do not want to interrupt the hon. member for Ottawa West, because I

think we are in almost complete agreement on the general purposes, but I would point out that I was referring to those aspects of that commission which are in competition with other business.

Mr. McIlraith: I so understood the leader of the opposition.

Mr. Drew: I want that to be clear; I do not want to be misunderstood. There are certain services performed by the hydro electric power commission that are general services and which are not in competition with any other business, but they are also in business which is competitive. What I said applies to that as well as to the other.

Mr. McIlraith: I think there was a perfectly clear understanding of the remarks of the leader of the opposition. I am afraid that I cannot differ with him on that point. As I said, I welcome his statement. However, I was sorry to hear him use the figure obtained from the city hall about the tax the dominion government would pay—$3,339,000—because a figure taken in that way is misleading. It is not a complete and accurate figure. The leader of the opposition gave some reason why it is not wholly accurate and there are other reasons which are quite obvious. If the dominion government paid taxes on all properties it would involve the city in providing all the services that are provided for the ordinary taxpayer.

The point I wish to make in that connection, and this point is particularly strong in my mind as a result of my work on the joint committee a few years ago, is that to arrive at a correct figure requires a good deal of detailed examination of the services being rendered and whether or not they are normal services rendered to any taxpayer, and so on. That varies sharply from one municipality to the other, as I learned in the committee. That was the sole point I wished to make in referring to it.

It is well also to realize that this matter of the dominion government making large grants to municipalities raises another implication which has been put forward here today. If you are making large grants to a municipality, are you going to have a say in the administration of its affairs? That is a question which I am sure the municipalities will wish to consider most carefully. I think it is something that ought to be foreseen.

The question of a federal district commission has been put forward in this house for many years and has received a great deal of consideration. I do not think it is relevant to a discussion of this bill, but perhaps it should be remembered that the district commission does some good work in the area that is of benefit to the area as well as to the rest of Canada. These things should be considered in detail.

Then as to the amount of the grant, I seem to have troubled the hon. member for Eglinton (Mr. Fleming) when I said that I welcomed this bill as a great improvement. In my opinion the amount is not adequate, but at least we now have a formula upon which we can put forward representations concerning the inadequacy and what I would consider the improper allowances in computing the grant. Mention could be made, although I do not think it is relevant on the principle of this bill, as to whether one type of building should come under one subsection and so on.

Mr. Fleming: Is it not rather violent language on the part of the hon. member to talk about these being improper allowances?

Mr. McIlraith: Inadequate allowances.

Mr. Fleming: The hon. member said improper.

Mr. McIlraith: Perhaps I am subject to correction by the hon. member for Eglinton on that point. With his precision of language, he would have used the word "inadequate" instead of "improper". I am not able to define clearly when an inadequacy becomes an impropriety. You could argue about that at some considerable length. I gladly substitute the word "inadequate" for "improper" if the hon. member will find it more agreeable. Without taking more time, I believe I have expressed my views in general on the bill. I want to close with the note on which I began, and that is my appreciation to the government for at long last bringing forward this overdue bill. I welcome the opportunity to declare myself as supporting the principle of the bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, for just a few minutes I should like to speak in support of the position taken on Monday by the hon. member for Vancouver East (Mr. MacInnis) and the position taken in the house today by a number of hon. members on the government side, particularly the hon. member for Spadina (Mr. Croll). It seems to me that just as the federal government expects the people of Canada to pay their taxes, the federal government should come clean on this matter and pay grants equal to what would be the municipal taxes on government-owned property.

The Minister of Finance (Mr. Abbott) relies strongly on section 125 of the British North America Act which reads:

No lands or property belonging to Canada or any province shall be liable to taxation.

The hon. member for Spadina has already pointed out that until recently we had the fiction—I use that word advisedly—that the crown could not be sued without the consent of the crown, in other words without the grant of a fiat. During this session we have passed legislation doing away with that fiction. There are other fictions to be found in the British North America Act itself. For example, we have section 9 which reads:

> The executive government and authority of and over Canada is hereby declared to continue and be vested in the Queen.

We know what that means; we understand that language, but in point of fact the authority in charge of this country consists of the ministers of the Canadian cabinet. Similarly there is section 54 which reads:

> It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended to that house by message of the Governor General in the session in which such vote, resolution, address, or bill is proposed.

There again is a fiction that does not bother us very much. Every time a money bill is brought in a minister stands up and says that His Excellency the Governor General recommends the bill to the consideration of the house, but never since I have been here has there been a message from the Governor General brought into this house assuring us of that fact. We know what happens, and as a matter of fact I prefer it that way; it is the government that takes the responsibility for money bills, not the person who happens to be the nominal head of the country. I emphasize the point that the exact wording of section 54 of the constitution is being completely disregarded; we treat it as a fiction. Well, if that is the case with these other sections of the British North America Act which I have cited, I think we could do the same with section 125. We need not amend it. We can leave it there and continue to claim that property belonging to Canada is not legally liable to taxation, but that need not prevent the government from making grants in lieu of municipal taxation. One might find certain classes of property such as post offices, which are in every community, and which might not be included; but apart from a very few exceptions like that it does seem to me, as the hon. member for Spadina has said, that the government should come clean and pay grants in lieu of taxes on federal property to all municipalities in which federal property is situated.

As the hon. member for Ottawa West (Mr. McIlraith) says, this four per cent formula that has been worked out is something definite. It improves the position of Ottawa, and I for one do not begrudge that at all. But, as has been clearly pointed out, it still leaves Ottawa about $2 million short of what it would get if it received the taxation that could be levied on all federal property in this city if they had the right to do so. In view of the unfairness of this situation to Ottawa itself, in that it does not get the full amount it should, together with the uncertainty as to the wisdom of this formula which has been expressed just as forcefully on the government side as on this side, I think the suggestion of the leader of the opposition (Mr. Drew) should be taken seriously and this bill should be laid over at least until next session.

I have heard a number of hon. members opposite express some concern about the language of the hon. member for Eglinton (Mr. Fleming), which was referred to as strong and violent. I did not realize that his language was quite as strong as that; he did not even shout as loudly as he sometimes does. I noticed that what really exercised the Minister of Finance (Mr. Abbott) was the way the hon. member for Spadina spoke. It was not the language he used; it seemed to me it was the force of his argument that really bothered the minister. Quite frankly I feel that this legislation should not be proceeded with at this time; in fact I am rather startled that the government should ask that this bill be dealt with this session, particularly in view of the desire to get the urgent business through. I wonder why a contentious measure of this kind should be brought forward, particularly when on the basis of the order in council and an item in the estimates the various cities that have been getting these payments could continue to get them and in the meantime this matter could be given further study. I suggest in all seriousness that the minister should discuss with some of his colleagues the advisability of having one of them move the adjournment of this debate, and let this matter stand over until the fall session for further consideration, which I would hope might result in a fair deal for all our municipalities.

Mr. Solon E. Low (Peace River): On a measure as important as this I think all groups in the house should state their position. I do not like the idea of making grants to municipalities from the federal treasury, and I do not think the bill should provide for grants at all. My own view is that the municipalities of Canada ought to be able to present to the senior governments assessment notices and tax bills just as they present them to ordinary citizens. However, I concede that the British North America Act does circumscribe the federal government with

certain constitutional limitations which may necessitate a change in that act sometime in the future; but we should be looking forward to the day when that change can be made, so the municipalities will not have to come hat in hand, like a bunch of beggars, asking the federal government for a handout. That is not the right way to do business at all. Under the circumstances I think the bill is taking the wrong approach.

There is another thing I do not like about it. When we take the position we have taken in this bill we hedge our offer around with qualifications and escape clauses to the point where no one is certain what the bill means or when a municipality may have any rights. The Minister of Finance (Mr. Abbott) has placed in the bill certain qualifications which, while making it appear that he is being very generous to the municipalities, make sure that the grant is not going to be established as a matter of right in any circumstances. I do not like that approach to the matter. At the same time I am prepared to admit, together with the hon. member for Spadina (Mr. Croll), the hon. member for Ottawa West (Mr. McIlraith) and various others, that it is a faltering step in the right direction. We hope the federal government will get its feet under it and be ready to take a proper step toward relieving the municipalities of the burden imposed upon them by the fact that the federal and provincial governments have very large amounts of property in those municipalities.

I am not saying that even if the terms of this bill were extended and a more generous formula applied, that would solve the problems of the municipalities. I think the hon. member for Ottawa West put his finger upon a very important point. One of the things I have had against the people of Ontario, to be quite frank, is that they have been so slow to make changes which have been proved necessary for many years.

Mr. Blue: Oh, we are not so slow.

Mr. Low: Anyone who comes from the west notices that the first thing. Out there we do not wait 102 years to make a simple change in the municipal act. I think it is high time we got out of the rut, out of the cave we have dug ourselves into down here, and made some changes so the municipalities would have a chance to get along. I quite agree with the hon. member for Ottawa West that it is high time the municipal act was changed. But even if that were done there would have to be some change also in the attitude of the people in the municipalities.

Mr. Blue: We are doing all right.

Mr. Low: If we could get some of these people who conduct sales out in the country to just confine themselves to their sales we might be able to make some progress in this house.

Mr. Blue: Well, the auctioneer does not hit a hard blow.

The Deputy Chairman: Order. I would ask the hon. member not to interrupt the hon. gentleman who has the floor.

Mr. Low: The situation in Ottawa, taking that as an example, is not solely the result of too small a grant from the federal government; I am free to admit that. My position is similar to that of the hon. member for Comox-Alberni (Mr. Gibson); I own a home in this city, and I pay taxes on it.

An hon. Member: You live in Ontario.

Mr. Low: I do; and I like Ontario very much. But even if the grant to the city of Ottawa were increased there would have to be quite a number of changes in the attitude of the city fathers here and the board of control, before they could overcome their problem. They have made a number of blunders in this city of late which have put them in a difficult position. I have been interested in studying the taxation situation in this city for some time. I note, for example, that in 1930 public school supporters in this city paid 31·75 mills on their assessment. The rate continued to increase until it reached a peak of 39 mills in 1936. After remaining at that point for about four years it began to decline, until in 1945 it was back almost to where it was in 1930. Since then it has gone up every single year. The rate last year was 47½ mills, and this year another substantial increase has been announced bringing it up to around 52 mills. Thus in a period of six years we have had an increase of something like 20 mills in this city. One of the blunders that I think they made here that caused a great deal of difficulty and which has placed a tremendous burden upon the taxpayers is that they bit off a whole lot more than they could chew in this annexation business. They were prompted, of course, by the federal government's great plans for a greater and more beautiful capital city for the dominion. We all agree that this capital city should be a real capital city, but we do not believe that the city should be asked or prodded by the federal government or anyone else to take steps that are too long for it to be able to keep its own balance. Now, they have done that. They went ahead and annexed in one step too much territory around the whole city. They find now that they have to provide services for this district and are spending huge sums of money in

order to provide those services in districts where the people were quite content to live without them for a time.

What is the situation now? The tax rates go up and up until, as the member for Comox-Alberni (Mr. Gibson) has said, the people are practically burdened down. That in itself is bound to bring a reaction in the sale value of the property as time goes by. When speaking of the member for Comox-Alberni, I am reminded that he made a rather interesting suggestion. I believe he suggested that the city of Ottawa ought to have a member of the treasury board sitting with the board of control to determine some features of the government of the city. As I say, I was interested in the suggestion, not so much because I agree with it, but because it might be a place for the Minister of Finance to have his colleague the hon. member for Springfield (Mr. Sinnott). If the member for Springfield were put on the board of control as a representative of the federal government, he and Charlotte ought to do a pretty good job of governing Ottawa. I am quite certain he would add weight to the board of control at any rate.

The hon. member for Comox-Alberni is quite right, taxes in this city are outrageous.

An hon. Member: What has this got to do with Bill No. 390?

Mr. Low: It has quite a lot to do with it. I am coming to that point. One of the reasons that taxes in the city of Ottawa are outrageous is that the government of Canada has failed to take its responsibility when it was one of the prime movers in the attempt to build a bigger and better capital city of Ottawa. It is chiefly because of the plans laid by this federal government that the city of Ottawa found it expedient to take the steps in annexation which I have outlined. As I have already pointed out, the steps they took in annexation have brought upon them a much bigger burden of taxes than the people ought to have to bear.

Mr. Riley: In Carleton?

Mr. Low: I am not confining it to any particular area, but it is certainly true in Gloucester where I live.

Mr. Gour (Russell): I shall take care of that.

Mr. Low: In that area taxes over the period of the last two years have increased up to three hundred per cent. That is the way they treat the people in those areas who have not services and have no prospect of getting services for some years to come. Surely, that situation places a responsibility upon the federal government, and they ought to be recognizing that responsibility. Instead of bringing in a bill of this kind they ought to bring in a bill that would provide the municipalities in which there is a substantial amount of federal government property with the right to present a tax bill to this government the same as the municipality presents to any holder of property, whether it is business or residential. Those are some of the reasons why I cannot support the principle of the bill.

(Translation):

Mr. J. O. Gour (Russell): Mr. Speaker, circumstances make it necessary for me to say a few words in this debate.

(Text):

During the past five years expropriations by the various federal departments have taken place in my riding, and part of it was annexed by the city of Ottawa. I have the honour to have the leader of the Social Credit party as one of my constituents. He said he voted for me during the last campaign, but I am not so sure about that. It is really a pleasure for me to congratulate the Minister of Finance (Mr. Abbott) upon the measure this government has taken to ameliorate the tax burden of our citizens. In my opinion it is peculiar for people to criticize him for improving the situation. There should be no criticism when there is improvement. I shall not say anything about the city of Ottawa because there are two members here representing the city and proud to do anything they can for their people. If they are able to get a little more money from the government for these properties, I think they are right in doing so. I hope they will succeed in getting more, because a great part of my riding has been annexed by the city of Ottawa.

When the time comes for the minister to give the cheque to the city of Ottawa I should like him to remember to give more of the money for the part of Gloucester that the city annexed. It is quite true, as the leader of the Social Credit party has said, that the taxes in the annexed part have more than trebled, and it will be years and years before the city council can give those ratepayers any better service. I am not asking the government for anything, nor am I criticizing the administration of the city of Ottawa. I do not think it is fair for the members of this house to criticize the administration of the city council, a body elected by the public. I think these people should be more careful of the way they talk. I am just asking for more generous treatment of the annexed district of Gloucester until such time as the city is in a position to give service by way of sidewalks and so on to which the residents are entitled.

I should like also to say a word to my friend the Minister of Transport (Mr. Chevrier) who has expropriated about 3,000 acres of land in Gloucester for the Uplands airport. The township of Gloucester will no longer collect taxes on those 3,000 acres. I should just like the minister to reflect on the fact that the township of Gloucester will have to build roads at a cost of about $20,000, because of this expropriation. In the last three years, through expropriation or annexation by the city of Ottawa, the township has lost about two-thirds of its taxable land and is still obliged to build roads. I am sure that with the good Minister of Finance that we have, and the way this government wants to aid the municipalities, some way will be found to help them. I am not like some people who want the federal government to throw its money about. The minister has to be careful about that. It is all right for our good friends to say that this government should throw its money about, but when the time comes for taxes they do not say the same thing.

There is one thing I want to say in conclusion. Any minister of the government is always welcome to have buildings constructed in my riding. I am always happy to see these buildings erected, and I shall soon ask you to build some more. At the same time I hope that he will find his way clear to give a little more help with regard to taxation.

(Translation):

Mr. J. A. Bonnier (St. Henry): Mr. Speaker, I notice that since he has come to town, the leader of the opposition (Mr. Drew) seems to be much more generous than when he was in Toronto—

Mr. Chevrier: You are right.

Mr. Bonnier: When he was in Toronto, the Ontario government derived its revenue from Ottawa just as the Quebec government counts on Montreal. In fact, the people of Montreal provide the government of the province of Quebec with approximately 40 per cent of its revenue. In other words, this percentage of revenue in the city of Montreal is appropriated by the provincial government, and the Ontario government behaves in the same way. The latter derives part of its revenue from Ottawa while the dominion government continually spends large sums of money in the capital. That is the difference between the two governments.

The government of Ontario operates its liquor stores. It also levies important revenues through a tax on gasoline. In addition, it draws large sums of money from its automobile licence bureau. In other words, no branch of the provincial government spends money in Ottawa, while the federal government provides a livelihood for approximately 90 per cent of Ottawa's population. The citizens of the capital city should therefore be happy to obtain a grant from the federal government.

The dominion government derives no revenue from Ottawa; on the contrary, it spends large sums here. When parliament is in session, members spend thousands and thousands of dollars in Ottawa.

That is the difference between the two governments. When the leader of the opposition was in Toronto, the Ontario government, of which he was the leader, was not over-generous. Why? It is true that the position of leader of the opposition in the House of Commons is quite different from that of premier of Ontario.

(Text):

Mr. Robert Fair (Battle River): Mr. Speaker, most of the discussion on this bill so far has been centred around buildings in cities. I see that the Minister of Finance (Mr. Abbott) has ordered in another drink, so perhaps he is going to give us in the near future something worth while by way of relief.

Mr. Abbott: It is water.

Mr. Fair: I understand that is all that is allowed in this particular part of the house.

There is another section of the country that I think should also be taken care of, namely the country districts in which military camps are located. This morning for a moment or two we discussed the camp at Wainwright. This last spring particularly—and the same thing has happened in other years as well—many of our roads up in that part of the country were destroyed because of military trucks and other heavy equipment being used on them. We do not have paved roads up in that part of the country. While the municipality banned trucks and other heavy traffic from the roads, they were not able to prevent military equipment from passing over and breaking up those roads. When the minister is giving consideration to this matter, I think he should also consider some grants or taxes—and I think taxes would be a more appropriate name—to take care of damage done to the roads, and other such things.

I might also state that in that particular town of Wainwright, provision is being made, at the expense of the taxpayers of the town and district, for school and hospital accommodation of some of the personnel at the camp as well. Those who have advocated taxes on government property are, I believe, taking a step in the right direction. Now that the government has made a small move, I hope they will continue—that after creeping they

will walk—and will carry on their program until justice is done in connection with the taxation of federal buildings and other property.

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

Section 1 agreed to.

On section 2—*Definitions.*

Mr. Riley: I should like the minister to give some information with regard to the national harbours board property which is of considerable value in several of the ridings in various parts of the country. I know that the municipalities are anxiously awaiting some word about a formula for grants from the federal department in lieu of taxation with respect to this valuable property which is also a burden on the municipalities as to services.

Mr. Abbott: As I may have mentioned on a previous occasion, corporations such as the national harbours board have been instructed to negotiate with the municipalities appropriate tax agreements for the facilities owned by those harbour boards. Docks, of course, would not be included in the negotiation, but things such as grain elevators and other facilities would be included.

While I am on that point, there is something else that I perhaps might mention. It may be of some interest to the committee. While I of course have no accurate figures, I should point out that in connection with these various types of crown corporations, including Canadian National Railways, we estimate that the grand total of municipal taxes paid in the course of the year is probably some $7,500,000.

Mr. Fleming: There are a couple of questions that I should like to ask with regard to section 2 of the bill. In the house yesterday there was some discussion concerning canal properties and canal works. Is it a correct interpretation of the provisions of section 2, subsection (c), that in reckoning up the amount of class A federal property, canal properties would be included?

Mr. Abbott: I would have to verify that. I would think that the bed of the canal would probably not be included, but that any structures along the canal or land which was owned in connection with the canal might be included. I will, however, inform myself upon that point. I may have that information before the committee rises.

Mr. Fleming: I have a further question with respect to section 2 (c) (iii) which reads as follows:

> an improvement to land or structure that is not a building designed for the shelter of people, plant or movable property.

[Mr. Fair.]

We use the word "shelter" rather loosely. I should like to ask the minister if that is intended to include housing.

Mr. Abbott: No, it is not intended to include housing. I think the purpose of this section, as my hon. friend will appreciate, is to include such things, perhaps, as the pergola on the grounds here outside this building, a bandstand in a park and that sort of thing.

Mr. Fleming: The word means shelter from the elements, but does not include housing?

Mr. Abbott: Quite so. If housing is under the Central Mortgage and Housing Corporation it is of course subject to taxes.

Mr. Fleming: Paragraph (e) defines real estate tax as a tax other than a water tax. There are rates on water in municipalities that can hardly be called a tax on water. They are rates paid in return for the purchase of the water supplied, and therefore if the expression "water tax" is intended to include water rates I doubt very much whether this is an accurate expression.

Mr. Abbott: I was endeavouring to turn up what I said about it in the statement that I made in the house on November 14, 1949—I cannot do it readily. But substantially what we do with respect to water rates is this. We pay for water supplied to government buildings. We prefer to do that on a meter basis. If meters are not available we negotiate an arrangement for the actual water service provided.

Mr. Fleming: A straight purchase?

Mr. Abbott: That is a straight purchase. In the definition, the real estate tax is to include the general municipal services other than the provision of water, which in some cases is provided by privately owned public utilities.

Mr. Fleming: If it is the intention of the minister to do that, does he not think there should be a change in the paragraph from water tax to water rates?

Mr. Abbott: We do not make grants in lieu of business tax, water tax or any tax levied on occupants as such.

Mr. Knowles: May I point out that the city from which I come does not include the water rates in the ordinary municipal tax bills as is done down here. But we do have taxes for the construction of, for example, the greater Winnipeg water district project. It is not a tax for the supply of water, but it is a tax for the building of a municipal improvement. I think the hon. member has something in the suggestion he is making that this wording needs to be looked into.

Mr. Abbott: This has been very carefully considered by the people who have been administering this act over the last year and a half. The essence of my point is that the federal government pays for the water which it receives from the municipalities, either on a meter basis or otherwise, but that it will exclude from the taxes to which this section makes reference any tax so called which is described in the municipal tax by-law as relating to water.

Mr. Knowles: My point is, if Winnipeg were fortunate enough to qualify under the four per cent formula, which it does not, we would then be faced with the section of the act which would say that we could not take into consideration including what we might get from the federal government for that greater Winnipeg water district tax, which is not a rate for the supply or purchase of water, but a tax for the construction of a municipal improvement.

Mr. Abbott: My hon. friend is quite right, because the construction of the water plant must be amortized out of the price paid for the water, and that would be excluded.

Section agreed to.

On section 3—*Two classes of federal property.*

Mr. Fleming: The minister should make some further statement as to the way subsection 3 is to be interpreted. Powers are conferred on the minister here, in the determination of what is classed as property, which are very, very broad. They include federal property that accepts from a municipality a service that the municipality customarily furnishes to real property in the municipality and is, in the opinion of the minister, a material service. I would ask the minister to indicate to the committee what is the type of service that is regarded as a material service.

Mr. Abbott: The usual type of municipal service, police, fire and that sort of thing; but the provision and upkeep of roads and sidewalks is not a material service within the meaning of the bill.

Mr. Fleming: It is quite clear that the upkeep of roads and sidewalks is excluded from the definition of service.

Mr. Abbott: That is right.

Mr. Fleming: That is provided by subsection 2, but when we come to class B property we find that it clearly suggests that there are other forms of normal municipal services that are also to be excluded in addition to the exclusion of the provision and upkeep of roads and sidewalks. Since the minister is going to be the judge and the interpreter of this section I would ask for a clear statement of what are services that are not material.

Mr. Abbott: Oh, many services; for example, the generally accepted municipal services such as the provision of police protection, fire protection and the other ordinary services which are generally performed by municipalities, garbage collection, and so on, services which are ordinarily performed by municipalities are regarded as material services; but some municipalities give special services to their residents—I think that is probably recognized —which are far from being the general type of municipal service. I do not want to be tied down to them. I do not know exactly what they would be, but the generally accepted municipal services, such as garbage collection, police, fire and so on, are clearly within the definition.

Mr. Graydon: Schools, too?

Mr. Abbott: Oh, yes. That is a separate heading.

Mr. Fleming: What about things like community halls, day nurseries, supervised playgrounds, and services of that sort, which are well established services in our urban centres? They have been established for a long time and are regarded as normal services.

Mr. Abbott: I should think it would be rather doubtful whether they would be included.

Section agreed to.

On section 4—*Grants in respect of federal property.*

Mr. Knowles: I may have missed it, but I do not see anywhere in the bill any clause calling for an annual report to parliament. The reason I ask this question in relation to this section is that with respect to this section, as with respect to section 3, we are giving certain powers to the minister. In view of the type of administration carried on, it seems to me that it would be desirable to have an annual report to parliament of the administration of this act. Can the minister say whether or not that was given any thought or whether it was an oversight?

Mr. Abbott: I should think that consideration was given to it, but the report would be in essence the table which I put on *Hansard* a day or two ago as to the grants paid during the preceding year. This of course will be contained in the public accounts of Canada and in the Department of Finance there will be an item, as there is in the supplementary

estimates which I will be tabling within a few days, I hope, an item of the cost of administering the municipal grants division. And on that section when we are in committee I will give any further information that may be necessary. It did not seem desirable to go to the additional trouble of drawing a formal report.

Mr. Graydon: During the course of time the minister must have had some representation from the municipalities as to how these grants have been working out under the order in council arrangements of previous days. Has any representation been made by the municipalities to allow the ordinary assessment and taxation procedure which is applicable to private enterprise or ordinary ownership in a municipality to apply to government buildings in this country?

Mr. Abbott: I do not think there has been, because, as I said when this policy was announced, the government would have to reserve to itself the final determination of the valuation. Perhaps I should say that in arriving at that it is the practice of the municipal grants division, which is set up in my department, to have an officer of the division consult with the local assessor, and they discuss the valuation. In some of the larger cities such as Halifax and Ottawa we have retained the services of outside real estate experts to check the valuations and I think I am right in saying that there have been no serious differences of opinion with any of the municipalities over the valuations. But the value of government property as carried on most municipal assessment roles was pretty much out of date. No real attention was paid to the properties because they were not paying taxes. Now that we have nearly completed a fairly comprehensive survey I believe we are beginning to get the thing on a fairly even keel. I believe investigations are still going on in some municipalities; for instance, in Halifax there is still some difference of opinion as to certain buildings there. But we are having further checks made. That is the system followed.

Mr. Graydon: In simple terms under this measure, or under the order in council which applied previously, would the dominion government on the average pay as much taxes to a municipality as a similar project or a similar undertaking which was not under government auspices?

Mr. Abbott: Making allowance for the four per cent, which is considered a normal proportion of government properties in a municipality, and taking into account that the formula provides for the payment of only 75 per cent of the balance, I believe it does. The reason 75 per cent was included is that, among other things, it is recognized that in every municipality there is a very considerable amount of tax-exempt property, in addition to government property. It was felt some recognition must be given to the fact that government property and services do bring benefits to the municipalities. That is why 75 per cent of the excess, rather than 100 per cent, was fixed.

Mr. Fleming: I am concerned about the words "in his discretion". How is this discretion to be exercised? If there are principles to guide the minister, I think he should state them to the house.

Mr. Abbott: I do not wish to take the time of the committee. However, if my learned friend would do me the honour of reading my statement of November 14, 1949, he would see that I set out in detail the principles—and they are repeated in this bill.

Mr. Fleming: That is just a formula.

Mr. Abbott: But it is essentially an *ex gratia* payment, and it remains as such. That is why the words "in the discretion of the minister" are put in, namely to preserve the *ex gratia* principle. But my hon. friend will appreciate that the basis upon which the minister exercises his discretion is the application of the formula set out in the act.

Mr. Graydon: Is there any distinction between a property in which the title is in the crown, and a property of a company operating under its own name, but which is actually a crown company?

Mr. Abbott: This act does not cover crown corporations. As a matter of government policy they have been instructed to negotiate fair and equitable tax agreements with municipalities. For instance I am told that each year the Canadian National Railways pay about $4,500,000 in municipal taxes, and Central Mortgage and Housing Corporation pays something in the order of $2 million.

Mr. Graydon: The minister says that crown corporations enter into agreements with municipalities. If a crown company decided not to enter into an agreement with a municipality, what would the municipality's position be?

Mr. Abbott: They would not have any taxes. I dealt with that subject the other afternoon when the hon. member was in a committee. However, crown corporations have been instructed to negotiate tax agreements with municipalities on a fair and equitable basis. As the hon. member probably knows, in many provinces—I am not sure about Ontario—it

is common for large industries to negotiate tax agreements with municipalities. Sometimes those are confirmed by legislation. Crown companies have been instructed to follow a similar practice. Harbour boards, I know, are negotiating with different municipalities now in connection with taxes on their elevators.

The Deputy Chairman: May I remind hon. members that we must proceed to the Senate at 5.45 and, unless the bill is passed, we shall have to report progress.

Some hon. Members: Carried.

Some hon. Members: No.

The Deputy Chairman: Shall section 4 carry?

Mr. Fleming: No.

The Deputy Chairman: Mr. Speaker has just indicated to me that we need not interrupt proceedings until we receive the summons from the Gentleman Usher of the Black Rod.

Mr. Graydon: So far as the minister is aware, has there been any complaint by municipalities with respect to assessment and taxes in respect of crown companies in various sections of Canada?

Mr. Abbott: I am not too well informed on that, because crown companies do not come under my jurisdiction. They are under various departments. I do know however that discussions are going on with municipalities to arrive at settlements. But some of those would be under the Department of Transport, others under the Department of Trade and Commerce, and so on.

I anticipate that reasonably satisfactory arrangements will be arrived at in all cases.

Mr. Graydon: It seems to me that sooner or later, because of the increase in the number of crown companies, some definite policy will have to be laid down in connection with dealing with crown companies, as in respect of dominion property covered in this bill. While there may not be many serious difficulties at the moment, from time to time we know there have been serious differences of opinion between crown companies and municipalities. That could be normally expected.

It seems to me however that municipalities ought to have some idea of the broad general policy the government proposes to employ in the matter of taxation of companies in which the dominion government has the sole interest. I urge upon the minister that before too much time elapses, now that the trial and error method has been employed from time to time, some definite policy should be laid down in connection with these companies. This is due to the municipalities; they should know where they stand in the matter of government policy on this point.

The Deputy Chairman: Shall the section carry?

Mr. Fleming: No. As the minister suggested, I shall examine the principles he laid down in his speech of November 14, 1949. Was that a lengthy list of principles?

Mr. Abbott: It was a lengthy statement, but I am afraid I have not the reference in *Hansard* before me.

Mr. Fleming: Was it a list of principles the minister laid down as a guide to himself in the exercise of this discretion? The mere application of the formula is no answer to the question as to the principles which should guide the minister in the exercise of a discretion under section 4. That is what I am after. This will not be a completely unfettered discretion. It is a discretion which should be exercised according to some established principles.

Mr. Abbott: It is rather difficult to establish a principle in respect of an *ex gratia* payment, except that if certain conditions are complied with, payment will probably be made.

Mr. Fleming: I do not wish to argue the case with the minister—

Mr. Abbott: I have nothing to add to what I said in my statement of November 14.

Mr. Fleming: I do not wish to argue the point with the minister, but I would point out that when parliament has conferred a discretion on the minister, then parliament is entitled to know definitely on what principles the minister is proceeding in exercising his discretion. The fact that this is an *ex gratia* payment, and not a payment the municipalities will receive as of right, it seems to me makes it all the more necessary that there should be a statement of principles by which the minister proposes to be guided and bound in exercising his discretion.

Mr. Abbott: I cannot add anything to what I have said.

Mr. Gibson: Can the Minister of Finance state on what basis taxes will be paid on the Prime Minister's residence and Rideau Hall?

Mr. Abbott: The Prime Minister's residence would be included in the general formula and the value of the property would be considered. The formula set out in the bill would be applied and it would be lumped together with other government property.

Mr. Gibson: There must be some figure at which the Prime Minister's residence and Rideau Hall are assessed.

Mr. Abbott: That might well be, but I have not that figure here.

Section agreed to.

On section 5—*Grant where class A property exceeds four per cent of aggregate of assessed values and accepted values.*

Mr. Fleming: I have in mind property exempt from ordinary assessment for general rates but liable to local improvement rates, and am wondering if a difficulty is not presented by the definition of taxable property in subsection 2.

Mr. Abbott: Taxable property is defined in section 2 as meaning real property in respect of which a person may be required by a municipal taxing authority to pay a real estate tax. The term "taxable property" as used here would exclude church and other property which would not be liable for special assessment.

Mr. Fleming: I do not think the minister has dealt with the real difficulty. In the province of Ontario when we want to make it clear that local improvement rates are not included, we spell it out expressly. I should think that a local improvement rate is a tax on real estate.

Mr. Abbott: If it is a tax on real estate then it comes within the definition of taxable property in section 2 (f).

Mr. Fleming: Let us have it clearly understood that you are including in your denominator and also in arriving at the extent of your class A property all property which is exempt from general assessment or general rates but which nevertheless is subject to local improvement rates. As far as Ontario is concerned, that would include practically every class of property, even though as in the case of church property it may be exempt from general assessment.

Mr. Abbott: I am not familiar with the tax situation in Ontario but taxable property will include property as defined in section 2 (f).

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 Administrator desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

[Mr. Abbott.]

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

And being returned:

Mr. Speaker informed the house that the Honourable the Deputy of His Excellency the Administrator had been pleased to give, in His Majesty's name, the royal assent to the following bills:

An act to amend the Petition of Right Act.
An act to amend the Juvenile Delinquents Act, 1929.
An act to amend the Prisons and Reformatories Act.
An act respecting Units of Length and Mass.
An act respecting Indians.
An act to amend the Customs Tariff.
An act to incorporate Champion Pipe Line Corporation Limited.
An act to incorporate Independent Pipe Line Company.
An act to amend the Customs Act.
An act respecting Weights and Measures.
An act to incorporate The Baptist Union of Western Canada.
An act to amend The Central Mortgage and Housing Corporation Act.
An act to amend the Criminal Code (race meetings).
An act to incorporate The Scripture Gift Mission (Canada) Incorporated.
An act to incorporate The Polish National Catholic Church of America in Canada.
An act to amend the Quebec Savings Banks Act.
An act to amend the National Housing Act, 1944.
An act respecting British Columbia Telephone Company.
An act to amend the Excise Tax Act.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

MUNICIPAL GRANTS ACT

PROVISION FOR GRANTS TO MUNICIPALITIES IN LIEU OF TAXES ON CROWN PROPERTY

The house resumed consideration in committee of Bill No. 390, respecting grants to municipalities—Mr. Abbott—Mr. Dion in the chair.

Section 5 agreed to.

On section 6—*Grants in respect of property acquired after December 31, 1948.*

Mr. Fleming: I have a question on section 6. Subsection 1 confines the powers granted by this section to cases where federal property has been acquired since December 31, 1948. What is the reason for that limitation?

Mr. Abbott: Because the policy which is contained in this act was announced in November of 1949, and it was decided that it would be made effective for the year then

current; that is, from January 1, 1949, and that it would not be made retroactive behind that date.

Mr. Fleming: Is the position of the minister not sufficiently protected by section 8 of the bill, without confining to cases where the government acquires the property after December 31, 1948, the power granted by section 6 to make grants thereunder?

Mr. Abbott: I think really the intention was to make it perfectly clear that it was not intended to go back of January 1, 1949.

Section agreed to.

Sections 7 and 8 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Abbott: By leave of the house.

Mr. Abbott moved the third reading of the bill.

Motion agreed to, bill read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM SHERRIDON TO LYNN LAKE, MAN.

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider Bill No. 376, respecting the construction of a line of railway by Canadian National Railway Company from Sherridon to Lynn Lake, in the province of Manitoba (as amended).

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Sections 1 to 8 inclusive agreed to.

On section 9—*Fencing.*

Mr. Green: I believe an amendment to section 9 was moved in the committee on railways, canals and telegraph lines. Have you a note of that amendment, Mr. Chairman?

Mr. Chevrier: My hon. friend is correct in his statement, Mr. Chairman. The words "and station grounds" are to be removed from section 9.

The Chairman: I have the amendment here. Shall section 9 as amended carry?

Section as amended agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR REFUNDING OF FINANCIAL OBLIGATIONS AND ISSUE OF SUBSTITUTED SECURITIES

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 392, respecting Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

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

On section 1—*Short title.*

Mr. Fleming: I have a question with regard to the amount to be financed under this bill in general. As the parliamentary assistant said when he spoke on this matter yesterday, the four previous similar bills in 1935, 1938, 1944-45 and 1947 each provided for the same amount of refunding, namely, $200 million. May I ask him if that power of refunding in the aggregate up to $800 million was fully used up hitherto or is any balance of that amount still available for refunding?

Mr. Sinclair: No, Mr. Chairman. This $200 million is not advanced as a sum. It is authority either to issue bonds up to the amount for the specified period or alternatively for the government to advance funds to the railway until such time as they choose to make a refunding issue. As to the last $200 million, for example, the second table which I put on the record at the resolution stage showed that in this period there have been issues of $151 million made for the four-year period, of which $104,641,528, were for refunding purposes. The other was for capital expenditures under the other bill. On the other hand, if he will look at the first table which I put on the record at the resolution stage, he will see that the total of issues maturing and also issues which could be called in the period under this bill is $216 million. Therefore $200 million is a fairly good estimate of the actual amounts which are maturing and the amounts which may be called in this period.

Mr. Fleming: That does not give me the information I sought, Mr. Chairman. In the four previous bills a total of $800 million has been made available for refunding purposes. How much of that total has been used for that purpose, and how much is still available for the purpose of refunding, and will continue to be available in addition to the $200 million being made available under this bill?

Mr. Sinclair: In my answer I gave only a figure for the last issue of the $800 million. I am informed that $22 million is still available of the entire total of $800 million guaranteed.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*Cancellation and cremation of original securities.*

Mr. Knowles: I notice a word in this section that I confess I have not previously noticed in legislation, namely, the word "cremation". Apparently once these securities are no longer any good, authority is granted for them to be cremated. Why is that word used? Are these like living creatures of some sort? What is done with their ashes?

Mr. Sinclair: They are burned, and the same thing is done with their ashes as is done in the funeral process of cremation, they are scattered; but the word is used in all these statutes for the destruction either of securities or of currency bills. They may be cremated, it being the most secure way of making sure that the actual certificate is destroyed.

Mr. Knowles: Is there any special significance attached to the use of that word? It simply means, I take it, that they are definitely destroyed.

Mr. Sinclair: I think, with the exception of the hon. member, every hon. member in the house knows pretty well what it means.

Mr. Fleming: Total destruction by burning.

Section agreed to.

Section 7 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 393, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, there is one comment that should be made on the principle of this bill in the light of the discussion yesterday, and the very useful and complete information then submitted to the house by the parliamentary assistant to the Minister of Finance (Mr. Sinclair) and the parliamentary assistant to the Minister of Transport (Mr. Benidickson).

The bill, as they have pointed out, follows the pattern of previous bills in relation to C.N.R. financing with the exception of three particulars. The first is the provision of working capital to the extent of $20 million. The second is the authorization to make advance commitments of $111,512,920, and the third is the authorization to use $16,522,000 from reserves for depreciation and debt discount amortization to meet authorized expenditures. One can say, I suppose, Mr. Speaker, that this illustrates the difficulties, when the crown is embarked on a commercial enterprise like the operation of a great railway system, of observing the rules in regard to parliamentary control over finance that we are accustomed to insist upon in the case of financing year by year. It is obvious, I think, Mr. Speaker, that a case has been made out in these particulars in the light of what was said yesterday by the two parliamentary assistants, for the departure from the ordinary practice that no commitments ought to be made in advance of the year in which the sums are to be voted.

The case was made clear yesterday that the company requires an additional $20 million of working capital, and that these commitments are made necessary by reason of the present rather overtaxed condition of the market in which the company must make its purchases of needed equipment.

The third point in regard to the use of the reserves for debt retirement amortization is a perfectly sound principle, in that the government now brings to parliament for approval the application of funds held for this purpose by the railway in order that they may now be applied to the purpose authorized by the bill in other respects; but that there is no possibility now of those being applied without direct parliamentary approval so as to reduce the net amount that would be applied otherwise in the way indicated to make capital expenditures.

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

Sections 1 and 2 agreed to.

On section 3—*Capital expenditures authorized.*

Mr. Sinclair: There has been an error in printing clause 3. In the second line of the section which begins:

The national railway system is hereby authorized to make capital expenditures in the calendar year . . .

The figure 1951 should be inserted. I would ask a minister to move:

That the figure 1951 be inserted after the words "calendar year" in the second line.

Mr. Gregg: I so move.

Amendment agreed to.

Section as amended agreed to.

On section 4—*Issue of securities.*

Mr. Fleming: Subsection 2 of clause 4 reads:

Amounts available from reserves for depreciation and debt discount amortization may be applied towards meeting the authorized expenditures.

It will be noted that on the righthand side of the sheet, the figure of $16,522,000 is called an estimate of the amount available from reserves for depreciation and debt discount amortization. I noticed that when the parliamentary assistant to the Minister of Finance was speaking on this matter yesterday he said, as recorded at page 4298 of *Hansard*:

Now, if the committee would like to have on the record the two calculations of the reserve of depreciation and the debt amortization available, I could put them on *Hansard* very easily. I could read it into the record, although it would be dull, or I could simply place it on *Hansard* if the committee agrees.

I understand that that information was not placed on *Hansard*, so that we have not on record the detail of the estimate of this figure. It would be well, Mr. Chairman, to have that figure on *Hansard*.

Let us bear in mind that it is only an estimate, whereas the effect of this bill would be to make the amount, whatever it may eventually prove to be, entirely available for the purpose of being applied towards meeting authorized expenditures. Will the parliamentary assistant do that? Will he also indicate the date on which this estimate was made and the likelihood there is of any very wide departure from it when the amount is finally ascertained?

Mr. Sinclair: Perhaps it was my fault that this statement which I asked to have included, and which was sent to *Hansard*, was not included. Actually I did not secure the consent of the house. I should have asked formally for the consent of the house. For that reason *Hansard* did not include the statement. The statement actually was made by the railway officials before the railway committee when the budget of the Canadian National Railways was being discussed. I will very gladly read it now if the committee wishes the table and statement which I wanted to put on record. It is as follows:

Reserves for depreciation		
Estimated total 1951 accruals	$22,824,000	
Less estimated charges for retirements, etc	6,672,000	
Estimated 1951 increase in depreciation reserves available for capital expenditures		$16,152,000
Debt discount amortization		
Estimated amortization charges through Income Account, year 1951	$ 643,000	
Provision for discount which may be suffered on new bond and equipment trust issues in 1951	273,000	
Net available for capital expenditures		370,000
Total		$16,522,000

This sum of $16,522,000 is mentioned in the explanatory note on the righthand side. These funds are available out of revenue. They are funds put aside for depreciation and funds put aside to amortize debt discount. Of course the natural place to invest those funds, on the part of the railways, is in their own securities. That is the provision made there.

Mr. Benidickson: I might point out that is the same figure as appears at page 136 of the proceedings of the sessional committee on railways and shipping. It was to page 136 that the hon. member for Greenwood was referring in his remarks yesterday on the resolution.

Mr. Fleming: Would one of the parliamentary assistants deal with my second question, which had to do with the date on which that estimate was made, and whether time has advanced sufficiently to enable them to indicate how close that estimate will be to the exact figure, because the bill will authorize the use of whatever sums are in those accounts, regardless of how close they may prove to be to the estimate.

Mr. Benidickson: It is a fairly accurate figure, because it is based on the assets known to be available at the end of the 1950 calendar year; and it takes into account additional assets that will come into the company this year, if this bill passes. The figure is available fairly early in the year for the C.N.R.

1951 budget, and C.N.R. witnesses have an opportunity to present the budget to the parliamentary committee on railways and shipping. It should be a fairly accurate figure.

Mr. Gibson: I should like to point out, for the edification of the two parliamentary assistants, that the course being followed by the Canadian National Railways is diametrically opposed to everything that has been suggested by the Department of Finance in respect of private business in Canada. In this instance they are taking $20 million more working capital, and placing very large orders in anticipation of shortages.

Mr. Sinclair: The Department of Finance has never suggested that industry essential to our defence requirements should be curtailed. I cannot think of anything more essential to Canada's defence plans and to Canada's ordinary industrial expansion than to see that we have adequate transportation facilities.

Section agreed to.

Sections 5 to 9 inclusive agreed to.

On section 10—*When revenue of Trans-Canada Air Lines and subsidiaries insufficient to meet operating and income charges.*

Mr. Fleming: Could the parliamentary assistant to the Minister of Transport refer to page 138 of the report of the committee, and explain the item of $41 million for 1951 in connection with equipment trusts. Who holds the certificates issued under equipment trusts? Are they held by the Minister of Finance?

Mr. Benidickson: No, they are usually financed outside the Department of Finance. That is why in previous years we dealt here only with the net amount. But, as I explained yesterday, it is not anticipated that there will be a good market in the current year for that type of financing. It is expected that the normal securities will have to be provided to the Minister of Finance for the whole cost of equipment and that is why the gross amount is asked for this time in this bill.

Section agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Abbott moved the third reading of the bill.

Motion agreed to, bill read the third time and passed.

[Mr. Benidickson.]

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

HEALTH INSURANCE—PROPOSALS OF CANADIAN MEDICAL ASSOCIATION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before you leave the chair I should like to speak for a few moments on a matter which arose when we were on the orders of the day this morning. I do so because I was astounded at the answer the Prime Minister (Mr. St. Laurent) gave to a question put to him by the hon. member for Rosedale (Mr. Henry). I was still more startled by the answer he gave to a supplementary question of mine with reference to the same subject.

The hon. member for Rosedale asked the Prime Minister if the government had given or would give consideration to government participation in proposals recently put forward by the Canadian Medical Association, with reference to prepaid medical care. In his answer the Prime Minister indicated that the hon. member for Rosedale had sent him a number of newspaper clippings to make clear the import of the question he asked. The Prime Minister said it was quite clear from those clippings that what was proposed by the medical association was that they should make use of their autonomous powers within the provinces to organize and administer a scheme of prepaid medical care. To my amazement the Prime Minister said that he, as an individual, and other members of the cabinet as individuals were greatly interested in these proposals and welcomed them as further evidence of the concern of the medical profession to increase the efficiency and the scope of their assistance to their fellow Canadians, acting in the role of good Samaritans.

As he went on to answer that question, and indeed in his answer to my question, he made it clear—although I must say in all fairness he was speaking somewhat off the cuff in his answer to my question—that he actually welcomed the idea of a form of health insurance being administered, not by the government but by the medical profession under its own autonomous powers.

I confess this attitude struck me as a case of the Prime Minister's backing away from declared Liberal proposals with regard to health insurance, and I felt it might be well to ask him at that time if consideration would be given at the next session of parliament to the setting up of a special committee to go into this whole question.

The Prime Minister replied to that by repeating the sort of statement he had made to the hon. member for Rosedale, and concluded with these words, which I noted:

I think that it would be a most happy solution if the medical profession would assume the administration of some plan that would be responsible for providing prepaid medical attendance to any Canadian who needed it.

I did not mind the Prime Minister congratulating the medical profession on any evidence of social responsibility that they may give, but I suggest that entirely apart from the views that we in this party hold, the Liberal party is already committed, and has been across the years, to the proposition that if we are going to have a proper program of health insurance it must be administered in the name of all the people by their government.

I just said that the Liberal party has been committed to that principle across the years. I shall go all the way back to 1919. I hold in my hand a copy of the report of the national convention of the Liberal party—this is the convention before the last one—held in Ottawa on August 5, 6 and 7, 1919. I find that the hon. gentleman who was later at that convention elected the leader of the Liberal party was speaking to a lengthy resolution on labour and industrial conditions. There were a number of subdivisions and Mr. Mackenzie King was speaking in support of the propositions set out in that resolution. I quote from page 127 of this official report:

That in so far as may be practicable, having regard for Canada's financial position, an adequate system of insurance against unemployment, sickness, dependence in old age, and other disability, which would include old age pensions, widows' pensions, and maternity benefits, should be instituted by the federal government in conjunction with the governments of the several provinces; and that on matters pertaining to industrial and social legislation an effort should be made to overcome any question of jurisdiction between the dominion and the provinces by effective co-operation between the several governments.

I well remember reminding Mr. King of the support he had given away back in 1919 to the principle of health insurance. In 1948 when Mr. King announced in this house the health grants program which is now in effect —a program only one-fifth of what the federal government proposed to the provinces in 1945—he himself went back and referred to that resolution of 1919 as a piece of unfinished business, something that he and the Liberal party had been committed to since 1919.

I jump across the years to the next Liberal convention, the one held in Ottawa in 1948. I have in my hand two pieces of evidence with respect to that convention. One is a copy of the Ottawa *Citizen* of Monday, August 9, 1948, in which are listed the twenty-one planks of the new platform adopted by the Liberal party at that convention. Plank 11 reads:

A comprehensive social security program.

I have also obtained a copy of the resolutions adopted at that convention in which resolution No. 11 relating to social security is spelled out as follows:

The Liberal party stands for a national program of social security in collaboration with federal and provincial governments with the following objectives: useful employment for all who are willing to work, standards of nutrition and housing adequate to ensure the health of the whole population; social insurance against privation resulting from unemployment, from disability, from ill health and from old age.

The program will include a steady extension of insurance on a contributory basis to protect all citizens from a temporary loss of income and to provide for their old age; health insurance covering medical, dental, surgical and hospital health services on a contributory basis; more equal care and opportunity for all children through family allowances; and pensions for the blind.

It will be noted that there was nothing in that plank adopted at the convention here in Ottawa in 1948 suggesting that the Liberal party would be satisfied with a program of prepaid medical care administered apart from the government by the medical association. The Liberal party reaffirmed the position taken by Mr. King in 1919 calling for a government program of adequate health insurance.

That was the declared policy of the Liberal party, declared in 1919 and reaffirmed in 1948. Its newly elected leader, the present Prime Minister, made a number of speeches during the year that followed the adoption of that new platform. Some of them were collected in the *Canadian Liberal*, a quarterly publication put out by the Liberal party. I hold in my hand the issue for the fall of 1949 and I find on pages 20, 21 and 22 a report of a national broadcast made on December 16, 1948, by the Prime Minister. From that speech I wish to quote one paragraph:

As for health insurance, the Liberal party has repeatedly said the federal government should help with a sensible and practical nationwide scheme whenever the provincial governments can reach a satisfactory agreement for dominion-provincial co-operation.

It is true that the Liberal party and the government keep talking of this in terms of dominion-provincial co-operation, and with that I agree. However, there is no suggestion anywhere in any literature of the Liberal party that this should be done apart from the government, that it should be administered by the Canadian Medical Association. The position of the Liberal party is clear. It

believes in health insurance administered by the government, with emphasis upon dominion-provincial co-operation.

I am not taking time to state our C.C.F. position. This house and the country know that we have stood across the years for an over-all social security program, including a comprehensive program of health insurance administered in the name of the people by the government. We were pleased to discover in years gone by that the Liberal party seemed to be moving that way. I recall piling a number of reports up on my desk during another speech earlier this session which indicated the attention that had been given by parliament at the direction of the government to this question of health insurance. But the government seems to be backing away from this whole policy which it has adopted in black and white.

Last year in the special committee on old age security other matters that were not included in our terms of reference came up repeatedly. I think members of that committee will bear me out when I say that it was our feeling that at the earliest possible opportunity there should be established another committee similar to the one we had last year to do a job on this question of health insurance. But this year my questions to the Minister of National Health and Welfare (Mr. Martin) requesting that such a committee be set up were met with a point-blank "No" on at least two occasions.

Again this morning the Prime Minister simply brushed off my question by expressing satisfaction with the plan proposed by the Canadian Medical Association. I submit that this is an extremely important matter and I think those in this house who should be most concerned about the statement made this morning by the Prime Minister are the members of the Liberal party. The Liberals seem to take the view—

Mr. MacDougall: Let us worry about that.

Mr. Knowles: I am not only letting the Liberals worry about it, I am encouraging them to worry about it. I hope they will bring it up in a place where it may do some good.

An hon. Member: Not in Winnipeg North Centre.

Mr. Knowles: There are certain by-elections taking place just now—

Some hon. Members: Oh, oh.

Mr. Knowles: —and I have heard the Minister of National Health and Welfare speak in the glowing terms that he alone can use about what this government has done in the field of social security. I think particularly of a broadcast that I heard in Winnipeg two nights ago to the effect that we have social security; this is it; in other words there is to be no more. I submit that what the Prime Minister said this morning confirms that attitude, and what the Minister of National Health and Welfare said to me on at least two occasions this year also confirms that attitude. They seem to feel that because a fairly good report on old age security was made by the committee last year, which is now in process of being implemented, there is no need for us to concern ourselves about other measures of social security for a long time to come. That attitude is wholly wrong. I submit that just as Mr. Mackenzie King was concerned about this matter away back in 1919, just as the Liberal party reaffirmed its position in 1948, it is a matter of such serious consequence that the members of the Liberal party should read the answers which were given this morning and do their best within their own party councils to see to it that their party sticks to its declared policy of health insurance administered not by the medical profession but by the various levels of government in the interests of the people as a whole. Furthermore, I hope we will soon get a special committee to go into this very important question.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

PRIVY COUNCIL OFFICE

322. General administration, $205,586.

Item stands.

DEPARTMENT OF FINANCE

General administration—

112. Departmental administration, $1,505,769.

Mr. Stanfield: Are the minister and his department thinking of taking any steps to support the price of dominion government bonds? I realize that there are many difficulties in the way of doing so, but at the same time many people when they bought those bonds were told that they could always get 100 cents on the dollar for them. I realize also that if they hold them to maturity they will get 100 cents on the dollar, but not everyone is able to hold his bonds. There are many small investors who for some reason or other find it necessary to sell $100 or $500 or $5,000 of their bonds. When they go to the bank and find the bond quoted at 96 or 97 or perhaps 98, they immediately wonder why they cannot get par for it. In fairness to those people who were told that Canadian government

bonds would always be worth 100 cents on the dollar I believe those who have to turn in their bonds for one reason or another should be able to get their face value.

Hon. Douglas Abbott (Minister of Finance): I dealt with this matter the other day in another connection. As far as Canadian government bonds are concerned, of course the government never gave any assurance to any purchaser that he would receive 100 cents on the dollar at any period of time other than maturity. The contract calls for payment of the face value of the bond at maturity and payment of the specified interest in the meantime. In the case of Canada savings bonds, they can be cashed at any time for face value plus accrued interest. Long term government bonds vary according to market conditions. Some of the victory bonds sold at substantial premiums, some as high as 105. At the moment, as I explained the other day, interest rates generally have increased, and the day to day price of government bonds is of course determined by the prevailing interest rate.

I do not know that I can add anything further. The government invests in bonds through various funds such as the unemployment insurance fund; the Bank of Canada invests in government bonds, but they are purchased at prevailing market prices. I repeat that the government never gave any undertaking except that an orderly and stable market would be provided for these bonds.

Mr. Stanfield: The government may not have given an undertaking, but when a great many people bought victory bonds they were given the assurance by those selling them and by the banks in general that they would always be honoured at 100 cents on the dollar.

Mr. Abbott: They will, in accordance with the terms of the bond.

Mr. Stanfield: I think they should be so honoured now.

Mr. Abbott: No government I know of issues a long-term obligation with a relatively high interest rate and guarantees the face value at any time. You cannot have absolute security, absolute liquidity and a high interest rate all at the same time.

Mr. Graydon: Surely the minister does not suggest the government has not given some support to these bonds in order to keep them up to where they have been. It is one thing for the government to say now that they did not give any guarantee the bonds would always sell at par, but the minister will hardly tell the committee that the government has not given some support to these bonds. Having established that principle I should not think the minister is in quite as good a position to back away as he seems to think he is.

Mr. Abbott: It all depends on what my hon. friend means by support. The government has been a purchaser and seller of government bonds in line with prevailing interest rates, but it has never attempted to maintain an artificial support for government bonds.

Mr. Graydon: None?

Mr. Stanfield: Oh, yes, you did.

Mr. Graydon: There will be wide disagreement with that statement.

Mr. MacInnis: I suppose the minister is quite right when he asserts that the government never gave any undertaking that the bonds would always remain at par. It was always understood, of course, that if the bonds were kept to maturity they could be cashed for their face value. But I do not believe that is the whole story, or that the case of the ordinary person who bought these bonds is put in quite the right light. It is quite possible that when people were going around selling the bonds they may have given the assurance that the bond could always be sold at par, though I never heard that assurance given; but we must remember that many of those who bought victory bonds during the war were not people who usually buy and sell bonds of that kind. They were people who really did not know anything about bonds, who perhaps had never had a bond before. They bought these bonds because the government pointed out that it was desirable to save, that it was necessary to do so in order to win that war, and all that sort of thing.

Today the person who bought $100 or $500 worth of these bonds sees those bonds being depreciated on the market. Perhaps that does not make very much difference to him, but in addition those bonds are depreciating every day in their purchasing value as prices rise, so the purchaser is being caught both ways. He is being caught with a bond which is depreciating in market value, and with a bond the money value of which is depreciating so fast that neither interest nor anything of that kind can keep up with it. I really think the government should do something, because it is the little fellow who does not specialize in the buying and selling of these bonds who is taking the rap, as it were. He is being disillusioned as to the stability of the world about him, and his mind is being prepared for any kind of disruptive philosophy that may be put forward. I do not know if the minister or the members of the cabinet

understand the harm that is being done to the minds of people because of what is happening today.

Mr. Low: I was very much interested in what the minister had to say about the withdrawal of support on the market. I thought he indicated to the committee that the government or the Bank of Canada, whichever one it is that has been maintaining the support on the market to keep the price of bonds fairly stable at or just about par, withdrew its support. Is it not true that action was taken to withdraw the support about two years ago as a means of establishing a new interest rate, perhaps the first step in a deflationary program?

Mr. Abbott: No; speaking from memory I think the change in interest rates on government bonds followed the increase in interest rates on long-term government bonds in the United States, which was within the last six or seven months. I remember our last issue of bonds, which was a little less than a year ago, was made at approximately 2¾ per cent, which reflected nearly the lowest interest rate we had had in the post-war period.

Subsequent to that, as my hon. friend will recall, there was an increase in the long-term interest rate in the United States, following a long wrangle between the treasury and the federal reserve. At or about that time interest rates in Canada on long-term government bonds moved up pretty much in line with the movement and the price which the government of the United States offered for government bonds, and which presumably the Bank of Canada was prepared to pay.

Mr. Low: About two years ago, I think it was in the spring of 1949, did not the Bank of Canada announce that it was withdrawing its support?

Mr. Abbott: I think what the hon. member has in mind is that about two years ago the Bank of Canada ceased issuing a daily quotation for government bonds.

Mr. Low: That is right, and since that time they have gradually withdrawn their support of the daily market?

Mr. Abbott: I would not be prepared to say that. There is a difference between publishing a daily price which the bank would be prepared to pay for bonds, and simply allowing the normal processes of the market to operate, and the bank purchasing whatever bonds it wished in that market.

Mr. Low: Is it not true that the bank did not buy any bonds, at least all the bonds, which were offered to it at certain rates? It runs in my mind that the whole trend has been to allow the price to decline in order to bolster interest rates generally. That being the case, Mr. Chairman, I am just wondering if the minister and his department have been closing their eyes to this. Not only do people feel that they were guaranteed, in some respects at any rate, one hundred cents on the dollar when they bought those bonds, but they are now coming to realize that if they bought the bonds some years ago they paid dollars that were worth one hundred cents. Those who are forced to sell their bonds now are forced to accept a dollar which will only buy 53 or 54 cents in terms of the dollar of 1935-39. That is a serious thing for bondholders. It is going to make it very difficult for governments to finance the sale of bonds in the future unless something is done to treat the bondholder properly.

It seems to me that that sort of thing is destroying the faith of the people in government. One of two things can be done to restore that faith. The first one is that the government can take steps to restore the value of the Canadian dollar and to stabilize more or less at a uniform level over the years. It seems to me that is one of the responsibilities of government. To put cents back into the Canadian dollar seems to me to be a very important responsibility of government. The second alternative would be to have the Bank of Canada support the price of bonds in the market so that if people need to dispose of their bonds at any time they will be able to get one hundred cents on the dollar. Is that not one of the government's responsibilities?

Mr. Abbott: I must confess that I do not believe, and have never believed, that a government, by governmental action alone, could maintain a stable purchasing power for its unit of currency. Inflation is a most unfortunate phenomenon. I agree with the member for Vancouver East that it is extremely unfortunate that since the end of the war, but really as a result of what happened during the war, we have sustained a substantial measure of inflation. The government is doing what it can or what it believes is possible to check these forces. One of the weapons being used is to permit a mild increase in the interest rates. So far as we are concerned, under the system under which we operate, I do not believe it is possible to control absolutely the internal purchasing power of our unit of currency. We might if we had the Russian system, but without adopting a completely authoritarian system and shutting ourselves off from the rest of the world, I do not believe that is possible.

Mr. Gibson: I wonder if the minister would state whether there is any reason why the holders of these bonds should not be able to

go to a bank and obtain a loan of up to ninety per cent of the face value of the bond? Have any instructions been issued by the government which would militate against obtaining loans of that kind?

Mr. Abbott: No, the government has not issued any instructions to banks in connection with credit. As I explained before, the banks were asked by the Bank of Canada to endeavour to maintain the over-all level of their credit at approximately what it was at the end of the year. They have not been able to achieve that, for reasons which are no doubt good and sufficient. So far as I am aware the banks are prepared to lend on government bonds within proper limits, and I have no doubt they are doing so.

Mr. Stanfield: I should like to point out to the minister that a lot of people borrowed money from the banks at that time to buy those bonds. They were encouraged to buy the bond and they borrowed from the bank or anyone at all. They always thought they could get 100 cents on the dollar for them. I do not believe it is fair now when people have to turn in a $100 bond they only get $96. I believe they should be given a 3¼ per cent bond in exchange for their present bond so they would get 100 cents on the dollar. It is not right for the government to allow the people to take a depreciation on their bonds. I do not think it is good faith or good business.

Mr. Wright: When these bonds were being sold in 1943 I raised with the then minister of finance, Mr. Ilsley, the question of whether or not these bonds could be guaranteed at par. At that time he stated it was impossible for the government to give that guarantee, but he said it would be the policy of the government to maintain that price as close to par as possible. He also said it was unthinkable —I think those were the words he used—that there should be any very great depreciation so far as the value of these bonds was concerned. I do not suppose the present minister thinks that $2 or $3 depreciation is any very great depreciation. But that depreciation has come about as a direct result of the action of this government.

Mr. Abbott: No, it has not.

Mr. Wright: It certainly has.

Mr. Abbott: My hon. friend is completely wrong.

Mr. Wright: The government has, through the Bank of Canada, instituted a policy of a higher interest rate which has the result of lowering the price or value of these bonds. There is no doubt about that. The minister himself stated that.

Mr. Abbott: The Bank of Canada was simply recognizing what had taken place elsewhere.

Mr. Wright: It was the policy of this government.

Mr. Abbott: That may be all right for a by-election in Saskatchewan, but it does not mean much to me.

Mr. Wright: The minister has stated it himself in this chamber. Certainly these bonds were sold to people, and they have depreciated in value. One of the reasons why the minister wants a higher interest rate in this country is to stop inflation. Perhaps by stopping inflation he may in the long run increase the purchasing value of the dollar, and the man who has these bonds may be better off than he would be by selling them at 97, provided the cost of living goes down as a result of this action. But the cost of living has not gone down to date as a result of the action of the government. The cost of living is continuing to rise; and not only is the man who purchased these bonds losing in the value of the dollar if he cashes them, but he is losing in the value on the bonds themselves.

Mr. Abbott: Not unless he sells them.

Mr. Wright: Certainly not unless he has to sell them. But in many cases if he is to continue to give his family a decent standard of living today, he has got to sell those bonds. Certainly if he wants to purchase any amount of goods or if he wants to extend his business, if he has bonds the only way he can extend his business or the only way he can purchase these goods is, in many cases, by selling those bonds. The people who buy them are certainly guaranteed, as the minister says, one hundred cents on the dollar.

I can remember quite well what happened to these bonds after the first war. They went down to about 85 cents or 87 cents on the dollar. Many of us who had sent home the bit of savings that we had during the war and purchased those bonds came back to Canada and had to sell the bonds for 85 cents on the dollar. The banks or the institutions that purchased them obtained 100 cents on the dollar, and 5 per cent on them as well. To a lesser extent the same thing is taking place right today. I say again that it is the policy of this government, through its action through the Bank of Canada in increasing interest rates, that has depreciated the value of these bonds.

Mr. Quelch: Mr. Chairman, I should like to ask the minister a question regarding the effects of their anti-inflationary policy. We all realize that there is a great change in the economic picture in Canada since June of

last year. Prior to that time everybody was worried about the possibility of a depression. The Minister of Resources and Development was warning that unless people started to spend their money more freely we were likely to have a depression. He made such a speech before the advertising club in Toronto. The situation is completely different now as a result of the war in Korea. Defence expenditures are competing with private demand for goods. There is a certain amount of what you might call war mentality among the people. They are afraid that goods are going to become scarce so they try to buy in advance in order to make sure that they will get them before they disappear from the market. In addition to that, the kind of talk that is being carried on by several ministers of the government with regard to the fact that we are not having price control today but we may have it in the near future, I think caused many industries to try to jump the gun and raise prices in anticipation that price control might be brought in. I think all that added to the inflationary pressure within the country.

The government's policies today are for the purpose of trying to counteract that inflationary trend. They brought in credit restrictions, and one of the effects has been that car industries are laying off men. I think the minister will agree with me that one thing that we cannot afford today is to have idle men and idle machines. It is bad to have inflation; that is true. But the greatest evil today is idle men and idle machines. The world today needs the greatest production that the countries of the world are capable of carrying out. The minister must admit that the laying off of men in the car industry is a direct result of the government's policy in restricting credit.

Mr. Abbott: I would not admit that. I would say that it is a bit of anticipation of demand.

Mr. Quelch: The minister said there was—

Mr. Abbott: When you sell 50,000 units in one month, that is a great many units.

Mr. Quelch: The minister has suggested that there was overproduction; yet I waited three months to get a car. There did not seem to be overproduction.

Mr. Abbott: You can easily get one now.

Mr. Quelch: Exactly; because the car industries are claiming that as a result of the credit restrictions they cannot sell their cars. They claim that if the restrictions were removed, they would immediately be able to sell them.

Mr. Abbott: They may use that as an excuse.

[Mr. Quelch.]

Mr. Quelch: Apart altogether from the reason, the point we must keep in mind is that today we have idle men and idle machines in certain parts of this country. Many people fear that situation will increase. The question is this: What are we going to do about it? I thought that part of the idea behind the government's policy was to try to curtail demand for goods utilizing a large percentage of steel, as steel is needed for war purposes. It seemed to me that perhaps the government had sort of jumped the gun and that they had started to curtail demand before defence expenditures were such as to take up that slack. I think the Minister of Trade and Commerce pointed out that large orders for defence would perhaps be placed with some of these car industries in the near future. But in the meantime these men and these machines are idle. I think that is a point that the minister should be able to give some assurance on. Are we going to see in other industries a repetition of what is happening in the motorcar industry? I am sure the minister will agree that it would be a most deplorable situation if, at a time like this, there continued to be idle men and idle machines. We must have an increase in production. The best way to combat inflation is to expand our production. Can the minister give any assurance that that slack will be taken up?

Mr. Abbott: I quite agree with my hon. friend that it is most undesirable that we should have idle men and idle machines. But to take the specific case that he mentions, namely the automobile industry, and as to the lay-off of a week or ten days, or even if it were longer, I am led to believe that there are other fields of endeavour in Canada in which these men could be rapidly utilized.

It is not absolutely essential that we go on, month after month, producing an increasing number of motorcars. There are a great many other things that are needed, and that are not entirely related to defence. For instance, in the month of March almost 50,000 new motor vehicles were delivered through retail channels. By all accounts that was an all-time high, as compared with the same month of last year, when the figure was about 35,000; and that in turn was much higher than the year before. In April the figure was almost 47,000; I have not yet the figures for May. But I believe that motorcars have been turned out rather more rapidly than the community is perhaps able to absorb them. It may need a little bit of averaging for a few months.

But on the general point raised by my hon. friend, we should of course do everything possible to utilize all our men and machines. But the government policy at the moment is intended to try to utilize the price system to some extent to achieve that redistribution of labour.

Mr. Low: I have often wanted to have the minister get into a real fundamental debate on his financial policy. On various occasions since 1945 we have asked the minister to bring forward his estimates early in the session so that we could get down to just such a debate, because there are a great many things that I should like to know and that I am sure that other hon. members would like to find out. However, here we are again on the home-stretch and we are just now getting these estimates before us. I see some hope, however, of getting such a full-dress debate because on the order paper there is a motion—I think it is No. 22 on today's order paper—that in committee of the whole a certain resolution will be moved for the introduction of a measure to consolidate and revise the Department of Finance and Treasury Board Act and so on. I said to some of my colleagues just a few days ago, when I saw this motion on the order paper, that I felt that this would perhaps offer the very finest opportunity for a full-dress debate on the financial policy of this government. Since it is possible that this bill will come forward at some time in the near future, perhaps in the fall session, if not earlier, we think that we should take advantage of it, and I should like to serve notice on the Minister of Finance that that is when we intend to usher in a full-dress debate. We would like him to be prepared and get his armour on.

Mr. Abbott: I will be ready.

Mr. Low: I am glad to have him accept, because there are a good many things that we have brought forward over the years, which, while they have not been successfully denied, have not been admitted, and I should like to have some of these things admitted by the government or to have it shown where we are wrong.

However, there is one thing I should like to have the minister do tonight. I wish the minister would take just a few minutes to tell the committee what part the Bank of Canada plays in the formulation of his financial policy. I should like to get clear in my mind just who sets the policy. Is it the Bank of Canada? Is it the treasury? Is it the treasury and the Bank of Canada combined, or what? If the minister would oblige us—I do not ask him for a long detailed exposition—with at least something to help me to get my thinking straight on this whole matter, I should appreciate it.

Mr. Abbott: The responsibilities of the Bank of Canada of course, as my hon. friend is well aware, are set out in the Bank of Canada Act. It is a corporation which is independent of the government as such. The government owns all the shares of the Bank of Canada and is entitled to the profits, after certain reserves have been established. Under the Bank of Canada Act the governor and the directors of the bank are given specific statutory responsibilities with respect to the issue of currency, and among their responsibilities is to do what is possible within their sphere to maintain the integrity of the currency.

Naturally the governor of the Bank of Canada, the Minister of Finance and his permanent officials operate in very close consultation, and the relationships are very close. The Bank of Canada has certain defined statutory responsibilities which, under the statute creating it, it is obliged to carry out. The government has other responsibilities, and among other things I suppose government policy can inevitably affect the value of currency, and to that extent could negative action which the bank might attempt to take. Frankly, I did not come prepared this evening to engage in detailed analysis of the relative relationships between the Bank of Canada and the government. I have not the Bank of Canada Act here, but broadly speaking they are parallel responsibilities. The government, of course, if it were not satisfied with the action taken by the governor and the directors of the Bank of Canada, would have to change the management of the bank.

Mr. Low: Yes.

Mr. Abbott: So that I suppose it is fair to assume that the ultimate responsibility must fall upon the government.

Mr. Low: That is the point that I am glad to have. The minister says that he did not come prepared tonight to go into detail with respect to the relative responsibility, and so on, of the treasury and the Bank of Canada. I would like to serve notice on the minister that we would like to go into that in fair detail at a time when it is propitious to do so.

There is one thing further that I should like to have the minister discuss just briefly before the committee. I think he has said on a number of occasions in this committee that he felt the Bank of Canada could quite successfully control the credit policy of the country so as to prevent any undue inflationary effect of the issue of credit. I believe that one of his anti-inflationary measures was

to advise the chartered banks, through the Bank of Canada, to begin some curtailment of credit. I think that has been done. The policy is now in effect. I have discussed it briefly with bank managers, and they say that while the order, or the advice, if you want to put it that way, from the Bank of Canada is causing them no end of grief because of necessity for sending to headquarters a great many applications for loans that may extend over let us say twelve months, yet it is working to some extent. If we do grant that the Bank of Canada has some effective control of the amount of credit which the chartered banks can issue, and thus may have some sort of braking effect upon inflationary tendencies, at a time like this, the question that I would like to ask the minister is this: If the reverse situation came about, that is, if we ran into a period where the surpluses of goods in the hands of producers and distributors throughout the country become such as to bring about a threatened period of unemployment and recession, will the minister tell us what mechanism the Bank of Canada has to see that we do not get into a period of disastrous recession or depression.

Mr. Abbott: My hon. friend has asked me what the Bank of Canada should do under these circumstances. As he pointed out, following consultation with the chartered banks, the Bank of Canada felt that economic conditions were such that the chartered banks would be well advised to curtail any further expansion of credit, and I think that by and large the banks are beginning to achieve that end.

Mr. Low: They are.

Mr. Abbott: If conditions were somewhat the reverse of what they are today and the deflationary forces were paramount, then I have no doubt that the governor of the Bank of Canada, and the officials of the Bank of Canada as competent technicians in this field, would discuss with the chartered banks and would suggest to them that under these conditions—they would encourage them, shall I put it this way, to pursue a more expansionist policy. These things are all in the exercise of judgment on the part of those who have to make these decisions.

Mr. Low: I think that is put very well. But the minister knows that when surpluses begin to appear and we face possible deflationary conditions confidence is lost very rapidly. It is easy to put a brake on the issue of credit, but does the minister feel that there is a sufficiently strong mechanism closely enough integrated with his own department's control so that they could prevent a serious loss of confidence and bring things back to a level of economic stability?

Mr. Abbott: I will answer my hon. friend in this way. I think today we have organizations, knowledge and techniques in this field which we did not possess in that unfortunate period from 1930 to 1935 or 1936. We have a central bank. We have a central bank now with considerable experience. We have a central bank with management in which I for one have the greatest confidence; and while, as I say, these questions are all matters of judgment in the use of these weapons, they are pretty blunt weapons. I agree that when deflation sets in deflationary forces are created rather easily, and then confidence is lost. But that is where the exercise of judgment comes in. One must be sure that one does not push either on the contraction side or on the expansion side too strongly.

Mr. Sinnott: I hear some of my colleagues condemning me for saying a few words; but this is a very important matter and I think it should be discussed thoroughly.

An hon. Member: By you.

Mr. Sinnott: I agree with the minister when he put his curtailment of credit on cars. In the long run I think the majority of Canadians will benefit a lot from it. If this policy of easy credit were to go on those who want to purchase cars now but have only small down payments would have to go to those financial institutions charging 12 or 14 per cent for the balance of the money. The financial institutions would be the ones who would benefit. With the policy of the government today credit controls will be effective until purchasers of cars have enough money for a down payment.

The hon. member for Peace River has raised the matter of municipal financing. It was only this afternoon that the hon. member for Comox-Alberni referred to my municipality of Brokenhead.

Well, I have had some experience along these lines, and I should like to pass on that experience. During my term of office in the municipality which, after ten years, I still have the honour to represent, there were changes in the debt position. When I took office we had a debt of $366,000. After a period of ten years of good financing we do not owe a dollar to anybody.

I notice according to the public accounts that in 1867 at the time of confederation Canada had a national debt of $75,728,641. We operated at a deficit for the first four years. In the fifth year there was a net decrease in public expenditures so that the

national debt was reduced by $503,224. Then for some years we were in the red. But later, in 1881, there was surplus of $1,734,000. They went on for ten years with a deficit every year until the year 1900, when there was a small surplus of $779,000.

Mr. McIlraith: That was under a Liberal government again.

Mr. Sinnott: I am not talking about Liberals or Conservatives, because I am going to advocate a national policy to reduce Canada's national debt to nil. Then we come down to 1914 when, at the time of the first great war, we had a deficit, and that continued for ten years. After the war was over there was a decrease in the national debt for a period of seven years, which was followed by a period of deficits.

I agree wholeheartedly with the Minister of Finance in the policy he has followed in the last four years. This year while we have very large expenditures to take care of war requirements we are still able to finance those requirements and have money left in the coffers for a reduction in Canada's national debt. I am not saying that it is either good or bad when either of the major political parties is in office; but I do say that with a definite policy for twenty years we would not need to levy one cent more than we are levying right now, with our heavy war expenditures. With an amount of $782 million a year plus interest for a period of twenty years Canada's national debt would be reduced to nothing. I trust the opposition will keep in mind that the surpluses we have had in the last few years, and for which they have criticized the government, are to be used to reduce Canada's national debt, and they have done so to a considerable extent. I would hope that in the next twenty years, whether the Liberal party is in office or not, Canada's national debt would be reduced so that the money we are using to pay interest charges could be used for other social purposes.

Mr. Quelch: I would ask the Minister of Finance whether there has been any change in attitude on his part regarding the effect of financing through the Bank of Canada. He will recall that in the depression years we advocated that the government use the Bank of Canada to finance public works so as to provide employment. That was at a time of large-scale unemployment. The argument his predecessor used, and one which he himself has used, was that if that were done and the money issued reached the chartered banks they would then be in a position to expand their loans ten to one, and thus cause inflation.

I notice however that the officials of the Bank of Canada have never agreed with that statement of the minister or his predecessor. They take the stand that just because money was issued would not necessarily mean that the chartered banks would expand their loans ten to one, because all that would be necessary would be for the Bank of Canada to advise the chartered banks that they did not want them to expand their loans, and that in this way it would not be done. In other words, the Bank of Canada believes there is sufficiently close co-operation between themselves and the chartered banks to avoid action of that kind.

I wish to assure the minister than I am not at this time advocating the use of the Bank of Canada, because this is an entirely different situation. But in case that situation does develop, and in case war develops and we find ourselves in a position where, in spite of heavy taxation and heavy borrowing from the people's savings, we still have to have a degree of monetary expansion, as we did in the last war, it might be wise and, in my opinion, would be wise, to use the Bank of Canada rather than the chartered banks. I was wondering if the minister would agree that in that case there is a sufficiently close co-operation between the Bank of Canada and the chartered banks to assure that if we did finance to a certain extent through the Bank of Canada rather than through the chartered banks it could be done without expanding the amount of money issued by ten to one.

Mr. Abbott: I should not like to commit myself to agreeing completely with the hon. member on the point. As he has indicated, I have had occasion to discuss it at another time. It is a complex and technical matter. The relationship between the Bank of Canada and the chartered banks might be very close; but if the expanded currency credit by the Bank of Canada were to get into the hands of the chartered banks and could not be used by them I would think it would be extremely difficult to prevent their expanding in approximately the ratio he has suggested. However, I do not think it is wise to be too dogmatic in these matters. If a condition such as he suggests were to develop again I have no doubt that, as was the case in 1939, some moderate expansion might not only be necessary but might well be desirable.

Mr. Low: Through the Bank of Canada?

Mr. Abbott: Well, it was done that way.

Mr. Fleming: I believe my observations might apply to either item 112 or 113. On more than one occasion the minister has made a good deal of the government's efforts,

so called, to reduce expenditures. One would have expected that, with that policy originating in the Department of Finance, there would have been reductions in the expenditures of that department, and that it would have led the way. I notice that the two items under the heading of general administration total this year $13,590,710, whereas last year they were only $12,758,245, or an increase of $832,465. I realize, of course, there has been an increase in salaries paid to civil servants, and those increases were accepted by all members as timely and well warranted. But I was wondering why we do not find in the estimates of this department any perceptible decrease in expenditure.

We listened with interest to the observations of the hon. member for Springfield, and recalled what had been said on many occasions by the Minister of Finance about the fruits of the policy of high surpluses, even if not budgeted for, and debt retirement. But when we come to examine the public debt charges at page 17 we find that the charges being provided for this year actually show an increase over last year. Last year the total was $423,710,000 and this year they have risen to $427,363,000. I am quite sure that the increase in the interest rate on government borrowings, which has been evident in the past six months, is not reflected as yet in these estimates and there must be some further explanation for the increase.

Mr. Abbott: The increase in the general administrative item, as in the earlier items, is due entirely to increased salaries. In the case of the general administration vote we have 51 positions less than last year. Notwithstanding that reduction in staff, our payroll will be $50,000 higher. In the case of the comptroller, which of course is a very large establishment, we have 275 positions less than last year, or 3,897 positions as against 4,172. The increase in that branch is almost entirely due to general salary revisions together with the increased cost of office supplies and equipment, new cheque writing equipment and additional mailing charges in respect to larger volume of family allowances cheques.

In the case of charges for interest on the public debt, the increase there is due entirely to involuntary borrowings. By involuntary borrowings I mean payments made into our pension fund, and into the annuities account. When we sell annuities we have to pay three per cent, or credit three per cent interest to the account. Then there is also the interest on Canada savings bonds. The increase in that item is due entirely to this form of involuntary borrowing.

Mr. Fleming: Even taking into account these forms of involuntary borrowings, we must remember that the debt was lower at the end of 1950 than it was at the beginning.

Mr. Abbott: This does not show as part of the funded debt.

Mr. Fleming: Even taking account of the surplus that the minister has mentioned and which we were given to understand went entirely for debt reduction—

Mr. Abbott: Net debt reduction.

Mr. Fleming: I think most members of the house understood that it was in fact a net debt reduction. Are we to understand that because of these involuntary borrowings there was no net debt reduction?

Mr. Abbott: I know my hon. friend appreciates the difference between gross and net debt. While on the one side of the balance sheet, in the case of these pension funds, and so on, we have an obligation which is part of our gross debt; in the net debt we take credit for the asset which is the amount in the fund.

Mr. Quelch: I should like to refer to the FAO for a moment and I know it may be said that this is part of the Department of Agriculture or the Department of External Affairs. The matter I wish to deal with has to do with the financing of exports of commodities. Two days ago I quoted from the report of the director general of FAO for 1949-50 where he referred to the fact that there is far too little food for the world's hungry mouths and that an increase in production would not be enough to keep pace with the number of human beings. Then he went on to say that more and more people realized that such conditions were no longer necessary.

I think the food and agriculture organization has done some fine work in the past but unfortunately much of that work has been nullified by the member nations turning down its recommendations. That same report refers to the fact that two or three proposals were made to deal with the distribution of surplus food to the hungry people of the world, and I quote from page 13 of the report as follows:

> The first proposal for a world food board which would buy supplies during periods of surplus and release them during periods of scarcity, was turned down by governments.

The next proposal of the FAO was for an international commodity clearing house, with much narrowed functions.

Mr. Abbott: Item 96 deals with the food and agriculture organization of the United Nations. I am afraid I am not prepared to discuss this matter under my estimates.

Mr. Quelch: I am simply giving a background for the question I am going to ask

which I think comes directly within the minister's sphere. As I mentioned, the international commodity clearing house was turned down. Here is an interesting point. Canada's delegate to the food and agriculture conference, the Minister of Agriculture, took the stand that there was nothing in the international commodity clearing house that could not be done individually by a nation. That was one argument he presented for turning down that proposal.

We may soon face a situation where we have surpluses of food in Canada and there will be certain countries in the world where people are starving but where they will be unable to finance imports of our food. The Minister of Agriculture said that there was nothing in the idea of an international commodity clearing house that we could not do by ourselves. The conditions out west never looked better. I do not want to be too optimistic because as a farmer I know how conditions can change, but there is more moisture this year than we have had for many years.

If we have large crops with resultant surpluses, if we are faced with the fact that people are starving in a country like India and India is unable to pay for our surplus food, will the minister give us the assurance that his department will provide the means by which exports of food to needy countries can be financed? I have great confidence in the Minister of Trade and Commerce, but after all his job is to trade our food for the products of other countries. If a country has no commodities to trade with us the Minister of Trade and Commerce will not be able to trade with them.

The responsibility will then lie with the Minister of Finance to find ways and means of getting the surplus food of this country to the nations that need it. Mind you, our delegate turned down the recommendation for an international commodity clearing house which would have provided the means by which that surplus food could have been delivered to needy people.

Mr. Abbott: I am afraid that I am not familiar with the proceedings of FAO and what methods are adopted to finance foreign trade at some future time. I do not think it would be appropriate for me to give an assurance now as to what we would do. That would be a matter of policy that would have to be decided at that time. We were discussing export credits a little earlier, and by means of loans to the United Kingdom and other countries we have assured a fairly steady market for our export products. I would not attempt this evening to forecast what the policy of the government would be under some future set of conditions.

Mr. Quelch: If in the future we have a surplus of food and if there are people in any part of the world needing that food, all I want the minister to do is to assure us that his department will see that ways and means are found by which that food can be got to those hungry people. In other words, we want assurance from the minister that his department will not allow food to rot while there are hungry people in any part of the world needing that food. I am not asking the minister to declare what his policy will be; I am just asking for that assurance.

Mr. Abbott: In the ten or eleven years I have been a member of this house there has been no case in which food has rotted because we have been unable to find a means of disposing of it to people who needed it, and I hope I will not have that experience during such time as I remain here.

Mr. Quelch: That may be true about Canada, but food has been allowed to rot in the United States. They had a great many surpluses which were stored; eggs, for example, were kept for so long that they rotted, and today they are giving food away.

Mr. Abbott: I have enough troubles of my own without looking after any in the United States.

Mr. Browne (St. John's West): Just as a point of interest I may tell the minister that fish was dumped in Newfoundland last year.

Mr. Wright: Under what item does the Canadian farm loan board come?

Mr. Abbott: I am told there is no item covering it. That is a separate corporation, as my hon. friend knows, and there is no vote for it. If my hon. friend wanted some information I would be glad to have him ask for it now on the general item.

Mr. Wright: It is not exactly information; I want to make a suggestion to the minister. The Canadian Farm Loan Board Act was passed in 1929, and under it loans were made on farm lands of up to 50 per cent of the appraised value of the land. The total amount of the loan that could be made to any one borrower was $5,000. In 1934 the act was amended to permit a second mortgage loan of up to $2,000. Since that time there has been no change in the amount that can be loaned, and today we find that these amounts are not large enough. The value of land, of machinery and of everything the farmer has to buy today has doubled or tripled since 1929, and many young farmers find it

impossible to obtain an economic farm unit with the amount of money that can be borrowed under this act.

Until 1945 these loans carried interest at the rate of 5 per cent on first mortgages and 5½ per cent on second mortgages. At that time the interest rate was reduced to 4½ per cent on first mortgages and 5 per cent on second mortgages. The difficulty today, as I am sure the minister will realize, is that the amount that can be borrowed is really too small to obtain enough land. The cost of land is greater, and all the expenses that go into the establishment of an economic unit for farming are easily twice today what they were when this act came into force. If this legislation is to do the job it should do I believe the maximum amount that may be borrowed must be increased.

There is a demand for these loans. The 1950 report states that the board carried forward 565 loan applications not disposed of during the previous fiscal year, and received a further 4,639 applications. It states further that the loans granted amounted to $5,189,400 as compared with $4,919,300 the previous year. So there is a demand for this type of loan. The purpose would be served much better, I believe, if the minister could see his way clear to have the amount of the loan that can be made to one applicant increased to at least $10,000 instead of $5,000, because today $10,000 will not do any more than $5,000 did when the act was passed in 1929. I just want to bring this to the attention of the minister and ask him to consider it—

Mr. Abbott: I will be glad to do that.

Mr. Wright: —and see if something cannot be done to increase the amount of these loans.

Mr. Abbott: I will be glad to take these representations into consideration.

Mr. Blackmore: I would like to ask the minister one or two questions before the item carries. I gathered when the minister replied to the hon. member for Peace River that he intimated, if he did not state, that one of the functions of the Bank of Canada was to guarantee the integrity of the Canadian currency. Is that correct?

Mr. Abbott: I do not know that I put it in just those terms. I do not remember exactly what I said, but what I intended to say was that one of its functions was to see to the management of the Canadian currency, that it should be issued in proper form, not to excess, and so on.

Mr. Blackmore: I would like to know whether the minister would agree that the expression "integrity of the Canadian currency" would be accurate. Would he accept that as being an expression of the concept that is in his mind?

Mr. Abbott: I do not know whether or not I used that term. I think perhaps that word might be just a little too strong. There is a limit to what the bank can do. I gave a fairly carefully worded offhand explanation and pointed out that whatever the bank might do or whatever it felt it might do could be negatived by government policy, and that therefore in all these matters the ultimate responsibility would have to fall on the government. I really do not think I can elaborate on that very much tonight.

Mr. Blackmore: I would like very much to have the minister tie himself down to a definition.

Mr. Abbott: He never ties himself down.

Mr. Blackmore: I am quite sure of that. He dashes along very cavalierly and never commits himself to anything. Now let him commit himself. Would he accept the expression "the integrity of the Canadian currency"? A moment ago he said that currency would not be issued to excess. What does he mean by that? I want something we can get our teeth into.

Mr. Abbott: I am sorry; would the hon. member repeat his question. I was checking on something with my experts.

Mr. Blackmore: I would like the minister to check with his experts, the very best he has, because he will need them. I want to know whether the expression "integrity of the Canadian currency" would be the one the minister would choose rather than "soundness of the currency".

Mr. Abbott: I would prefer "integrity".

Mr. Blackmore: So do I. Then would you just tell us what you mean by integrity.

Mr. Abbott: I have not the Oxford dictionary here, but I would be prepared to accept the definition it contains.

Mr. Blackmore: The minister has his experts there; they must have an Oxford dictionary. How would his experts define the integrity of the Canadian currency?

Mr. Abbott: I do not know that that is their responsibility. I will have to assume responsibility for what is meant by that.

Mr. Blackmore: Then let the minister take the responsibility right now and tell us the meaning of that phrase as applied to Canadian currency.

The Chairman: Shall the item carry?

Mr. Blackmore: No, Mr. Chairman, and it is not likely to be carried for quite a while. We want something we can get our teeth into. One of the biggest troubles when many people talk about money is that they are just not careful about the words they use. If we can get some words we can actually rely upon we can use them as a base from which to begin. Would the expression "integrity of currency" be one that could be substituted for "soundness of currency"? In the days of R. B. Bennett we had a tremendous amount of talk about sound money, and Mr. Dunning carried on the expression, sound money. What does sound money really mean?

The Chairman: Shall the item carry?

Mr. Blackmore: No. I would like the minister to answer that.

Mr. Abbott: As Mr. Bennett would have said, I think sound money means sound money.

Mr. Blackmore: I wonder if the minister could not improve upon that definition.

Mr. Abbott: I doubt it. I do not believe I could.

Mr. Blackmore: Then would the minister say a sound dollar is one that retains a constant purchasing power for a given length of time, so that a dollar in 1949 would buy practically the same amount of wheat or any other commodity as a dollar in 1939? Would that be a definition of "sound" that we could accept?

Mr. Abbott: Certainly that would be the counsel of perfection; it would be a splendid thing if money retained a constant purchasing power, but in this imperfect world unfortunately it does not.

Mr. Blackmore: We could more appropriately say under this exceedingly imperfect financial system under which we work it is almost impossible to obtain. The minister evidently agrees that a sound dollar is a dollar that retains its purchasing power at about the same level over a period of years. I believe the minister will grant that since 1939 the Canadian dollar has been exceedingly unsound.

Mr. Abbott: I would not say that.

Mr. Blackmore: You would not say that?

Mr. Abbott: Oh, no.

Mr. Blackmore: Let us examine that matter for a moment or two. The soundness of a dollar is to be determined by the price of goods, is it not? If the price of goods doubles, the value of the dollar is halved. In other words, a dollar is by no means sound which does not maintain its purchasing power. Now, the price of goods in Canada has not quite doubled in these ten years but it has come very close to it. The Canadian dollar failed completely to remain sound. Would the minister challenge that statement?

Mr. Abbott: All I can say, Mr. Chairman, is that I have listened with great interest to my hon. friend's views for eleven years, and he has been listening for about the same length of time to mine. I do not believe either of us has been able to convince the other.

Mr. Blackmore: That is quite right, but there is still time. We are still young. I should like to read into the record what has happened in respect to prices according to the figures I have here which appear in a publication of the government of Canada. It is entitled "Prices and Price Indexes", February, 1951, published by the dominion bureau of statistics, covering wholesale prices, cost of living, security prices and exchange rates. I am reading from page 14, the second column:

Date	Total increase since August, 1939
1939 Aug. 1	100·8
1941 Oct. 1	115·1
1945 Dec. 1	120·1
1946 Dec. 2	127·1
1949 Mar. 1	159·2
April 1	159·3
May 2	159·5
June 1	160·5
July 2	162·1
Aug. 1	162·8
Sept. 1	162·3
Oct. 1	162·2
Nov. 1	161·7
Dec. 1	161·5
1950 Jan. 3	161·0
Feb. 1	161·6
Mar. 1	163·7
Apr. 1	164·0
May 1	164·0
June 1	165·4
July 3	167·5
Aug. 1	169·5
Sept. 1	169·8
Oct. 2	170·7
Nov. 1	170·7
Dec. 1	171·1
1951 Jan. 2	172·5
Feb. 1	175·2

Price index advances since the publication of this document are:

Mar. 1	179·7
Apr. 1	181·8

I do not believe the minister would care to say that the Canadian dollar remained sound during that period. Its value has been steadily falling. The minister will say, "Well, that is the result of inflation." Will the minister tell us exactly what inflation is, the way he uses the word?

Mr. Abbott: I do not know that at this late hour of the evening I should attempt to embark

on that subject. I shall use the short definition, although it is an oversimplification. It is a case of too many dollars chasing too few goods.

Mr. Blackmore: The minister says it is too many dollars chasing too few goods. Let us examine this thing with a little care. In April of 1946 the price of steel advanced $5 a ton in Canada, I presume as a result of a request of the three steel companies and with the consent of the Canadian government. Will the minister show how the amount of money then in circulation had anything to do with that increase in the price of steel?

Mr. Abbott: It is not my department, Mr. Chairman.

Mr. Blackmore: It is very vital to the question under discussion. According to the minister's definition that increase in the price of steel ought to have been the result of a surplus of money in circulation. It was nothing of the kind. That advance of $5 in 1946 was manipulated apparently or demanded by the steel companies and permitted by the government. The money in circulation had nothing to do with it at all.

During the year 1946 the steel workers struck. As a result of that long strike of about eighty-two days they obtained an advance in wages. The advance in wages increased the cost of the production of steel and everything else all over the country, because the people all over the country began demanding comparable increases in wages. Those increases in wages forced up the cost of production and forced up the prices of commodities. Will the minister show how the money in circulation had anything to do with those advances in prices? Will he show how too many dollars chasing too few goods had anything to do with that increase in price?

Mr. Abbott: I thought everyone knew that there was not enough steel.

Mr. Blackmore: It is a most remarkable thing that there was not enough steel in 1946 when we had enough steel to carry us through the tremendous war effort! One would have thought that in peacetime there would be a surplus of steel, but the price was forced up. It does not make sense, does it? That was not given as a reason when the steel people came before the industrial relations committee. I was a member of that committee and I believe I attended every session. I do not recall that they advanced as a reason for increasing the price of steel that there was not enough steel or that there was too much money in the hands of the people demanding steel or that they could not produce enough for the Canadian people. As I recall it, their statement was that they had to have an increase in price so as to put them in a strong competitive position with United States steel producers. From that I gather only one possible meaning, and that is that the United States steel producers, having a surplus of steel after the war, would likely be penetrating into Canadian markets and underselling our people unless our people were in a strong competitive position.

If the minister or any of his friends can explain how too many dollars chasing too few goods had anything to do with that advance in the price of steel, I shall be a most humble and interested listener. Up to the present time I have not found one person in Canada who could explain that advance in the price of steel by reference to this rule of too many dollars chasing too few goods that has been bandied about and accepted by everyone.

I am going to give the minister two or three other examples. We have to examine this matter carefully, because if the price of steel was deliberately advanced by the people who produce steel, how many taxes does the minister think he will have to levy on the Canadian people before he can force that steel price back the $5 per ton? The producers would simply close down their plant or they would restrict production, and that is exactly what the companies in Canada now are in a position to do. In other words by the very measures which the minister is proposing to use to combat inflation, it would be a matter of utter impossibility to force the price of steel back that $5, for the simple reason, as I said a moment ago, that the companies would restrict production rather than let prices fall or increase production. We had that thing happen in the case of agricultural implements and we had it happen in the case of many other commodities. The manufacturing producers seem to be getting an organization by means of which they can do that on a wide scale, and they can keep goods off the market thereby increasing their inventories. They can resort to several devices to resist the application or influence of this rule of decreasing the amount of money and thereby forcing down the price of goods. There is one of the difficulties.

May I just show a little further what this so called "inflation" looked like when it was in progress? May I refer to some figures that I have used before on the floor of the house. It is best to use them here. I should have kept them for this occasion. Let us take as an example the price of bread last year. It advanced one cent. The price of bread advanced one cent, according to the information which I have here signed by

Arthur May, who is executive secretary of the National Council of the Baking Industry, for this reason: The price of bread advanced not because there were too many dollars in Canada chasing too few loaves of bread—not by any means—but because the price of lard, as an ingredient, had advanced from 12½ cents per pound to 22½ cents per pound since June—this letter of Mr. May's was written in September—the price of shortening had increased from 26 cents to 32½ cents per pound; the price of sugar had increased from $8.40 to $9.86 per hundred pounds; the price of milk powder had increased from 8½ cents per pound to 13-14 cents per pound. The price of the spray process had increased from 10 cents to 16 cents per pound; the price of malt products had increased about one cent per pound; the price of raisins had increased from $11.76 per one hundred pounds to $14.50; the price of salt had increased by 33 cents per hundred pounds because of the freight rate increase; the price of shipping cartons had increased on September 4 by approximately 10 per cent; the price of waxed paper had increased approximately 3 per cent.

The minister will have to do a great deal of careful research in order to show that the price of bread advanced one cent a year ago because there were too many dollars chasing too few loaves of bread or too few bushels of wheat. I wonder if the minister has given this matter careful enough study? Has the minister given the whole matter sufficiently careful study to tell us why lard advanced, as I have indicated, from 12½ cents per pound to 22½ cents per pound since June of the previous year? I wonder if it was because there were too many dollars chasing too few gallons of lard or was it because the cost of producing lard had increased? And so with shortening, sugar, milk powder and so on. The minister will remember that in the case of salt the 33 cents per hundred increase was because of the freight rate increase that his government allowed the railways to make. Imagine that, Mr. Chairman! What word can you use, when a government will allow an increase in freight rates to force up costs and then will try to pretend to the people—and delude them with the story—the nonsense that the rise which resulted from freight rates was the result of too many dollars chasing too few goods?

Mr. Abbott: Mr. Chairman, I know that my hon. friend does not want to delay unduly the passage of these estimates. I hope that he will not feel that he should engage in a long discussion as to freight rates at this hour in the evening and at this stage in the session. We have had quite an extended discussion on inflation and its causes, both on the budget and at other times. I would appeal for his co-operation and for the co-operation of other members of the committee, in seeing that we try to stick as closely as we can to the item under discussion. We have had well over an hour of discussion now under the item of departmental administration. I am not attempting to curtail that discussion, but I would hope that we might try to keep it as closely as possible to the item that is before us.

Mr. Blackmore: I sympathize deeply with the minister, because the minister is in the awkward and untenable position of attempting to defend an utterly indefensible financial system. That is just exactly where his trouble lies. It is not his fault. It is the fault of the financial system under which he is attempting to act. As to delaying the estimates, I will tell you what I will do. I have been waiting for a long time to get a talk with the minister, and the opportunity has finally come. I am sure he has also been waiting a long time to get a talk with me. The opportunity has now come. I am right here, and I am going to stay right here so he can get at me.

Mr. Abbott: I would not want to get at my hon. friend. I think too highly of him for that.

Mr. Blackmore: I will agree with the minister to allow his other items to go through, if he will hold this one and let it stand so that we may finish up this discussion in a workmanlike fashion some time a little bit later on. I would be quite willing to do that, or I will continue now what we are at present discussing, namely this item of inflation.

Mr. Abbott: No, we are discussing an item of $1,500,000 for departmental administration.

Mr. Blackmore: Oh, yes; but under departmental administration is included everything pertaining to the minister's department. Certainly one of the minister's responsibilities has to do with the price structure, the control of inflation, the maintenance of the "integrity" of the Canadian dollar or the "soundness" of the Canadian dollar, or any other less objectionable or more accurate word the minister can find.

Mr. Hansell: Out of this amount the minister pays his advisers for bad advice.

Mr. Abbott: My hon. friend is within his rights. I appeal to him, however. As I say, we have discussed this question for eleven years now. But in those eleven or almost

eleven years I have never succeeded in completely convincing my hon. friend; and he has never succeeded in convincing me that the financial system is wrong. He may be able to do it tonight, but I would doubt it.

Mr. Blackmore: What I am trying to do tonight is to find out whether the minister can laugh off or explain away irrefutable facts; and what I am giving him now are irrefutable facts pertaining to the so-called "inflation", the rise in prices. The matter is fundamental and it is exceedingly serious because as long as we go forward cavalierly, in the face of facts, saying that this increase in prices is a result of too many dollars chasing too few goods, we shall in the next few years make the most ghastly economic blunders that it is conceivable for a government to make. But if we face the fact that this increase in prices is not a result of a scarcity of goods but is a result of deliberate manipulation upwards, of deliberate profiteering; and if we grant that, then we shall adopt an entirely different method of dealing with the matter of high prices.

As I said a moment ago, Mr. Chairman, I have no desire to hold up these estimates. I have a happy home to go to and a lovely province to live in. I should like to get back there. But I also have a job to do here, and it is vital to the interests and the welfare of Canada, that I do my job so far as I can see. If the minister feels that he would rather have all this out on item one, we will have it out on item one; because I think I am strong enough to last until eleven o'clock.

Mr. Abbott: I am sure of that.

Mr. Blackmore: I should like to go on one step further. I could give a number of other details that I have here as to the increase in the cost of clothing which occurred this very year. I have letters right here from Lethbridge people about the advances that were made by the wholesale companies to the retail companies. No mention is made of too many dollars chasing too few goods. In every single letter the company concerned says: Our costs have increased until we cannot stand it any more and we have raised the price. Then we have the absolute hypocrisy —and that is the only word you can use—of the Department of Finance, the bank managers and all the financial people of that kind all over this country, in trying to delude the people of Canada into believing that the present increase in price is and has been the result of too many dollars chasing too few goods! That is one of the most consummate falsehoods ever perpetrated on a people.

Let us face facts just exactly as they are. Let us take the last rise in prices, namely, the one in wood pulp. Can anyone possibly show how that increase in the price of wood pulp for paper was the result of too many dollars chasing too few rolls of paper? Well, what utter nonsense! The Minister of Trade and Commerce stood up in his place the other day and explained the increase in that price. I thought he made out a pretty good case. He went on to show that the costs of these pulp companies had increased so much that, although they had heroically absorbed a number of these costs, the time had come when they simply had to have an increase in the price of their wood pulp and paper. I imagine that every hon. member in the committee tonight heard him do that and will testify to what I say. That is the last one I have.

What is going to be the result of this increase in the paper price? It is going to cause an increase in costs all across the board. All we need is just two or three more increases like that in major commodities in Canada and we shall have an irresistible demand on the part of labour for an increase in wages, just as we had an irresistible demand last year for an increase in wages on the railroads. We realized it was irresistible and we yielded. Can anyone say that the cause of the increase in railroad freight rates is the fact that we have too many dollars chasing too few railroad cars, or too few engines? What utter nonsense!

The minister has left the committee.

An hon. Member: He could not take it.

Mr. Blackmore: He could not take the facts. To me a fact is simply this—

Mr. Sinclair: The minister has been sitting here seven hours today and I think he is entitled to go out and stretch his legs.

Mr. Blackmore: I am glad the parliamentary assistant said that. I myself have been here seven hours today. I realize the minister has the right to go out and stretch his legs. It is well to be known that he is not here, while these important questions are being asked.

Mr. Sinclair: The hon. member could go out and in during the seven hours, but the minister has been piloting bills and his estimates throughout the entire sittings of this house this morning and afternoon and evening. I think it is most unfair to suggest that the minister went out simply because he was upset by the remarks of the hon. member. He has been listening most intently all through to the comments of the hon. member.

Mr. Hansell: While the minister is out stretching his legs, Mr. Chairman, perhaps the assistant to the minister would not mind answering a question or two. Since his advisers are sitting in front of him it is quite likely that he can answer the questions just as effectively as the minister himself. I should like to ask this question. Assume that the minister is right in his answer—I am not saying he is, because the hon. member for Lethbridge says he is not—that there are too many dollars chasing too few goods. Does the minister absolve himself from all responsibility for the expansion of credit that has taken place throughout the last number of years? For instance, toward the end of the war there was a loan floated by the government. Bond salesmen were out to raise this loan. Of course it was raised. They tagged the office girl; they tagged the man in the factory; and they said, you can even buy bonds on the instalment plan. What happened? The minister floated that loan. He permitted people who wanted to buy bonds to go to the bank and borrow money to buy those bonds. The banks encouraged them to buy through them, and when the bond purchaser went to the bank to borrow the money for bonds, new money was issued. The minister knows that. If new money was issued, then new money was put into circulation, when goods should have been coming off the assembly line, if there was a deficiency of goods.

That was his plan; that was the government's financial policy, and I wish hon. members would recognize this. I notice that when questions are asked sometimes and there is persistence used in attempting to extract an answer from the minister, there is some levity in some quarters. The minister himself rises and says: "Well, the hon. member for Lethbridge and I have been talking about this for the last eleven years, and we do not understand each other." That does not answer the question.

Mr. Abbott: That was not what I said. I said, neither of us had been able to convince the other.

Mr. Hansell: I see. Well, I did not scrutinize the answer so carefully but that does not change my point. Simply because they are not able to understand each other does not answer the question. I am asking a definite question on the basis that the minister believes at least that his answer was right in respect to too many dollars chasing too few goods. Does he absolve himself in that?

What I was going to say to hon. members is this. A certain levity exists because hon. members take the present financial system for granted, and assume that there is nothing wrong with it; that the government only errs in too much taxation or too little taxation, or taxing here instead of taxing there. But that is not the thing that is basically or particularly wrong. That is the boil that breaks out on the back of the neck. It wouldn't matter if it broke out somewhere else. If the blood is wrong in the system then you cannot cure the boils. The fact of the matter is that there are certain basic and fundamental things that are wrong with the financial system followed by the government. One thing that is wrong is—hon. members do not recognize this. I am certain that the evidence is there and the minister knows it. When the minister goes to the bank to borrow freshly created money which is lent at an interest, that freshly created money cannot be paid back without interest being created too. That is only a remark in passing.

Hon. members assume there is nothing wrong. Hon. members assume that when banks lend money they lend their depositors' money. They do not. The minister knows that they lend freshly created money which they themselves create with a stroke of a pen in their books. The minister knows that. I am asking him whether he absolves himself from all responsibility when he knew that goods were in short supply? He himself admits that he encouraged the expansion of money in this country. You have to fix the blame somewhere. It is all right to say: Well, there is too much money chasing too few goods. Who is responsible for too much money? It does not drop down from heaven; it does not grow on trees. Somebody gave instructions to expand the credit of the country just as the minister gives instructions to restrict credit expansion. They cannot tell us there is too much money chasing automobiles. For the last day or two we have read in the newspapers that some of the factories are going to close down because there are too many cars.

I would like to focus the blame. Who is responsible? Does the minister absolve himself from all responsibility in not being able to manage the financial affairs of the country and to restrict credit at the proper time?

Mr. Abbott: I am a modest man and never try to absolve myself from responsibility. I am prepared to take my share of responsibility for such things as I, as Minister of Finance, have done in matters of financial policy during the five years I have been Minister of Finance. But I like to believe it

has been pretty sound financial policy, and I am quite prepared to stand on the record of it.

Mr. Hansell: We will have to accept the minister's answer, but I certainly expected one with a little more strength to it than that.

Mr. Abbott: It is a little late in the evening.

Mr. Hansell: Is it a sound financial policy when people with money in the bank ten years ago find that today that money is worth only half what it was worth then? If the minister will call that a satisfactory policy, then I will eat my hat, right here in the middle of the chamber of the House of Commons.

Mr. Blackmore: Now that the hon. member for Macleod has joined me in the argument, and I appreciate very much that he has, I should like to focus attention of the committee on the two points I was making.

The first of these was the point on which the hon. member for Macleod closed his speech, namely that the Canadian dollar has not been kept sound.

Mr. Low: Nor wholesome.

Mr. Blackmore: And if the Canadian dollar has not been kept sound we certainly cannot say that the Canadian financial system, which is based upon that dollar, has been kept sound.

Mr. Gibson: Fixed assets have doubled, though.

Mr. Blackmore: Probably; but that is not money.

Mr. Blue: There are four times as many dollars.

Mr. Blackmore: But the dollars are worth only about half. Let us keep our eye on the ball—and the ball in this case is the dollar. I maintain that the government has not a policy whereby it can keep the dollar sound. In the depression the dollar was appreciated until it was worth about twice what it was worth in 1927, so that people who contracted debts in 1927 had to pay the full amount of the debts plus interest in dollars that were twice as hard to get as in 1927. This brought about an almost inconceivable destruction of wealth and well-being in the country.

Then, a few years after that, the value of the dollar went down, so that those who had saved a little money have had it stolen from them in the last five years.

Mr. Low: The same system both times.

Mr. Blackmore: The next question was one of inflation, and I wish to concentrate on it again. The hon. member for Macleod

[Mr. Abbott.]

said he was not assuming that there are too many dollars chasing too few goods. I am not, either. When we closed the war in 1946, let it be borne in mind that our productive capacity was geared to the conduct of a war. We had 1,250,000 of our finest producers in the war. Some 750,000 of them were overseas fighting, and the rest of them were in war plants. All those people came out of the war and entered the productive forces of the country.

Are we to be told that, with all that additional productive capacity to be applied to the production of consumer goods, we could not produce enough goods? What nonsense! If we could produce enough goods in 1946 for the demands of this country, then there must be something radically wrong with our financial and economic system if we cannot produce enough now. The men came back from war. We stopped producing munitions of war. No longer did we operate in the activities of war, but rather concentrated on our domestic economy. In the name of common sense, if we did not produce enough to keep up with the dollars seeking goods, then whose fault was it, and how in the world did it come about?

Mr. Blue: Working twelve hours a day, seventy-two hours a week.

Mr. Blackmore: We were working plenty of hours in 1946 to produce all the goods we needed in Canada. And just in a little while I will show plenty of evidence of a surplus of goods.

Only the other day we had the Minister of Trade and Commerce making a very positive statement. Perhaps I should read it.

Mr. Sinclair: Dispense.

Mr. Blackmore: No; we do not like to be told these things! But I am telling you that we are getting at the facts and we are getting some truths, and from someone who knows. That is a sufficient answer—and he is telling someone who apparently does not know. Maybe that is a sufficient answer.

I am quoting from good authorities recognized in this country. In this connection I would refer to the speech of the Minister of Trade and Commerce on June 14, where he says:

> There is another important element in the defence production program, and that is manpower. We have a tight manpower situation. As civilian producers, with exceptionally heavy stocks, run into consumer resistance, they may find it necessary to cut back staff.

Did the Minister of Trade and Commerce know what he was talking about when he spoke about exceptionally heavy stocks in the hands of civilian producers, or did he not?

Mr. Blue: No one in Canada did.

Mr. Blackmore: I am assuming the minister did know. He goes on to say:

> I am satisfied, however, that such personnel will be absorbed quickly into defence or defence-supporting industries. There will be minor dislocations, but I am satisfied that there is sufficient labour of the right kind in Canada to support our defence program as well as a flourishing civilian economy.

What does "flourishing civilian economy" mean? Is that one in which there are not enough shoes being produced, enough stockings, enough bread and butter, enough fish, or one in which all those things and other goods are being produced in abundance? It can only mean that we are producing in abundance, and that we have already in store an abundance.

The only reason that that abundance has not been manifested in the market is that the people processing it are fearful they will break the market and bring down the price of these goods to a ruinous level. That is all. They are deliberately holding their goods off the market.

I should like now to turn to one other aspect of this whole matter of the responsibilities of the Department of Finance. I am sorry the minister is not in his seat, but I am glad he has the opportunity to go out to stretch his legs. However, the parliamentary assistant is a very promising young man, and his answers ought to be just as acceptable as those of the minister.

It is recognized I believe that if you are going to have your dollar completely sound, you must have enough dollars in your economy and they must be circulated in the right places. You must not have too many, and you must have enough.

Mr. Blue: When did the average Canadian people have more?

Mr. Blackmore: I do not believe they have had more. I agree with the hon. member.

Mr. Low: You have made another convert.

Mr. Blackmore: He is simply a man who faces facts. He has not been carried down the primrose path by the minister, that is all. We have much more money in circulation now than we had in 1939 or 1945, yet we have not more than enough to consume the goods which are in store if the goods were made available.

Mr. Blue: You have plenty, haven't you?

Mr. Blackmore: We have plenty, that is all right. I am quite interested in the hon. member's questions. I do not want to repress any question just as long as it is honest. This is a most important matter. A few minutes ago the hon. member for Peace River asked the minister if the Bank of Canada had any mechanism whereby it could increase the number of dollars in circulation if it should be found that there were too few dollars chasing too many goods, which was exactly the thing that happened in the depression.

Just as soon as you have too few dollars chasing too many goods you have a fall in price, there is an increase in unemployment and you have a depression. Up to the present time under the present financial system the only means that mankind has discovered to get a nation out of a depression is to go to war. That is the only means that has been used up to the present time to get people out of depressions.

Some hon. Members: Oh, oh.

Mr. Low: Name a time when they did not.

Mr. Blackmore: There was 1914. We do not want to go too far on that. I repeat that the only way you can get people out of a depression is to increase the money in circulation as you increase it through war. If the minister had been here I wanted to ask him a question. I do not know whether I will ask the parliamentary assistant, or whether I will just answer the question. Suppose that the Bank of Canada was being managed by the two gentlemen who now sit in front of the parliamentary assistant and who I think are pretty high in the confidence of the Bank of Canada. Suppose that we found in Canada that there were too many shoes, too many clothes of all kinds and too many hats. Would they advise the chartered banks to lend money to anybody who wanted to produce more shoes or more clothing or more hats? Would they? Not by any manner of means.

That was exactly the trouble in 1931, 1932 and 1933. All hon. members of this house can remember how in those days it was said that we had overproduction. The result was that no bank in the country dared lend to produce anything because there was already in the economy of Canada more of everything than could be bought by the people. Will the experts who sit in front of the parliamentary assistant tell us how in the world the Bank of Canada by means of an "expansionist" policy could cause the banks to lend money and get it into circulation when they dared not lend money because of overproduction? There will be no answer because the Bank of Canada has no answer. The Minister of Finance has no answer.

The present financial system has no answer. The question is just not answerable under the present system.

Suppose the Bank of Canada, realizing that say one billion dollars more of purchasing

power had to go out into circulation in order to have enough dollars chasing the goods there were, how would the Bank of Canada proceed to get those dollars out into circulation?

Mr. Low: That was the question I asked the minister.

Mr. Blackmore: That is what the hon. member for Peace River asked.

An hon. Member: Carried.

Mr. Blackmore: I know you would like to have it carried because the pressure is getting worse all the time. You are getting into difficulties deeper and deeper. Of course you would like to have it carried, but it is not going to carry until some of these questions are answered. Last December the best informed producers in Canada were worrying for fear there would be a depression. What we want to understand is what will be done if a depression comes on? A depression will come on just as soon as you have more goods in circulation than you have dollars to chase them.

Mr. Blue: Who will be the judge?

Mr. Blackmore: I should like to quote from a press dispatch which has an important bearing on this matter. The Lethbridge *Herald* contained a Canadian Press report of December 4 from Montreal headed, "Sees recession soon unless war grows worse." This reads:

> Alexander Gray, Sr., Toronto industrialist, Friday night predicted "a definite recession within twelve months if the war situation . . . does not grow worse."

There are a lot of people who are almost afraid we are going to have peace in Korea, that we are not going to be able to use all these war munitions.

Mr. Blue: I hope you are right for once.

Mr. Blackmore: There are a lot of people who are wishing that down underneath because they realize that if we do not go to war we are going to be plunged into a depression and under the present financial system they would not know what to do.

Mr. Blue: Who are those people?

Mr. Blackmore: The article continues:

> Mr. Gray, president of Gray-Bonney Tool Company Limited, and a director of the Canadian Exporters' Association, addressing the Society of Automotive Engineers, added:
>
> "This boom is built on uncertainty, on fear of the unknown, on credit. When you read of what our government is going to do, and what the United States government is going to do, it changes from week to week, from month to month. News of probable defence orders is announced months before actual orders are placed.
>
> When you talk to business executives they throw up their hands. Their plants are running to capacity."

I do not think I need go on any longer with that particular article because that is sufficient to establish my point. Let us suppose that we increase our productive capacity in Canada fast enough to supply all the needs of the men overseas and more goods than all Canadians need. Can the Bank of Canada suggest a single means whereby adequate money could be put into circulation? No, it cannot. That is what raises the whole question of the Social Credit contention concerning debt-free money. I would like to ask the parliamentary assistant a question, but first let me say what happened. As most hon. members know, in 1916-17, during the war, under the Finance Act of 1914 the dominion government issued and spent into circulation $26 million. It was debt free. No bank printed it; the treasury did, and the government spent it. Would the parliamentary assistant say one of those twenty-six million dollars was a sound dollar?

Mr. Gibson: It contaminated all the rest of the dollars.

Some hon. Members: Carried.

Mr. Blackmore: Of course the parliamentary assistant dare not give the answer. The answer would have to be that it was. A sound dollar is a dollar that has stable purchasing power. In other words it has enough goods at stable prices behind it for it to chase and not too many. This $26 million was issued and spent by the government of the time. Will anyone dare say—I know the parliamentary assistant will not—that one of those dollars was unsound? It would have exactly the same purchasing power as the dollars already in circulation, dollars that had been loaned there. Very well. The soundness of a dollar depends upon the goods and services available for it to chase and upon the price structure. There is no answer to that; that must be a sound dollar. In other words the soundness of a dollar must depend upon the amount of goods in the community and the price structure. If the debt free dollar spent into circulation does not cause prices to increase, then that dollar is just as sound as though it had been loaned by a bank. There can be no other conclusion. The minister has come in now; I would ask him that question.

Mr. Abbott: I am going to say to my hon. friend that I think it is an imposition upon the members of the committee that one member should take up the time he has taken today in constant repetition. He made a forty minute speech this morning on gold which was out of order on the housing bill. Since nine o'clock this evening he has been

talking almost incessantly, and I think it is an imposition upon the other members of the committee.

Some hon. Members: Hear, hear.

Mr. Low: May I just say to the minister in reply that if he and his parliamentary assistant would show some disposition to answer the questions which have been asked probably we would be through in half the time.

Mr. Blackmore: Or some ability to do so.

Mr. Low: It is coming to a pretty pass when an hon. member has to work as hard as the hon. member for Lethbridge has worked to try to get answers.

Mr. Abbott: He has had his question answered a dozen times, and I do not intend to answer it again this evening.

Mr. Low: The discussion that has taken place has been absolutely fundamental to the financial policy of this country, which is before the committee in the first item of the minister's estimates. For months we have been trying to get him to face this situation. We have told him for the last three years that I know of that we were going to force him into a position some time where he would have to answer these questions, where he would have to defend his policy. It is no defence to just sit there and give a general brush-off, and drag red herrings across the trail; nor is it a defence to protest to you, Mr. Chairman, against a person taking time. What are we here for but to take time to get satisfactory answers to the questions the people of Canada want answered? I like my hon. friend; I have always admired him, but I have warned him time and again that this was coming and he should have been ready. He is not ready, as he said tonight; and it is high time he was ready.

Mr. Abbott: I did not say any such thing. I answered questions for an hour, and I have answered about all I can answer this evening.

Mr. Low: The people of this country will be able to judge the style of those answers. They will be able to judge whether or not the minister has the information. When they look over the record of the debate this evening they will say the Minister of Finance did not know anything, he did not answer anything. From the answers that have been put on the record tonight the people of this country who read this debate will say the Minister of Finance did not answer a single question. He tried to brush us off. To begin with tonight I tried to get the minister to delve into these things and give us something like a reasonable answer. I told him we were looking forward to the time when a certain resolution now on the order paper would be called, and I said at that time we hoped to launch a full-dress debate on the government's financial policy. But in order to get some information I thought I would like to have, I asked some questions. That was followed by questions from other members of the group.

Mr. Abbott: Mostly by one member.

Mr. Low: I think the hon. member for Lethbridge tried valiantly to get answers to the questions. He was not given satisfaction in a single one, as the record will show. He is entitled to satisfactory answers to those questions, and so is the country. As far as I am concerned, since the minister is taking the position he is, I am not going to attempt to call off the dogs here at all. I say to my hon. friend, go to it, and if you want to keep going here until next Christmas go ahead. As far as I am concerned I would like the minister or someone from his department to give us satisfactory answers to these questions. Go into detail on them. The hon. member for Lethbridge started out on a very important line of questioning about inflation and the integrity of the dollar. If the people of this country, who are labouring under the highest costs in history, take a look at the kind of answers that have come from the government side, the only conclusion they can reach is that nobody here gives a damn whether or not they have to go on paying these high prices.

An hon. Member: Watch your language.

Mr. Low: I think I have the right to punctuate my remarks a little; and inasmuch as "dam" means to stop, I guess I can use that word. I am taking this position with respect to the assertion made a moment ago by the minister. If he and his department will take a few minutes to get right down to the questions and give us sensible and suitable answers, their estimates will not be held up at all. That is all I am going to say.

Mr. Blackmore: I thank the minister most sincerely for putting on record indelibly a statement to the effect that I have done my best in the time at my disposal. I have worked very hard. It does not mean very much to people who have not enough sense to appreciate it, and there are plenty of such people. The important fact is that these questions simply have to be answered.

An hon. Member: Who is the judge?

Mr. Blackmore: I am the judge. If you can defend yourself get up and do so; don't yap like a lot of silly pups. Get up and say something.

The Chairman: Order. I would ask the hon. member to address the Chair.

Mr. Blackmore: Thank you, sir. Of course the chairman will understand that I was not addressing him when I spoke as I did a moment ago. I was asking this question. I asked the parliamentary assistant whether or not one of those $26 million that were created by the finance department of Canada in 1916 and 1917, and spent into circulation, was sound. It is a simple matter to answer that, if he knows how to answer it. If he says it was unsound he knows I shall ask him to prove it, and that he cannot do.

Mr. Dewar: Why ask him then?

Mr. Blackmore: Just to show him up. That is what he is here for, is it not? Why do you ask questions of any government minister? To find out whether he knows his business. Is that not right? You ask questions to ascertain whether he knows his business, and that is exactly what I am doing here. We want to know whether or not he knows his business.

Mr. Blue: He knows his business.

Mr. Blackmore: He should be able to prove it then, and he has not done it thus far. He has not shown he knows anything about it. He does not know anything about sound money, and does not dare even try to define it. He does not know anything about this inflation. He would pretend it is the result of too many dollars chasing too few goods, but we have proved by point after point, what he cannot disprove, that it is a direct result of the profiteering which has forced up the cost of producing and thus of living.

I ask the minister whether one of these $26 million was sound. He knows it was sound. He does not dare say it was sound, however, because if he does he will get into trouble with St. James street and the press all over the country. He does not dare say it was sound, because the very minute he says it was sound he knows that I shall ask him why he does not create a few of such dollars now and put them into circulation. He may say that it would cause inflation. I have already proven, what he cannot possibly disprove, that the so-called inflation is not inflation at all but is the result of the manipulation of prices upward and that there are plenty of goods. I am going to ask the minister once more—he says he has answered the question but he has not answered one of my questions in a straightforward manner—I am going to ask the minister to tell the committee, if he dare, whether or not one of those $26 million which were created and spent into circulation under the Finance Act of 1914 was sound. Such dollars could be created and spent now.

[The Chairman.]

Mr. Riley: Would you mind repeating that?

Mr. Abbott: At the time to which my hon. friend refers I was in France, but I think the dollars were probably sound.

Mr. Blackmore: I believe the dollars were sound, too. I believe those dollars were sound, and I believe similar dollars issued today and spent into circulation would be sound. I shall defy the minister and all his associates to prove that one of them would not be sound today.

Mr. Riley: That is the way to talk.

Mr. Blackmore: I have issued that defiance several times, and I issue it right now in the presence of plenty of witnesses.

Mr. Abbott: It sounds like the marriage ceremony.

Mr. Knowles: There will be a divorce on Friday night.

Mr. Blackmore: This morning I spent some time of the house, and I apologize if I have offended any hon. members, showing that the Bradbury which was the war currency that Britain created through her treasury by means of a treasury bill was sound. It was a one pound note. I showed that 354 million of those one-pound notes were printed and circulated in Britain during world war I and up to 1920. I adduced evidence from William A. Shaw's book "Currency, Credit and the Exchanges", and his excellent book "The Theory and Principles of Central Banking" to show that those pound notes were sound.

Mr. Riley: Go into that a little deeper.

Mr. Blackmore: Yes, I shall be glad to do that. They were sound. I do not believe the hon. member was here—

Mr. Riley: I was here, but I did not quite understand it.

Mr. Blackmore: If the hon. member will take *Hansard* tomorrow and read the speech I made about the Bradbury's, then go to the library and get this book "Currency, Credit and the Exchanges" which tells about the Bradbury's; if he will get the book on "The Theory and Principles of Central Banking", which was written by the same man in 1930, read the quotations I gave and read the books, he will find beyond any shadow of doubt that William A. Shaw considered that money absolutely sound.

Mr. Riley: Would you mind analysing it?

Mr. Blackmore: I shall gladly do that. I do not want to burden anyone, because I went to the trouble of analysing it this morning.

Mr. Riley: I am interested.

Mr. Blackmore: I shall quote something in addition that William A. Shaw said. Here is a quotation from page 66 of "Currency, Credit and the Exchanges":

> The issue of currency is not the affair of a bank. It is the affair of the state, and now that we have established that principle, if we go back on it and sacrifice it we may go still further and sacrifice the automatic principle which is enshrined in the treasury note, and the discovery of which is the greatest achievement of modern economic practice.

Let me analyse that for a minute or two. The hon. member, who has asked me that question so conscientiously, realizes that in this nation today the state does not issue any of the money. The money is issued by the Bank of Canada, and the Bank of Canada, no matter whether or not the government owns it, is a bank. Consequently, the principle which William A. Shaw lays down is violated with the issuance of every dollar that is issued in the Dominion of Canada. Now, that is rather important, is it not? The $26 million in Canada and the treasury notes in Britain that were issued and spent during world war I were issued without any debt. The government did not borrow them; it created them and issued them just the same as the Bank of Canada could create and lend money or issue it.

Here is another quotation from page 67 of the same book.

Some hon. Members: Eleven o'clock.

Mr. Blackmore: It reads:

> This theory of money rests upon one basic principle—viz., that goods purchase goods. In this axiom the word "goods" is used for brevity's sake as comprehending all economic goods or services, which as possessing economic value, possess thereby exchange value.

Let me point this out, Mr. Chairman. As I have said time and again from April 19 onward when I started this campaign, the basis of money ought to be goods. This statement about too many dollars chasing too few goods or too few dollars chasing too many goods indicates quite clearly that the real purchasing power in a community is goods and services. This author clearly lays down that principle.

Some hon. Members: Eleven o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we shall take up three resolutions, two in the name of the Minister of National Health and Welfare, one concerning old age assistance and the other concerning allowances for blind persons. In the past everyone favoured the principle of these resolutions, and I think we should have a short debate because the bills will come up on Saturday. Then, we shall take up the resolution in the name of the Prime Minister concerning the Federal District Commission Act, 1927. We shall then go into supply, and take up the estimates of national health and welfare, public works and the secretary of state. If the committee on veterans affairs complete their work by tomorrow and report the bills they have before them, on Friday we intend to take up the estimates of the Department of Veterans Affairs and all the bills relating to veterans.

Mr. Graydon: May I ask the Minister of Public Works (Mr. Fournier) whether the three resolutions which he named will be taken up in that order?

Mr. Fournier (Hull): Yes.

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

HOUSE OF COMMONS

Thursday, June 21, 1951

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Eleventh report of standing committee on miscellaneous private bills.—Mr. Croll.

STATEMENT AS TO WITHDRAWAL FROM MEMBERSHIP ON COMMITTEE

Mr. W. J. Browne (St. John's West): On a question of privilege, Mr. Speaker, at the beginning of the session I was made a member of the committee on miscellaneous private bills, but I resigned at the first meeting held in March. Though I have written the chairman of the committee twice to this effect, I am still receiving notices of the committee meetings. I should like to be on record as having resigned as of that date.

PUBLIC ACCOUNTS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. L. Philippe Picard (Bellechasse) presented the second report of the standing committee on public accounts, and moved that the report be concurred in.

Motion agreed to.

LABOUR CONDITIONS

THREATENED STRIKE IN WEST COAST SHIPPING INDUSTRY—STATEMENT AS TO CONTINUANCE OF NEGOTIATIONS

Hon. Milton F. Gregg (Minister of Labour): Yesterday the hon. member for Nanaimo (Mr. Pearkes) inquired as to the dispute between the coastal shipping companies in British Columbia and the seafarers' international union. This dispute concerns certain uncertificated personnel of Canadian National Steamships, Canadian Pacific Railway Company (B.C. coast steamship service) and Union Steamships Limited. Negotiations for the revision of the existing agreement between these companies and the union representing them have been under way for some time. Wages, hours and union security issues are involved.

The senior industrial relations officer of my department in British Columbia was assigned to this dispute when the parties themselves had been unable to reach agreement, and the department has been kept continuously informed of all developments in the joint efforts being made to effect a settlement. All those concerned are aware of the public interest involved and every effort is being made to resolve the dispute. The union has taken a strike vote, the result of which gave union officials authority to call a strike. A strike deadline was set for midnight Friday, June 22. However, I am happy to say that notice of the definite strike deadline has been cancelled and negotiations are continuing. I am sure hon. members will agree with me that it would be inadvisable at the present time to discuss the details of the proceedings.

REPORTS AND PAPERS

C. D. HOWE COMPANY LIMITED

Hon. F. G. Bradley (Secretary of State): I wish to table parliamentary return, reference No. 93: During 1935 to 1951 inclusive, for what projects has the firm of C. D. Howe Company Limited been retained by the government, etc.

The necessary information from the board of grain commissioners was received only yesterday afternoon, and the return is now complete.

QUESTIONS

JUDGES FOR NEWFOUNDLAND DISTRICT COURTS

Mr. Browne (St. John's West):

What is the reason for the delay in the appointment of judges for the district courts of Newfoundland?

Mr. Garson: This matter is still receiving consideration by the government.

HEALTH AND WELFARE—PUBLICATION "GOOD TEETH"

Mr. Diefenbaker:

How many copies of the folder "Good Teeth" issued by the Department of Health and Welfare, were distributed, French and English, and what was the cost of preparing, printing and distribution?

Mr. Martin: Seventy thousand copies in English and 1,500 copies in French have been distributed to the provinces, on request. Twenty-six thousand copies in French, which had been distributed but in which there was later found to be a printing error, are being recalled. Repeat orders have been received from some provinces.

The printing order, against which only partial delivery has been made, was for

100,000 copies in English and 35,000 copies in French. The expected total cost is approximately $2,000.

This folder was prepared by the dental health division to meet the request of provincial health educators for dental health material designed specifically for junior elementary school children.

During preparation, draft texts and layout were sent to the Canadian Dental Association for evaluation and criticism. Additional drafts were sent to the provincial health educators with the request that evaluation reports as to accuracy and suitability be secured from provincial directors of dental divisions, from public health departments of provincial dental associations, from parent-teacher groups, public health officials, etc. In response 33 reports were obtained; there was no criticism of the technical content—in fact the folder aroused very favourable comment. There was complete agreement on the part of dental bodies consulted that the pamphlet was factual and technically correct.

HEALTH GRANTS—NEWFOUNDLAND

Mr. Carter:

What assistance, if any, has been granted under the national health grants program toward the development of health services in outlying areas of Newfoundland?

Mr. Martin: The sum of $200,000 has been made available to the province of Newfoundland for the following purposes: (a) assistance in developing the south coast health services by the employment of additional medical staff; (b) additional staff and equipment for the Bonne Bay cottage hospital; (c) to facilitate transportation within the divisional health inspection service which has been inaugurated for the west coast, the purchase of equipment such as a boat and snowmobiles, and support toward the provision of air service.

MING SUNG INDUSTRIAL COMPANY

INQUIRY AS TO SHIPS IN OPERATION BETWEEN HONG KONG AND MACAO—SEIZURES BY COMMUNISTS

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): I should like to direct a question to the Minister of Transport, notice of which I sent him this morning. Which of the vessels mentioned in the return tabled by the minister yesterday are still operating between Hong Kong and Macao, and which are the two ships reported to have been seized by the communists on the Yangtze river?

Hon. Lionel Chevrier (Minister of Transport): The hon. gentleman telephoned my office a short while ago and indicated that he was going to ask this question, and I received notice of it about five minutes ago. I will give him such information as I have at the moment, and if there is some I cannot give him, I shall be glad to obtain it later.

The question is: Which of the vessels mentioned in the return tabled yesterday are still operating between Hong Kong and Macao? In the return which I tabled yesterday seven vessels were mentioned, and the return indicated that those vessels operating between the ports of Hong Kong and Macao had been exempted from the operation of sections 113 and 114 of the Canada Shipping Act. My understanding is that five of them are operating on that run and that two of them are not, although I should like to verify that. In the few minutes at my disposal after I received notice of the question, I was unable to verify it, but I understand that is the position.

The second part of his question was: Which are the two ships reported to have been seized by the communists? That I am unable to say, but I am informed that the ships to which my hon. friend has reference have never been registered under the Canadian flag, and neither is there any indication or evidence of Canadian registry here.

Mr. Pearkes: May I address a supplementary question to the minister? Can he name the five ships which are now operating?

Mr. Chevrier: I think I can, but I would not attempt to do it now.

Mr. Pearkes: The minister will give me that information later?

Mr. Chevrier: Yes. As soon as I can get the information, I will give it to the house.

[*Later:*]

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I have now the information which was requested by the hon. member for Nanaimo, and with the consent of the house I should like to put it on record. The question was: Which of the vessels mentioned in the return tabled on June 20 are still operating between Hong Kong and Macao, and which are the two ships reported to have been seized by the communists on the Yangtze river?

I have been informed that two vessels, the *Lung Men* and the *Chien Men*, are operating between Hong Kong and Macao; two vessels, the *Hu Men* and *Yu Men*, are laid up at Hong Kong and have been laid up there for the past ten days. I am further informed that three vessels, the *Shih Men*, the *Chi Men* and the *Yen Men*, are operating between Hong Kong and Canton but not on a regular service. And I am informed that two further

vessels, the *Kuei Men* and the *Ching Men*, are, it is believed, those that were seized, and were never placed under Canadian registry.

Mr. Pearkes: The last two were the vessels referred to by the Minister of Trade and Commerce (Mr. Howe) as operating up the Yangtze, then?

Mr. Chevrier: I could not say. I was not here when the Minister of Trade and Commerce made his statement. The question put was as to which vessels had been seized by the communists on the Yangtze river, and I am not able to say with any assurance. I am informed that the two last named are the ones, but I must point out that they were never placed under Canadian registry.

Mr. Pearkes: On June 14, at page 4125 of *Hansard*, the Minister of Trade and Commerce said:

> There are five ships; two others have been seized by the communists.

That is what I am asking. Apparently the five should have been seven, trading out of Hong Kong.

Mr. Drew: I should like to ask a supplementary question, because it is desirable that there be accuracy of terms so that we may understand the situation exactly. When the minister speaks of the two ships he understands are in the Yangtze, he has quite clearly stated he has not full information. He speaks of them as having been seized by the communists. Is it not correct to say that the situation is quite the contrary, that those ships were being operated by the Ming Sung company in the communist part of China and that they are simply still being operated by the same company, with its head office at Chungking in the communist area?

Mr. Chevrier: Is the leader of the opposition making a speech, or does he want some information? I was answering a question asked by the hon. member for Nanaimo, who put it in these terms: Which are the two ships reported to have been seized by the communists in the Yangtze river? My reply was that I was not sure of the position, but I had been informed that those two ships were the last two I mentioned a moment ago, and that they were never under Canadian registry. I cannot answer the question in any clearer or more definite manner than that.

Mr. Drew: I do not think the minister should take my remarks in the way he has, or I should be called upon to reply in like manner. He used the word "seized", and I was referring to the fact that these ships were operated with his knowledge by a company in China, with its head office at Chungking. Has the minister any evidence that this operation is not being simply continued by the parent company, of which the Ming Sung Industrial Company of Canada Limited is a subsidiary?

Mr. Chevrier: I used the word "seized" because it was in the question; that was the only reason.

FISHERIES

NEWFOUNDLAND—LOSS OF CODFISH ON ACCOUNT OF SCARCITY OF SALT

On the orders of the day:

Mr. W. J. Browne (St. John's West): In the absence of the Minister of Fisheries and his parliamentary assistant, I should like to address a question to the Prime Minister. Is he aware of the fact that at Placentia and Fortune bay there is a scarcity of salt, with the result that thousands of quintals of codfish have had to be dumped? Is the government aware of that situation, and has it taken any steps to relieve it?

Right Hon. L. S. St. Laurent (Prime Minister): I was not aware of the situation to which the hon. member has referred. There are, of course, many things which occur in this country of which I am not immediately aware. I will bring the matter to the attention of the Department of Fisheries and see if they have any information about it.

OLD AGE ASSISTANCE ACT

PROVISION FOR AGREEMENTS WITH PROVINCES—PAYMENTS AT AGE 65

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 bring in a measure respecting old age assistance and to provide for the payment to the provinces out of the consolidated revenue fund of amounts in respect of old age assistance paid by the provinces, to certain persons who have attained the age of 65 years and who are in need of such assistance, not exceeding, in respect of any recipient, fifty per centum of forty dollars monthly or of the amount of old age assistance paid by the provinces monthly to the recipients, whichever is the lesser; and to provide for the making of agreements with the provinces in relation thereto and for the conditions and duration of such agreements.

Mr. Donald M. Fleming (Eglinton): Is it the intention of the minister to make a statement on this resolution?

Mr. Martin: I had not intended to do so. I had understood that there was a sort of understanding that the statement I would make would be on the bill which I propose to distribute at the earliest opportunity.

Although I have just returned to the city, I understand that the arrangement is that the second reading of the bill is to be given on Saturday and I would naturally make a statement at that time. I would hope that the discussion might take place then. I am of course in the hands of the house, but I think that such an arrangement would meet with the convenience of most hon. members.

Mr. Fleming: I suggest to the minister that it will save time in the long run if we have his statement this morning. It would be a guide to the house as to what to expect in the terms of the bill. May I ask the minister if he will make his statement now?

Mr. Martin: No, Mr. Speaker. I appreciate my hon. friend's view, as I know that he has given this matter some thought. I believe, however, that the statement would be better given when the bill is before the house and when the details are before it. I think that is the best way in which to develop the discussion of this extremely important problem which engages the attention of the house and of the country at this time.

Mr. Fleming: Mr. Speaker, the minister has indicated his decision in this matter. I think the alternative which I have suggested, that of having his statement now, would have contributed to a better understanding of the bill and to more orderly treatment by the house of the resolution before us this morning. After all, the purpose of introducing such a resolution is, as I understand it, to permit discussion of the subject, and, if it is not too late, to permit suggestions to be made from the floor of the house as to what the bill might well include.

May I say at once, and with emphasis, Mr. Speaker, that I am sure there will be the readiest co-operation in all parts of the house —certainly there will be on the part of the official opposition—in furthering this measure and in bringing about, at the earliest possible opportunity, assistance of the kind outlined in the resolution. As to a number of aspects of the matter I think it would have assisted in furthering the bill and in expediting its passage had we been given more detailed information at this resolution stage.

The Prime Minister (Mr. St. Laurent) has indicated that next January 1 is the earliest date at which such a scheme could possibly be brought into effect, even with the most rapid action on the part of parliament. Certainly, so far as the official opposition is concerned, there will be genuine and ready co-operation in bringing this type of assistance into effect at that earliest possible moment.

There is difficulty, of course, in seeing the problem as a whole when we have not before us the details either of this measure or of the accompanying measure to provide the universal pension at age 70. Certainly this is a problem that does not admit of being divided up in that manner into watertight compartments. I wish the government had proceeded by laying before the house at one time its entire proposed legislation with respect to the whole problem. The special committee of both houses of parliament on old age security which sat last year saw this matter as one entire problem; and one regrets to see the treatment being accorded to the problem now and parliament's approach to it chopped up as it has been, with the resolution on this one aspect of the problem being put before us now, and the other one, providing for universal pensions at age 70, being held back until October.

There were three pressing questions before that committee in regard to priorities; and that problem as to priorities thrust itself upon the committee time after time, with witness after witness, and day after day. Three principal needs were made clear by all those who contributed their ideas or the results of their studies for the assistance of the committee. The first was in reference to the means test; the second was the question of lowering the age, and the third was the adequacy of the amount of the pension. At various times the committee had to ask different witnesses who came before it—some representing organizations, and others persons who, by reason of their special study and experience, qualified as experts in this field—how they arranged these three urgent problems in order of priority. There was not absolute unanimity in the reaction of these witnesses to that question, but there was almost entire agreement. When the committee came to address itself to establishing the priority among these pressing aspects of the problem, the committee was able to do it, I think, unanimously. The committee said in effect that the most urgent problem is to eliminate the means test; the second is to find a means of lowering the age and bringing assistance to those in the age group 65 to 69, and the third problem is to find a way of providing an adequate amount. With each of these three problems was associated the problem of financing.

When the committee came to report its findings, having indicated its view as to the relative urgency of these three major problems or aspects of the problem, the committee refrained from indicating any hard and fast method of raising the money required. I think it is fair to say there was a strong difference of opinion in the committee as to what was the proper role of the committee in reference to financing the scheme. The committee eventually wrote a report in this

respect, in which it said, in effect: We cannot lay down any particular method to be recommended as to raising the money. When he spoke on this subject in the house on June 4, the Prime Minister indicated something in this respect that has a definite bearing both upon this resolution and also upon the consideration the house will give to the other problem of financing the universal pension at age 70, which will come before the house in the fall. At page 3665 of *Hansard* the Prime Minister said:

> Moreover, as hon. members know, the universal pensions are to have right from the start a contributory basis. Now, we have not yet completed consideration of the normal budgetary program of the current year, and the government believes it would be an advantage to have a few months to observe the effect of the recent changes in the tax structure before reaching a final decision on all the precise details of the contributory system to be recommended to parliament.
>
> It will be recalled that the joint committee made no precise recommendations on that point, because it was recognized that it was the inescapable responsibility of the government. We want to be as sure as we can that we are making the right proposals for a plan which is going to affect, far into the future, the provision for old age security of the whole Canadian population.

I take it that the Prime Minister's observations there apply to the universal pensions at 70 and over. He does not indicate what is to be the basis of financing the program of old age assistance at ages 65 to 69, and that was one of the matters that I had hoped the Minister of National Health and Welfare would make clear to the house this morning in the statement that he has chosen not to make at this stage.

There are other questions which naturally present themselves to hon. members in relation to this aspect of the problem that is presented by the resolution this morning, namely, the assistance that is to be provided to persons aged 65 to 69. At once, sir, we ask what is the basis upon which persons are to qualify. The resolution is not too clear on this point. It speaks of providing old age assistance to certain persons who are "in need of such assistance". That is a very vague expression. I expect many people in all age categories would disclaim an absence of need of such assistance; but we are given no basis of conjecture, no inkling whatever in this resolution as to what is to determine the basis of the need.

One turns then to the Prime Minister's statement in the house on June 4, and one reads at page 3663 the following:

> In conformity with that statement of the government's position, I wish to state at this time that it is proposed to introduce legislation at an early day to enable the government to make agreements with the provinces to provide old age security to persons in need between the ages of 65 and 70, and to provide authority for the registration of persons over the age of 70 for the universal old age pensions. That legislation would probably also at the same time provide for the continuance of federal assistance in the payment of pensions to the blind.

The minister has given no indication whatsoever as to whether the test of need is to be the present means test, which the committee felt itself obliged to condemn, and which it recommended be discarded as to the ages of 70 and over. There was a difference of opinion on this point in the discussions in the committee. Broadly speaking, a number of us on the committee, having seen the means test condemned as to ages 70 and over, felt that it would be most inconsistent to recommend a retention of the means test for ages 65 to 69, and that was said repeatedly.

An hon. Member: The report does not say that.

Mr. Fleming: The committee report does not say that. I am speaking of the discussions in the committee, and there was a good deal of discussion on the point. Nevertheless, when the committee came to write the report the problem confronting it was twofold. First of all, as to the method of financing, was this to be a contributory system in the orthodox sense, or was the committee to subordinate the contributory principle in favour of universality? In the second place, how were we equipped as a nation to meet the cost of a scheme of old age pensions which would place those 65 to 69 on the same basis as those 70 years of age and over, with a view to complete abolition of the means test?

The committee on the whole felt that it was prepared to go as far as the report indicates, and not to go farther at this stage; and some of us in the committee, who had expressed our views as strongly as we could on this point, supported, and I may say were quite happy to support, the report of the committee in principle and on balance. Because this report, while it does not represent a hundred per cent of the views of all members of the committee or of all political parties represented on the committee, does represent a very high common factor of agreement; and when the committee as a whole was prepared to go this far, all members of the committee, representative of all political parties, were glad to give the report unanimous endorsation as far as it went.

I did not hear that any member of the committee, even those who felt the committee went as far as it should go in the circumstances, was prepared to say that this was the last word on this subject or the last step that should be taken in the field of old

age security at any time. We were dealing with the situation in the year 1950. The committee did, so far as the report goes, achieve unanimity in backing the recommendations that the report contains. I think that members of the committee are free individually to ask for better terms, if there is any practical hope of achieving them under present circumstances; but may I make it quite clear, Mr. Speaker, that the members of the official opposition did give unanimous support to this report as far as it went. We would have liked to see it do things other than it did in many respects, but we did give it unanimous support as far as it went. That was our position at the time; that is the position I am putting before the house today.

Now, sir, so far as the means test is concerned, if that is the method of determining need contemplated in this resolution, all I can say at the moment, lacking any information on the point from the minister, is that the means test which the committee discarded in the light of experience as to the age group of 70 and over, is not likely to prove more satisfactory as to the age group 65 to 69. We will continue to have, with respect to the lower age category, the same objections as have been levelled at the means test as applied to the age group 70 and over. It penalizes thrift, and creates unwarrantable intrusions into the affairs of private citizens.

If that type of test is to be enforced by the government in the legislation to be introduced, I want to make an observation with regard to the income that persons of this group are entitled to receive. I think we recognize in the first place that the present allowable income to persons receiving the old age pension at the present time is entirely inadequate.

Mr. Martin: If the hon. member will permit me to interrupt, I think he will find, when the bill is introduced and the details are before him, that these points are adequately covered, along the lines of the committee's recommendations. I am sure that when the hon. member sees the bill he will realize that the discussion he is launching at present could be more effectively pursued with the bill before him. These points are all dealt with in the bill and for the sake of orderly discussion I should point out to him respectfully that that would be the more satisfactory course to pursue.

Mr. Fleming: The minister confirms the very reason I put forward earlier as to why his statement should have been made this morning. These are points of great importance, points in which hon. members are bound to be interested, in respect of the legislation outlined in the bill. I am not going to attempt to anticipate everything in the bill—far from it. But I am indicating to the minister that that is one of the things we are looking for.

I hope nothing is going to be done to discourage people in the age category 65 to 69 from working, if they are able to do so, because of the need of expanding our labour force, and because of the evidence given to the committee as to the beneficial therapeutic effects upon persons in that age category who continue to feel that they are useful members in society and that their contribution to the labour force of this country is necessary.

I hope we are to have a statement from the minister very soon as to what is to happen to such benefits as the medical services available hitherto for persons receiving the old age pension. Is the intended application of the principle of universality in the category of 70 and over going to affect the medical services and the availability of medicines to persons who receive old age pension today, and who qualify for it under the means test? In the second place, is anything to be done in this respect for persons qualifying under the means test in the category of 65 to 69?

We shall also look to the bill with interest to see what it provides as to terms, conditions and duration of agreements which will be authorized with the provinces. May I pause here to comment that I think the ready co-operation of the provinces in connection with the type of assistance provided here has been altogether commendable. Those of us from Ontario take great pride in the leadership given by the government of our province in encouraging the extension of security to our aged citizens.

There are many questions in this field that will not be settled conclusively by the legislation indicated either in the present resolution or the one following which deals with assistance to the blind, or in the bill to be introduced in the fall for universal pensions to persons 70 years of age and over. There is still a great field of insecurity of which the committee was conscious in its review of the problem of old age security last year. Repeatedly the committee brushed up against the rather narrow confines of the field of inquiry assigned to it. That field of inquiry was strictly confined to old age security, and we had to ask ourselves many times how far the committee should go in that respect, when it was not permitted to inquire into, but nevertheless could never dismiss from its mind, the problem of persons for whom no provision is made at all under our present system of state-assisted security.

We had the question of persons who, by reason of chronic illness or permanent disability, at any age, are unable to provide for themselves. We do make provision for those who suffer from the special disability of blindness. But there are others in our society who suffer from disabilities which are equally damaging in preventing them from providing for themselves, and for whom no provision is made today.

I say this by way of reminding the house that while these measures on the order paper, and the one to be introduced in the fall to provide for universal pensions for those 70 years of age and over, are altogether commendable and will, I am sure, receive the sympathetic and unanimous support of the house, we must nevertheless not close our eyes to a field that is still there calling for attention. We must not assume that we have completed our task.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to say at the outset that there is some merit in the suggestion of the Minister of National Health and Welfare (Mr. Martin) that at least the main debate in connection with this matter should take place when we have the bill before us. On the other hand I feel I must say that I regard the position taken by the minister as plausible, at best. After all, if it can be said today that we should not debate the resolution preceding a money bill, that is an argument that can be taken with respect to any resolution preceding any money bill.

Mr. Martin: Am I not right in understanding that, when I had the opportunity to discuss this matter with the hon. member a few days ago and told him of my intention, he concurred in the procedure which I have just now suggested as the more orderly one? I just mention this because it was as a result of that discussion that I decided this was the best way to proceed.

Mr. Knowles: So far as any private discussion the minister had with me is concerned, I believe the understanding was as I have just now stated it, that the debate at this stage could be brief and that the main debate could take place on the bill. But for the minister to stand in his place now and say that there should be no debate at this time is to ask the house to forgo one of the rights and duties set out for us not only in our standing orders but also in the British North America Act. If the committee dealing with the rules of the house recommends that one of these stages of debate be dispensed with, that is another matter. As a matter of fact the last committee on procedure did recommend that this one stage be determined by a vote, but without debate, but that recommendation was not adopted. As it stands it is still the case that parliament has the right and duty to inquire into the terms of resolutions preceding money bills.

The other point that I feel should be made at this time is that this is our only opportunity before a bill is actually placed before us to express our views as to some things that should be in the bill, or indeed to express our views as to some things that should not be in it. We all know from experience that once a government bill reaches the floor of the house the chances of getting any changes made in such a bill are indeed slim. We still cherish the hope that by making suggestions before the government has committed itself in the form of a printed bill some of our suggestions may be taken into consideration.

As I see it, this is an historic occasion. We are so used to historic events in these buildings that sometimes we are not aware of great moments. With all its shortcomings, the legislation forecast in this resolution, long overdue though it may be, is of historic significance. When this legislation is finally passed by this parliament, and the complementary legislation passed by the various provinces, the payment of old age pensions to some Canadians at the age of 65 will be taking place in January for the first time in our history.

We in this group are particularly glad to be partaking in this forward step. As the hon. member for Eglinton (Mr. Fleming) has indicated, and very properly I think, the members of last year's committee had different views as to what should be in our report. Some of us thought that the recommendations in that report should go further than they did, but we recognized also that the chances of our recommendations being acted upon were much better if we could agree unanimously on certain recommendations to go at least so far. It was in that spirit that members of all four parties, and members of both houses, reached agreement on the report that was tabled on June 28 of last year.

When the matter was the subject of brief discussion in parliament last June I made it clear, and I have made it clear since both in and outside the house, that I will do nothing to jeopardize the possibility of the recommendations of that committee being implemented. Along with that statement I have made it clear that there are some things with which I am not satisfied and that I for one will continue fighting for improvements in our old age security legislation. Members of the committee know that I took that position, as indeed did others. Members of that

committee know the points concerning which I feel changes will have to be made after this legislation has come into effect.

Right now, however, our job in this parliament is to get this legislation on the statute books and to lay the basis for the wider program of old age security recommended last June. I feel that one of our immediate tasks in this House of Commons is to make sure that the legislation to be brought in by the government measures up to the recommendations of last year's committee. The Minister of National Health and Welfare suggested to the hon. member for Eglinton that if he would wait until the bill comes in he would find the various points that he was discussing dealt with in the bill. However, the minister has not seen fit to give us the kind of detailed information that would enable us who were members of the committee to determine whether or not the bill does measure up to the recommendations made by the committee.

For example, we recommended quite clearly that the means test which is to be applied to pensions to be paid to those from 65 to 69 years of age should be less stringent than the means test in effect for those 70 years of age and over. I regard it as extremely important that the bill to be brought in should implement that recommendation. On that point I should like to quote from the report of the committee. Paragraph 48 on page 107, under the heading, "Committee's opinion", reads:

> These considerations have led the committee to the view that any program of old age security to be applied to persons in the age group 65 to 69 should involve some principle of selectivity, and this, in the committee's judgment, involves the application of a suitable test of eligibility, designed to ensure assistance to persons in this age group most in need of it.

Then over on the next page we find paragraph 51(b) which reads:

> For the age group 65 and over not eligible for the universal benefit, old age assistance at the rate of $40 a month should be available, subject to an eligibility test—

Notice how we steered clear of the words "means test".

> —in some respects similar to that which exists under the present old age assistance program, but modified to take account of the different characteristics of the age group to which this test is to apply,—

Then follow these most significant words:

> —and adjusted in such a way as to recognize to a greater extent than at present the desirability of encouraging recipients to earn supplemental income.

In other words, our recommendation that the means test to be applied to those 65 to 69 years of age should be less severe than the means test now in effect was not just in blank form; we spelled it out. We suggested that it should be designed in such a way as to encourage the earning of supplemental income by persons in the group 65 to 69 years.

I submit that if the bill to be brought in has in it a means test like the one now in effect with respect to those 70 years and over; if it has a means test that permits them to have only $10 income per month and still draw a full pension, that bill would not be an implementation of the recommendations of the committee. If by any chance the bill is drafted along those lines—this is the reason I chose to speak at this stage of the debate—I urge the minister to see that it is changed so that the government's bill will correspond to the recommendations of last year's committee.

A great deal has been made, and properly so, out of the fact that this report was unanimous. It was not easy for some of us to agree to the report in view of the fact that it did not go further, but we recognized the strategic importance of unanimity, and we agreed. I suggest, however, that it would be breaking faith with that committee if the government does not go the whole way with the recommendations that were made.

Another point that we made with respect to those 65 to 69 years of age is to be found in paragraph 70, on page 111, which reads:

> With respect to an old age assistance program for persons 65 years of age and over on the basis of an eligibility test, it is the committee's view that a requirement of fifteen years' residence should be considered.

I draw attention to that, because as hon. members know, the present residence requirement for those 70 years and over is twenty years residence in Canada previous to the date of application. It was felt that twenty years might still be the required period of residence for those who would qualify for the universal pension at 70 years or over, but we felt that in order to qualify for the pension at 65 years on an eligibility basis, fifteen years should be sufficient residence. The resolution now before us does not comment on that point, and this is one point that will have to be discussed when the bill comes in. But this is our only chance to remind the government of that recommendation and to urge that it be included in the bill.

As I have already said, I regard this as an historic occasion in the life of the Canadian parliament. I welcome this change, and I do not want anything that I may say from here on that may sound like qualifying that statement to detract in any way from the importance of the step that we are taking. I for one am glad to have had some part—I think hon. members will agree that I have the right to say that much—in fighting for this kind

of change down through the years that I have been a member of the House of Commons. But, Mr. Speaker, I think that all of us would be making a great mistake if we were to assume that we can now rest on our oars, if we were to assume that this gives us the finest social security legislation in the world and that there is nothing more for us to do.

May I point out that last June when the committee made its report we did not change the amount of the pension from the $40 figure. It can hardly be said that we approved the $40. The committee simply did not make any recommendation that the figure be changed. In other words, we accepted that figure as the basis for this new legislation, recognizing that the first two hurdles to get over were the removal of the means test for those 70 and over and the starting of the pension at age 65. I still take the view I took in the committee that these were the two points of greatest importance, and indeed their importance was in the order in which I have just named them, and if we were not able to do something on the third point, namely, the amount of the pension, at least the committee was unanimous with regard to the first two points.

But let us take a look at this $40. Look, for example, at the changed situation between last June, when we made the report, and today. Last June the cost of living index stood at 165·4. Today it stands at 182. In other words, entirely apart from the value of $40 today in terms of the 1935-39 base used by the dominion bureau of statistics in computing the cost of living index, just in terms of what has happened since the committee made its report, there has been a drastic decline in the value of the $40. In fact it would take slightly over $44 today to purchase the same amount of goods that could be purchased only last June for $40. In other words, looking only at that period of time it becomes evident to anyone who is not simply going to sit back and be satisfied with what we are doing, that we have yet to deal with the problem of the amount of the pension, both with regard to those from 65 to 69, and with regard to those 70 and over concerning whom there will be legislation when we come back in the fall. If the cost of living index continues to rise at the rate at which it has risen during the last twelve months, by the time we come back in the fall we certainly will be in a situation where we will require not a $40 pension but at least $50 or, for that matter, if we are going to talk in terms of adequate old age security maybe the time has come to talk of a pension of $60 a month.

Let me give one other figure in this connection. In terms of the 1935-39 cost of living index, $40 today is worth only $21.97. In other words, we are doing something historic; we are starting a pension for people 65 years of age. That is good. I am glad to be here today when we are taking this step, but what are we doing for the people 65 years and over? We are starting them off almost exactly where parliament started people 70 years of age and over back in 1926 and 1927. That is when the Old Age Pensions Act first came into being. It was passed in 1926 and became effective in January, 1927, at least in some of the provinces. What was the basis? It was $20 a month at age 70, with a vicious means test. We are now doing the same thing for those 65 and over. Yes, we are taking an important step. We are starting a pension for Canadians at 65, but in terms of the values of 1935-39 it is a pension of only a few cents more than we gave to those 70 and over back in 1927. We are giving them a pension that in terms of purchasing power is worth $21.97, and there is to be a means test attached to it, the terms of which we will not know until we get the bill, first reading of which will take place as soon as this debate is over.

With respect to the means test on those from 65 to 69, although I state again that I was one of those who agreed unanimously to this report, and my whole concern since the presentation of the report has been to get it implemented, may I state that it will not be long until many Canadians will be wondering why parliament imposed a means test on pensions for those from 65 to 69. Here is what is going to happen. You are going to have people retiring from industry at the accepted age of 65. They will be people who in some cases will have a little outside income. They may own homes and they may have small industrial pensions. The result of that home ownership, the result of those small industrial pensions, or whatever savings they may have, depending upon the terms of the means test in the bill to be introduced, will mean that between the ages of 65 and 69 these persons can draw either no old age assistance at all, or something less than $40. There will be people drawing $20, people drawing $25. Then when they turn 70 they can suddenly draw the full amount of $40.

You will have married couples who between them will be able to draw only $20, $25, $35, or possibly $50 in old age assistance between 65 and 69, but when they reach 70 that will increase to $80 a month. People are going to see a strange anomaly in that. We are going to provide less to people between 65 and 69, people compulsorily retired, than is available to them when they are 70 and over.

Some people are going to say: You give us less between 65 and 69 when we are alive than you are prepared to give us at the age of 70 or over when we may be dead.

It is also the case that when people first retire the difficulties of getting along are more severe than as they get on to later years. I think that anyone who has studied the problem realizes that we shall be confronted very soon with the need of reviewing the decision to apply a means test to the group between 65 and 69. Members of the committee know, and I trust this house knows, that once this legislation is in effect I will still be in the thick of discussions and arguments about old age security. It will still be my contention that the means test should be completely done away with, that it should be removed at 65 as well as at 70.

It will also be my contention that the amount of the old age pension should be increased to a figure that will provide decent security in terms of today's cost of living and in terms of the standard of living that is now possible.

I know that every time anyone argues for a more adequate measure of social security, such as my suggestion that the old age pension should be $60 a month at 65, there are those who say that it is the old story of trying to get something for nothing. Not at all, Mr. Speaker. I have said repeatedly, and I hope it is beginning to get across to some hon. members, that I feel this way about it: that all we are asking is that the Canadian people, who in our cities and on our farms do the real work of this country and produce its wealth, should have the chance to share in the wealth that they produce, not only in the enjoyment of proper wages and a decent standard of living while they are working, but in the enjoyment of that kind of security in the retirement which they have earned. No matter on what basis the payment for social security is placed, the plain fact of the matter is that the people do pay for it, and those who are on in years have paid for it by the contribution they have made to the wealth of the country. What I complain about is that far too many people have contributed to the wealth of the country but do not share adequately or fairly in the wealth they have helped create. It is on that basis that I shall continue to advocate adequate measures of social security.

I welcome this move. I am glad this legislation is being proceeded with during this part of the session, so that the provinces will have an opportunity to pass their complementary legislation and so that there need be no delay in going ahead with this matter. I am delighted that at last we are getting rid of the means test at age 70; I am pleased that we are getting a pension started at 65. But let it be clearly understood that this parliament should be satisfied even now with nothing less in this bill than the committee recommended in its report last June. Furthermore, once this legislation is in effect this parliament must face the fact that there are still other improvements which must be made before we can say that we really have an adequate program of old age security, or indeed an adequate program of over-all social security.

Mr. F. D. Shaw (Red Deer): My colleagues and I welcome the action of the government in bringing this resolution before the house for consideration at this time. We had expected and hoped, however, that the minister would make a rather comprehensive statement. As indicated by the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Eglinton (Mr. Fleming), it is virtually impossible for us to proceed now without basing our observations upon certain assumptions. I wholly agree with those who have spoken previously that now is the time for all members of the house to have an opportunity to consider the provisions which should be included in the bill that will be placed before us.

I have heard certain very disturbing rumours, on the basis of which I could probably develop a forty-minute speech. I will go so far as to suggest that at the moment I almost fear that some of those rumours are going to prove to be realities. On innumerable occasions we have made reference to the means test. Many times in the committee last year we stressed the complete viciousness of that test as it has been applied down through the years. However, as a basis of compromise, realizing of course that we are entering a new field in which we must acquire experience, we did agree to the imposition of a means test upon the sixty-five to sixty-nine group. We believed, and in fact were firmly convinced, that it would be a modified means test. Now I suspect that when the bill comes before us we shall find that the means test which is to be applied will be in most respects similar to that which has been applied to our pioneer citizens over 70 years of age.

Mr. Martin: The bill will indicate that my hon. friend is quite wrong.

Mr. Shaw: I am very glad to hear that. As indicated by a previous speaker, we should have been told that at this stage. If the minister had indicated that the means test

would be modified in keeping with the feeling of the committee, of course I would not have had to make any reference to it.

I noticed that the minister as well as the two previous speakers referred to recommendations of the committee. I find no recommendations in the report. I find summaries of submissions that were made, summaries of our own investigations, and a summary of the constitutional position. The report ends with two sections, one dealing with findings and the other with committee opinions. There are actually no recommendations cited as such. It is, however, a fact, that all members of the committee assumed that the committee's opinion in fact embraced the recommendations of that committee. I am not going to make further reference to the means test, but I should like to advise the minister that if, when the bill is placed before us, the changes in the means test do not seem to be in keeping with the recommendations of the committee, we shall certainly have plenty to say in that respect.

May I refer to this $40 payment. As indicated by the hon. member for Winnipeg North Centre, we were dealing with the $40 a month as of one year ago when the cost of living index was 165·4. Today, with this resolution before us, the cost of living index is 182. So far as I am concerned, that fact places an entirely different complexion upon the $40 a month which was a suggested amount incorporated in our report of last year.

I have already pointed out in this house that, on the basis of today's cost of living index and in relation to the base period 1935-39, $40 is worth only $21.97 today. The $480 payable to a single pensioner now has a purchasing power of $263.73, which is a wholly inadequate amount so far as I am concerned. I must advise the government now that when the bill is before the house we shall have to take strong exception to the payment of $40 a month. In fact we are convinced that as long as the government fails to take appropriate action to stabilize the value of the Canadian dollar, there is only one fair method by which pensioners can be treated, and that is by incorporating an escalator clause in the schedule of payments. We feel that that is the only just approach to this matter. Even if the government and the house were to agree that we should, as suggested by the hon. member for Winnipeg North Centre, change the $40 to $60, with the way things are going now, in a matter of six months or a year that $60 would be wholly inadequate to meet the basic requirements of those aged people. We therefore think that the only proper method by which to deal with the matter is, as I say, to include the escalator clause in the schedule dealing with the amount paid; in other words, to tie it to the cost of living.

We fully appreciate the fact that in dealing with this 65-69 group—which is certainly a step in the right direction—we cannot be unmindful of the requirements of other persons within the nation. It is true that when we take in that 65-69 group we shall be taking care of a great many incapacitated persons within our country. But let us never forget that we still have in Canada thousands of persons under 65 years of age who are wholly unable to provide for themselves owing to physical incapacitation. Certainly the solution of that problem should be one of our prime objectives. While we of course realize that this matter is not tied in closely with the resolution which is before us, we think that in considering it we should not be unmindful of that problem which will have to be dealt with soon.

I do not intend to take up more of the time of the house on this occasion. Hon. members have the report of the committee on old age security. They are in a position to familiarize themselves thoroughly with all that is contained therein. It seems unnecessary for me to read extracts from the report in order to remind hon. members of what the committee's opinion was. It seems unnecessary to remind hon. members what the various interested organizations across the country said with respect to this whole matter. I am therefore not going to indulge in the reading of extracts from the report. I am not going to repeat what I shall probably have to repeat on Saturday when the bill comes before the house.

In conclusion, Mr. Speaker, I would urge the minister to give re-consideration to this $40 payment, which today is wholly inadequate. We sincerely trust that, as he has indicated, the changes in the means test—which we of course prefer to call something else—will be in keeping with the recommendations of the committee.

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, as the hon. member who spoke first stated, this is really an historic occasion.

Mr. Knowles: It was I who said that.

Mr. Fleming: It was the hon. member who spoke second who said that.

Mr. Martin: In February, 1927, there was introduced into this house the first Old Age Pensions Act. It was an act which at that time was thought by many to go too far in the direction intended. The important measure that is now before the house is one that has

been criticized in certain quarters as going too far in one direction and not far enough in another. It may be that the most commendable feature of the legislation is that it takes a position midway between those two extremes. One is somewhat comforted, I think, in the knowledge that since an extreme position is never a sound one, the government has been sound in accepting the general recommendations of the parliamentary committee and in not giving in to the extreme position.

We are dealing with a matter that is of great concern both from a social and from a financial point of view. This measure is part of a program that is going to involve an expenditure in this country of over $400 million in ensuing years, and certainly close to $400 million in the year after the measure is adopted. Those are considerations which must be borne in mind at this time. We are not launching a measure of modest proportions. We are initiating a program of the greatest magnitude, and one which, within the very confines of the committee's report, may be looked upon as perhaps the most comprehensive effort of its kind ever made by any country in the world. It does not come to us as a measure foreign to our interests. The government was responsible for the original act of 1927. It was the same administration and the same political view that prompted various amendments to the Old Age Pensions Act from time to time. Since I have been Minister of National Health and Welfare I have expressed the point of view of the government legislatively on a number of occasions when we increased the basic amount of the pension and when we increased the permissible income thereby providing for some liberalization of the means test. Then we made additional amendments that provided for a reduction in the qualifying age for blind persons from 40 to 21 years of age; so that those of us on the right of Mr. Speaker approach this problem not as ones who have been prodded into it, but as ones who have consistently taken the initiative in this matter. That is to be expected of a party that is responsible for family allowances, for unemployment insurance, for the veterans charter, and for the national health program.

Mr. Knowles: Where is it?

Mr. Martin: But I do not want to depreciate in any way the contribution that has been made by all members of the house to this important matter.

The history of this particular measure, the house will recall, goes back to a motion made by myself on March 10, 1950, on behalf of the government, urging that there should be set up a parliamentary committee to consider and study this matter of old age security. We had a long debate on that subject in the house, and finally the committee was set up. As I said, speaking in this house toward the end of June last year, I doubt whether any committee in the history of this House of Commons has ever more diligently, industriously and purposefully pursued its assignment than that committee. The result was that in a spirit of collaboration with regard to this important problem it came forward with a unanimous view as to what should be done.

And as I congratulated the committee, its chairman and its members last session, I do so again.

Since that time the government has given consideration to the committee's report—and I may say not only the government, but other countries have given consideration to that report. The congress of the United States has allocated some funds for the purpose of giving study to the type of program that is developing here, realizing their own measure's shortcomings and deficiencies, and for the purpose of ascertaining whether the sort of program we are initiating today might not be advantageously employed in that country. That is a tribute to the work of the parliamentary committee representing all political parties in this house.

After the committee made its report I stated outside of this house that it was the government's intention to go ahead with the committee's report, and to implement it. Shortly thereafter the Korean situation developed, and the government was faced with the obligation of providing in very great amounts for the defences of this country. The question arose in everyone's mind whether or not, in the face of these unforeseen financial obligations at that time, the administration would carry on with its old age security program. I want to say this, and I say this for Canada: I think it is a great credit to the capacity and to the courage of this nation that when faced with a commitment of almost $2 billion for national defence, the Prime Minister of this country (Mr. St. Laurent) should have been able to say to the ten provincial governments sitting in this very room last December that notwithstanding those formidable obligations the government intended to go ahead with this important program of social security.

I personally believe that you cannot triumph over communism by force alone; that in the long run the victory over that ideology will be won by the determination of the free nations of the world to use their own capacities, economic and otherwise, to pro-

vide within responsible limits for the social welfare of the masses of the people. That is what we are doing in this program, the cost of which, I must repeat, will be greater than the total cost this year of family allowances.

Reference was made by the hon. member for Eglinton (Mr. Fleming) to the non-separability of the features involved in this program. A few days ago in the house the Prime Minister said what our program was. We propose to proceed with that portion of the committee's recommendations, adopted by the government and now put forward, having to do with the age group between 65 and 69. In addition we propose to bring in a measure affecting blind persons. In the fall we will proceed with that portion of the program relating to persons 70 and over which will be the exclusive responsibility of the federal government, providing at the same time for the measures by which the principle of contribution is to be recognized.

We also propose to bring in shortly a supplementary estimate to provide for the registration of those persons 70 and over who will qualify for the universal pension. We are doing that so that there will be no delay in bringing into operation at the earliest possible date, January 1, 1952, this important measure. That will affect some 410,000 additional individuals in the 70 and over age group. At the present time there are approximately 305,000 individuals in receipt of old age pensions under the present legislation. That number will be increased in 1952 to 715,000 persons. That is a social consequence of the greatest significance, one that is going to give a greater measure of security to many classes of people who otherwise would never have been covered, and who were never intended to be reached by the original Old Age Pensions Act.

The security that it will provide for teachers, for railroad and other workers, for those groups in the nation whose incomes are such as to require supplementation, will give the act a scope which I am sure the original proposers of the Old Age Pensions Act did not contemplate. The measure that we are dealing with, providing for assistance in the 65 to 69 age group, will bring the total number benefited to 860,000 persons in the first year of the complete plan's operation. It is estimated there are approximately 450,000 persons who come within the 65 to 69 age group. It is calculated that of that number roughly 145,000 will qualify for pension in the legislation covered by the resolution now before the house.

This measure, sir, is one that was arrived at not without much co-operation, particularly between the two senior levels of government in Canada. We recently had a conference in this building with the ten provincial governments, in which I outlined in principle the legislation covered by the resolution now under discussion. I did not give them the actual details of the bill: that is something which, in accordance with our constitutional practice, must first of all be given to the House of Commons. But I did outline the government's intention with respect to the 65 to 69 age group. And I want at this time to pay tribute to the spirit of harmony and the spirit of co-operation which prevails between the two senior levels of government in this particular matter, as I find it in respect of other matters having to do with the department I have the responsibility of administering.

Hon. members who have already spoken may say that they would prefer to see this or that. I would remind the house that when we come to consideration of the legislation we shall have to recall that this is legislation based upon financial contributions made in equal terms both by the provinces and by the federal government. This is a scheme that is going to be paid for, fifty per cent by the federal government and fifty per cent by the provinces. If the pension amount were to be increased, or if the eligibility test were to be varied, the changes would increase the financial responsibility of the provinces, just as it would ours.

I may say that every principle that will be found in the bill, the details of which will be given when introduced, was discussed with the provinces, and represents, as closely as it is possible to do so, an agreement and understanding between those ten governments and the federal government.

I do not want to anticipate the details, but because of some things that have been said, and because I think it is desirable that they should be dealt with, I say in general terms that in this legislation we are following almost to the letter the recommendations made by the parliamentary committee. In fact in some particulars it will be found that the government has decided to be a little more generous than the committee, on which all parties in the house were represented. It will be found, for example, that while the committee recommended the continuation of the principle of an eligibility test in the 65 to 69 age group, there will be provided in the bill a degree of liberalization somewhat broader than the recommendations made by the parliamentary committee. Likewise there will be something that perhaps the committee did not fully deal with, having to do with recoveries from estates. It will be seen that we have reached on this

point agreement with the provinces, which will be incorporated in the legislation, and which undoubtedly will be regarded as a progressive step. The treatment that will be accorded Indians will also, I am sure, win the favour of the house, and, I think, of most people in the country.

These are matters to which I have referred in general terms because they have been referred to in the debate thus far; and if I did not answer, undoubtedly a wrong impression would go out to the country. I do not think anyone in the house would really want that to happen.

Then of course the proposed legislation will deal with something that has been sought for some time by a section of our population, having to do with blind persons. Requests have been made from time to time by the Canadian National Institute for the Blind and by other organizations looking after the interests of blind people in this country; and it will be found that in the appropriate legislation, which is not covered by this resolution but which forms part of the whole scheme, we shall have taken account of almost all the recommendations made by serious-minded persons interested in doing something to improve the lot of the blind.

I give these advance indications at this time so that they may stand side by side with observations made this morning, with a view to placing them in their proper perspective.

This measure is one of the greatest significance. It is one that is going to impose on all of us an obligation to realize all of its implications. I have faith in the capacity of this nation to bring this kind of measure forward at this time. I know there are many serious-minded people in the country, people whose judgment we must respect, who, in the light of our great obligations in other fields, have some concern as to the action that is now being taken.

This is no effort to create a welfare state. This is no effort to impose greater powers on the state. We still maintain our freedoms. In the light of the growing productivity of this nation, in the light of its growing national income and national productivity, we feel it is possible to bring forward improved measures of social security, as in this particular instance we are doing for our aged citizens.

I am sure the house is seized with the importance of this occasion and of this measure, when we realize that we are going to provide assistance for close to 900,000 out of the 14 million of our population, and give them increased security. I am sure the house and the country will look upon this measure as one having the greatest significance at this time. It is a measure which is in keeping with the responsible policies of the government, in this instance supported by a parliamentary committee, and kept within the bounds of what we feel as a nation we can financially do to live up to our obligations as a country that wants to provide a proper balance between freedom on the one hand and security on the other.

Mr. Drew: Mr. Speaker—

Mr. Speaker: Order. Apparently a number of members are questioning whether the debate can continue. Under standing order 43 the minister does not, on a resolution preceding a bill, close the debate, nor has he a right of reply. This is not a substantive motion. The leader of the opposition and other members who have not spoken have a right to speak at this time.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, as the Minister of National Health and Welfare (Mr. Martin) has said, this is a most significant step. The motion now before us is the customary motion which declares that it is the opinion of the house that it is expedient to introduce the appropriate legislation to implement the recommendations of a committee which was fully representative of all parties in this house. There can be no disagreement among hon. members on the question whether it is expedient that this legislation be introduced. In fact, the members of this house have been urging that this legislation should be proceeded with as soon as possible. I welcome it; and members of this house will recall that only a short time ago I expressed the hope that the government would reconsider their apparent intention to defer consideration of these bills until the fall. I welcome the fact that they have changed their minds and that we are to have an opportunity to deal with them now.

Mr. Martin: We always intended going ahead with these two measures.

Mr. Drew: At any rate I welcome the fact that we are proceeding with this legislation at this time. I indicated the great importance of having before the members of this house and before the ten provincial legislatures the actual wording of the legislation which they will be called upon to consider. The step which is being taken already indicates the advantage of this course, because dates have been set for the meeting of some of the provincial legislatures early in the fall to deal with this subject.

As the minister has pointed out, it will be possible to deal more satisfactorily with the provisions of the bill when the printed bill is before us. I have no thought of attempting to interpret the remarks of the minister as to the details of the measure. We know the general intention of the legislation, and with that knowledge it is possible for us to express our approval of the step which is being taken in so far as there has been general agreement in regard to old age pensions.

The minister has stated that the legislation to be introduced substantially interprets the recommendations of the committee, which once again demonstrates the value of committees of this nature. Over and over again we have been given evidence of the unanimity which can be attained when members on both sides of the house meet to discuss subjects about which they are in agreement in principle.

In this particular case the one point that has come up for discussion this morning which perhaps raises any question at all is in regard to the provisions that are proposed to be made for those between the ages of 65 and 70 years. The discussion of that can also be much better carried forward in detail when the legislation is before us and when the actual procedure to be followed can be carefully analysed. However, I do submit that as we take this important step we should bear in mind the reasons for the contention which has been made that at the appropriate time, and when a similar measure of unanimity can be achieved, old age pensions should be extended to those of 65 years and over without a means test.

The minister has pointed out that there are those who talk about the welfare state and who see in legislation of this kind a tendency to place too great a dependence upon the treasury. After all, this principle has been recognized for a long time, without regard to party and without regard to whether it was carried on at the national or the provincial level. For many years the principle of old age pensions has been accepted, and for many years there have been expressions regarding the obvious objections to the means test, and it has been contended that it should be removed.

The question every hon. member will be called upon to ask himself as he considers such legislation is whether any argument that was ever made against the means test at the age of 70 years does not apply with equal force to the application of the means test at the age of 65 years. I should like to point out that on different occasions I have referred to this matter, and for that reason I have strongly emphasized my own belief that the means test should be abolished wherever it is agreed that old age pensions should be paid.

I would recall to hon. members that at the time I had the privilege of placing the position of the government of Ontario before the dominion-provincial conference in 1945, I used these words—and I quote from the submission that I presented to that conference:

> The province of Ontario agrees that old age pensions should be extended to all citizens over 70 years of age without a means test, but disagrees with joint dominion-provincial contributions to pensioners under the age of 70 with a means test.
>
> It is recommended that old age pensions should be paid to all citizens over 65 without a means test. It is recognized, however, that heavy expenditures are involved in this proposal, and it is therefore suggested that the extension to cover all persons over the age of 65 should be made as soon as the dominion finds that it has the necessary financial resources.

Mr. Martin: As my hon. friend knows better than I, because of his actual experience, the attitude of the provinces would have to be taken into account, because they would have to share in this.

Mr. Drew: I was simply reading into the record the statement I had made, on behalf of the province of Ontario, to the conference in 1945. Having read that into the record, I wish to point out that I stated clearly six years ago my own belief that there should be a general application of the principle that at whatever age it is agreed old age pensions should be paid, they should be paid without a means test.

In response to the remarks made by the minister that this must be done in agreement with the provinces, I certainly recognize that, and I recognize also that neither the legislation nor the administration can be satisfactorily carried out at any time unless there is agreement with the provinces. There are very good reasons why there must be general agreement, because it would be most unfortunate if we created different levels of social security throughout Canada, with the obvious disadvantages that that would create. I think it is appropriate that, when we all express our opinion that it is expedient to proceed as rapidly as possible to take final steps at this stage, we should clearly analyse why it is that the means test is objectionable. Many people still seem to think that the withdrawal of the means test is a concession which places in the hands of people of substantial means payments that they do not require. Undoubtedly there will be those who do not require these payments, and who probably will not welcome the receipt of them. I am quite sure there are many people whose

convictions are so strong on this subject that they will not accept the payments. We must remember, however, that the number who can be included in that group is a relatively small part of the population.

I for one would be very reluctant to see this or any other government take any step which would discourage people of any age from using their physical and mental abilities to the very last hour that they can use them. There is nothing more pitiful than to see people lose their confidence in themselves, lose their happiness and their gaiety of spirit simply because they feel that they are unable longer to be engaged usefully in some occupation. Far from discouraging people in any occupation, I think it should be the role of government to say to people of 65, 70, 75, 80, yes, of any age: We want to see you work in any way you can to the very limit of your capacity. Undoubtedly those people who engage their brains and their bodies throughout the longest term of years are those who gain the greatest happiness out of life.

But I submit that the means test is one device by which we actually discourage saving rather than encourage it. Those who have had the responsibility for the administration of legislation of this type—the hon. member for Spadina (Mr. Croll), as well as the Minister of National Health and Welfare, has had that responsibility—know that there is an almost irresistible temptation for people to divest themselves of any small holdings they may have if those small holdings are going to deprive them of old age pensions with a means test, when the savings that they have are at the same time inadequate to maintain them.

In our complex society, even with high wage levels it becomes increasingly difficult, with the taxes and other obligations that people are called upon to assume, to make savings at a level that will give the individual continuing security throughout his declining years. That does not mean that people should not save. They can and should be encouraged to save, but at this very time we see what inflation does to an income that twenty years ago might have been regarded as a safe and secure income for the remainder of the life of an aged couple after their working years. The trouble is that if you impose a means test you then force people who have saved to use up their savings, and you ultimately place a very large number of them in precisely the same position as those who have not saved a cent. That should not be the result of government action at any time.

Let us see exactly what happens with respect to the payment of old age pensions with a means test at 65 carrying on until people are able to receive a pension without a means test at 70. At 65, in industrial work generally men and women find that their engagement is terminated. Perhaps that does not apply so much in times of abnormal demand for workers, but ordinarily, whether or not we think 65 is the maximum limit of physical fitness, the fact remains that industry very largely has established that as the age level of employment. Consequently if that is the level that industry is going to establish, it is the level at which we must recognize that some payment is necessary. If a means test is applied then those who have saved are going to be called upon to use up their savings, and, unless they have made quite substantial savings, when they reach the age of 70 they will be in the same position as those who have saved nothing up to the age of 65.

That is a situation which I do not think any hon. member in any part of this house can contemplate with satisfaction. I am not disregarding the heavy financial obligations involved. I have emphasized my own belief over and over again, in this house and elsewhere, that we should seek in every way we can to make our whole system of old age pensions a fully contributory system, operating on an actuarial basis as far as possible, always recognizing that through periods of enforced unemployment and otherwise it cannot be rigidly on an actuarial basis similar to that employed by an insurance company. I believe, however, that step by step from this point, gaining experience as we proceed with the administration of this type of legislation, we should seek more and more to make it a fully contributory system so that the people themselves who will ultimately benefit will recognize that we do not get anything for nothing, and also so that they themselves will feel that this is in fact a payment as of right and not a payment *ex gratia*. Everyone then realizes that they are contributing directly in some way towards a fund which will give them a measure of security throughout their declining years.

I welcome the introduction of this motion which indicates that we will be proceeding with this legislation. There is no part of our community more deserving of the thought and consideration of every hon. member than the older generation who have contributed so much to the advancement of the nation which we collectively represent. Every consideration should be based on the idea that we are not extending charity but that we are simply extending that measure of basic security which the people of this nation have the right to expect that they will receive.

As has been said already, the best answer we can give to communism is to show those

in Russia or elsewhere what our system does for people who are old or blind or incapacitated in any way. In the legislation we are all going to support, with whatever discussion of detail there may be, we are making a great advance; but I urge that we recognize the principles involved and that we do not discourage saving by asking anyone to use up his savings and reduce himself to the same position as that of those who have not saved. We should work for that day when, at whatever age pensions are paid, they will be pensions as of right, without a means test, payable to those who have earned the respect and support of the country.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

The Deputy Chairman: Shall the resolution carry, or shall I call it one o'clock?

Some hon. Members: Carried.

Mr. Knowles: One o'clock.

Mr. Martin: Would my hon. friend not let the resolution carry? I am sure that after this adequate discussion he will be glad to give me the measure of co-operation that he usually affords.

Mr. Knowles: No, Mr. Chairman. I have two or three questions, and I do not think it fair to *Hansard* that we stay longer now.

Mr. Martin: Ask them now.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Knowles: At one o'clock, Mr. Chairman, I suggested that we give a few minutes consideration in committee to this resolution, because of a few questions that are of concern to the people affected by this legislation. As the minister can well understand, I have a fairly heavy volume of correspondence on this subject. I may say further that, like the Minister of National Health and Welfare, I recently spent a few days in Manitoba. In fact, I was there for the same purpose that he was there.

An hon. Member: Not quite.

Mr. Knowles: Somebody says "not quite." In other words, I was there for the opposite purpose. While I was there, a considerable number of people asked me questions about this legislation, and they are the kind of questions that are being put to me by correspondents. They are questions that accept the basic framework of the new program but seek information as to details that are important to the people affected.

In the first place I find that people are anxious to know when and how they will go about applying for each of the pensions now envisaged. Some publicity has been given to the fact that there will be a registration for the pension for those 70 and over; and I take it that we may get information about that matter later in the present session. So far as I can ascertain, however, no information has been given as to how and when people are to go about applying for this new pension for those from 65 to 69. Can the minister say something on that question?

Mr. Martin: To answer the second part of the question, they will apply in the way that they apply now. Persons who have reached the age of 65 will apply through the provinces, as they do now, subject to certain procedures that will be adopted as a result of discussions that we shall be having in the month of July when, in conformity with an undertaking given to the provinces, the interprovincial old age pensions board will meet.

As to the group 70 and over, I stated this morning that a supplementary item will be presented asking for finances and authority to take steps to provide for registration of those who are qualified for the universal pension at 70. In that connection may I say that we already have arranged, with the consent of the provincial departments concerned, to send officers to examine their present files in order to preclude any undue delay. We propose to use our ten regional family allowance offices as centres from which to conduct the operations in each province. The more than 300,000 people now in receipt of pensions will not have to register in the usual way, because they are known to be qualified for the pension under the existing act. The 400,000 or so others who we estimate may qualify will apply for their pension on forms that are now being printed. Through the press, the radio, and any other means it may be thought desirable to acquaint the general public with the requirements, ample notification will be given, so that on January 1, 1952, these people will be fully registered and will be able to qualify.

Mr. Knowles: That registration will start some time fairly soon, will it? I believe July has been mentioned.

Mr. Martin: As quickly as we get the authority, we will act. We have already started, as a matter of fact.

Mr. Knowles: From what the minister said with regard to the group from 65 to 69, I take it that those in that bracket who wish to apply for the pension will, in effect, have

to wait until the discussions with the provinces have been had, and, perchance, until the provinces have passed any supplementary legislation that may be required. That means that it may be later in the year before they can apply. I hope that the minister's department, in the publicity that it gives to these two plans, and to the registration and the making of applications for these two pensions, will do its best to avoid confusion. There is already some confusion in the public mind. I take it that registration for the 70 and over pension is likely to start fairly soon,—

Mr. Martin: I have said that.

Mr. Knowles: —but that the making of applications for the 65-69 pension will be delayed for a few months. I hope that the advertising done with regard to this matter will clear up these various points.

Mr. Martin: There will be no delay whatsoever on our part with regard to the 70 and over group. With regard to the 65-69 group, my hon. friend knows that we are not in full control of the situation. The reason why this legislation is being introduced today is to ensure that, as soon as it is passed, we shall be in a position to conclude agreements forthwith with every one of the ten provinces. Whether or not these agreements are concluded will depend upon the decision that each province takes in the light of its obligations, as it sees them, and in the light of the circumstances attending in that province. As soon as this legislation is passed we shall lose no time in getting agreements with each province. In fact, the agreements are already partly formulated. In some provinces there will be a desire—and I suppose in some cases there will be the need—to call the provincial legislatures. From my discussion with the provinces a few weeks ago, I understand that will be done forthwith. The provinces and ourselves, subject to what I have said about their authority and their having the final control, will not, I feel sure, sponsor any delay whatsoever in this matter.

My hon. friend will understand that the extent of fulfilment of the agreement depends upon the other contracting party, both as to the fact and as to the extent of its participation. So far as we are concerned, we are putting on the statute book enabling legislation to provide old age assistance at the age of 65, operative as of January 1, 1952. It could be—I do not say that it will be the case—that some provinces might wish to begin at a higher age. If they do, that would not prejudice the operation of the plan to begin at 65 in any other province that wanted to do so. It could be also that some provinces will not be disposed—and again I am not saying that this will be the case—to accept the financial responsibility involved in some of the amendments with regard to permissible income and the like, and would prefer to have a lower figure. If such a province wanted an agreement of that kind, we would not stand in the way. Our hope would be that there would be uniform adoption of the legislation by all provinces but naturally each of them will have to assess this matter in the light of its commitments and of its own situation. In the recent conference with the provinces, while there was a disposition on the part of some of them to delay the application until April 1, I told them that the government's position was that so far as we were concerned the operation of the whole scheme, both for the universal pensions and the pensions for the sixty-five to sixty-nine age group, would be operative as of January 1, 1952.

Mr. Knowles: I will not pursue that matter any further except to say this to the minister. I for one would not object if he asked parliament for sufficient dollars to advertise this whole matter properly so that the people affected will know precisely where they stand.

Mr. Martin: We will.

Mr. Knowles: I have a second question and then one more that the people are asking me. The first of these two questions relates to the time when the first cheques will be issued. A good deal has been said about January 1, 1952 being the effective date of both pieces of legislation. Those who are experienced with old age pensions know that under the present plan the cheque for the month of January is not received until the last day of January—at least that is the case in most provinces. People who will qualify for the new pension, free of the means test, at age 70 or over are wondering when they will get their first cheque. Will they get it at the end of January, the middle of January or the first of January? Some hon. members are acting as if these are not important questions, but they are very important to the people affected. I ask the same question with regard to those in the group from 65 to 69. Will the payment that they receive for the month of January be as it is at the present time, at the end of January? Will it come along in the middle of the month, as in the case of family allowances, or could it not be on the first of the month?

Mr. Martin: As I said, the operation of the whole scheme comes into effect on January 1, 1952. The cheques will be payable around the end of the month.

Mr. Knowles: I will pursue that when we get the bill. That was not a very satisfactory answer.

Mr. Martin: Let us wait until we get the bill.

Mr. Knowles: This gives the minister a chance to make some changes in the bill. The other question that I wanted to ask is one that has been put to me by a great many people and it is this. What will happen to liens that are registered against the properties of old age pensioners at the present time? I shall ask a similar question with regard to property of people who will qualify for pension in the case of those 65 to 69. Will liens be placed on their property? If so, will these liens be cancelled at age 70? But more important, with reference to people in the age group 70 and over who have property against which liens are now in effect, will they be cancelled when this legislation comes into effect?

Mr. Martin: My hon. friend had better wait until we get the bill and deal with the question of recoveries from estates, which I have generally noted.

Mr. Quelch: One question; can the minister say whether or not this legislation is intended to affect in any way the recipients of veterans' allowances?

Mr. Martin: It does not in any way affect it, but when we come to the bill I will deal with that aspect of it. It is not going to take away from the veterans anything that they now have under existing legislation.

Mr. Quelch: Will the veterans who are today in receipt of war veterans' allowances—

Mr. Martin: If my hon. friend will wait until we come to the bill and he sees the provision before him he will agree that that is the best way of dealing with it.

Mr. Graydon: I want to ask the minister to consider the question of a change in the bill, if it is not already printed and ready for distribution. I think I may have a very large majority of the committee with me on this, and that will be an unusual thing, to say the least. I do not like the name of old age pensions. The name ought to be changed. It is outmoded and has connotations that ought not to be perpetuated in legislation at this time.

Mr. Martin: Would my hon. friend care to wait until the bill comes before him? He may find something in that regard that he would want to deal with.

Mr. Graydon: I want to make a suggestion. I know the minister may not have adopted the same phraseology as I think ought to be adopted, and this will at least give him an opportunity of comparing my suggestion with his own. Perhaps I am fighting a losing battle on that ground, but I know that the broadmindedness of the minister will come to the front when a decision is made.

I do want to suggest to the minister that the connotations of old age pensions ought to be dropped once and for all from any legislation of this kind. I fancy my suggestion is one that would be acceptable at least to the far corner of the house, and I do not know any reason why it should not be acceptable in all corners of the house. In view of the fact that a great number of people are coming under the arrangement whereby this assistance is automatically paid without a means test when they reach the age of 70, I think we ought to call it a national dividend, because it is a national dividend. I have made a study of it with some care and I am of the opinion that no better name could be applied to this assistance, because in a very large sense that is exactly what it is. I do not think you could go wrong by calling it what it is. I make the suggestion to the minister that he abolish all this phraseology about old age pensions and call this new legislation legislation with respect to national dividends.

Mr. Fair: I want to support the suggestion made by the hon. member for Peel.

Some hon. Members: You would.

Mr. Fair: Some hon. members have said "you would". It looks to me as if we are making some progress, anyway. While some of our friends across the way may say "you would", perhaps I should remind them that we are now supplying a national dividend to Canadians up until sixteen years of age. Prior to that we were paying national dividends to people of seventy and over with a means test. The legislation that is being introduced today will provide a further national dividend for the group age 65 to 69, so I think we are making fairly good progress.

Whether our friends across the way realize it or not, they are getting along in our direction. These things are possible. I might say that many people are opposed to the title "old age pension". We have had the Barr colonists in Lloydminster, Alberta and Saskatchewan. They have been in that part of the country since 1903. Some of them are my very best friends, and some of them who have done a lot to bring Canada to its present position think that we should have a change of name to the one mentioned by the hon. member for Peel, which is a good one. If we do that it will perhaps educate

us and some others who do not realize the fact that we should have national dividends for everybody.

Resolution reported, read the second time and concurred in.

Mr. Martin thereupon moved for leave to introduce Bill No. 395, to provide for old age assistance.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read the second time?

Mr. Martin: Next sitting.

BLIND PERSONS ACT

PROVISION FOR AGREEMENTS WITH PROVINCES—PAYMENTS AT AGE 21

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 bring in a measure respecting allowances for blind persons and to provide for the payment to the provinces out of the consolidated revenue fund of amounts in respect of allowances for blind persons paid by the provinces, to certain persons who have attained the age of twenty-one years, and who are blind and in need of such allowances, not exceeding in respect of any recipient, seventy-five per centum of forty dollars monthly or of the amount of the allowance paid by the provinces monthly to the recipients, whichever is the lesser; and to provide for the making of agreements with the provinces in relation thereto and for the conditions and duration of such agreements.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Knowles: I think a word should be said to the effect that this resolution and the bill based upon it are indeed welcome. As a matter of fact those interested in the welfare of our blind persons have for a considerable time been requesting that the legislation respecting the blind be put in a statute separate from the legislation respecting our elder citizens. I take it the reason for that request is the force of circumstances.

Indeed, now that the old age pension plan is being put on a different basis it becomes necessary that our legislation respecting blind allowances be taken out of the existing legislation and put in a statute by itself. That, I take it, is also made necessary by reason of the fact that the resolution we passed a few moments ago specifies that the federal government shall pay 50 per cent of the pension paid to those from 65 to 69. Obviously in respect of blind persons it would be unfair to the provinces to put that division into effect. Rather it is only fair to the provinces that the present relationship

of a payment of 75 per cent by the federal government and 25 per cent by the provinces should be continued.

I take it however that although this bill will meet the requests of those interested in blind persons, so far as it goes, in that it separates their legislation from old age pension legislation, there is nothing in the bill to be based on the resolution which makes any change in substance so far as allowances for blind persons are concerned. Could the minister say whether that is so? So far as matters of substance are concerned, will the bill simply carry forward what is now in our legislation respecting the blind?

The Chairman: Shall the resolution carry?

Mr. Knowles: Could the minister answer my question?

Mr. Martin: I wished to make sure no one else wished to speak. If no one else is speaking I will say briefly this, that my hon. friend has welcomed with pleasure, as I am sure the country will generally, this measure separating assistance given to blind persons from assistance given to the aged. This is in keeping with the request made to me by the various organizations representing the blind over the period of the last few years.

Unlike the bill based on the resolution we have just passed, the contribution of the federal government in this instance is not, despite the higher commitments involved in the total program, being reduced. It continues at 75 per cent.

I am not so sure after listening to my hon. friend this morning whether he and I will agree as to what changes of substance mean. But certainly as I understand the word he will find that the bill when presented does have very important modifications that are changes of substance and that will improve the situation so far as blind persons are concerned.

In any event my hon. friend will realize that, as in the other instance, the extent to which we have taken action in the bill is largely dependent upon the agreement we were able to obtain with the provinces whose financial responsibility in these matters varies in accordance with the terms, particularly, of the permissible income section.

Mr. Fair: In connection with the permissible income section I suggest there are one or two changes which should be made, and which I would ask the minister to consider. I refer to blind farmers. As the minister and other hon. members know, there is no set income formula on the farm. In one year there may be a profit while in the next year there may be a loss. If a farmer has a profit in one year his pension is cut, whereas

in the next year he may have a loss and there is no increase in the pension.

Blind farmers have suggested to me that I bring to the attention of the minister the necessity for the levelling off of incomes for pension purposes, as it is done for income tax purposes. This seems to be a reasonable request. People who are farming, and who have all their senses, are having a bad enough time; but for blind farmers it is worse.

Mr. Blair: Mr. Chairman, I am sure there is nothing controversial in the bill, and I am sure hon. members will be in complete agreement that anything suggested for the benefit of these unfortunate people who happen to be blind should be done. I do not think there is anything to be said at the present time, or that anything need be said until we have the bill before us. I cannot see any reason for further debate, because I believe we are all in complete agreement.

Mr. Graydon: How many blind persons, from the age of 21, on, will come under this measure?

Mr. Martin: We estimate there are about 18,000 blind persons in the country and, roughly, 11,000 between the ages of 21 and 69.

Resolution reported, read the second time and concurred in.

Mr. Martin thereupon moved for leave to introduce Bill No. 396, to provide for allowances for blind persons.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read the second time?

Mr. Martin: Next sitting.

FEDERAL DISTRICT COMMISSION

INCREASE IN NUMBER OF MEMBERS—POWER TO CONSTRUCT RAILWAYS, ETC.

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Federal District Commission Act, 1927, to increase the number of members of the commission from nineteen to twenty; to provide also that the commission may construct in the national capital district railways and related facilities and, for this purpose, acquire land and real property and enter into agreements with railway companies for the use, maintenance and operation of such railways; and to provide further for the payment of limited grants to the appropriate authorities in municipalities in respect of property situated therein and acquired for inclusion in Gatineau park.

Mr. Drew: Is the Prime Minister going to make a statement at this point?

Mr. St. Laurent: I had not intended making any statement as the resolution is quite self-explanatory. There are three points dealt with in the resolution. First, it is intended to increase the members of the commission by one. By the 1946 amendment it was provided that there would be a member on the commission representing each of the provinces, and the number provided for was nine. It is felt that Newfoundland now being one of the provinces should also have a representative on the commission. The first purpose of the bill to be founded on this resolution is to make provision for the appointment of a member to represent the province of Newfoundland.

The second purpose is to take advantage of the fact that we are amending the act to provide for something which has heretofore been provided for by a dollar item in the estimates. In the 1950 estimates and again in the estimates for this year a dollar item was provided to authorize the federal district commission to carry on that part of the recommendations of the joint committee that had to do with providing facilities to improve the railway situation in Ottawa and ultimately to do away with the trackage that leads into the Union station in the heart of the city. It being necessary to amend the act it was felt that it would be more proper to have this in the act itself rather than to rely from year to year upon the dollar item in the estimates.

The third has to do with Gatineau park. Gatineau park is planned to include an area something over 70,000 acres, and some 30,000 acres or more have already been acquired in rural municipalities. The assessment and taxes on these lands would have amounted to something less than $5,000 distributed among a few rural municipalities While that amount is not large it is felt that there was some hardship on those municipalities to decrease their tax revenue from the land to be included in the national park out of which they do not derive any special benefit at the present time. The bill to be founded on the resolution will empower the federal district commission to make grants to these local municipalities not exceeding what the taxes would have been before the lands were taken over to form part of the park.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I realize that it will be much better to discuss the proposals in detail when the bill is before us. It is recognized that there will be a desire on the part of hon. members to proceed with the consideration of the bill. One reason why I raised a question as to whether the Prime Minister (Mr. St. Laurent) proposed to make

a statement at this time was that the powers that appear to be conferred are so extensive that one does come face to face with the possibility of being called upon to consider some special relationship between this commission and the municipal council of the city of Ottawa. It surely must be coming to the point where the municipal council, without in any way diminishing its ordinary authority, will be called upon to assume certain obligations which may be greatly affected by this bill. I do not know whether the Prime Minister felt that this was the time to make any remarks relating to the possibility of some new plan of administration of this area.

Motion agreed to and house went into committee, Mr. Dion in the chair.

Mr. St. Laurent: Mr. Chairman, I shall deal first with the remarks of the leader of the opposition. I think both he and I read the same newspaper. I was a bit concerned the other day, as possibly he was, when I read that article saying that so long as Mr. Bronson was chairman of the commission there would be no cause for anxiety as to the extent to which the powers of the federal district commission might be exercised, but that it might be that under the legislation to be proposed they were going to have power to enter into businesses that might go beyond what was really required for their purposes. I immediately got out the bill to see whether there was anything to justify apprehension of that kind and I found that there was not. This is strictly related to the implementation of the recommendations of the joint committee with respect to the changing of the railway location.

Since I have mentioned his name I should like to take this opportunity to express on behalf of the government, and I think on behalf of all members of the house, very sincere appreciation of the great devotion which Mr. Bronson has brought over the years to the implementation of the recommendations of the joint committee of the two houses of parliament. I do concur with the writer of an article which I saw in a newspaper the other day, no matter how extensive the powers may be, as long as they are being exercised under the control of Mr. Bronson no one will have any occasion for anxiety. In addition, however, I think that the terms of the statute are such that there is not apt to be any conflict with any municipal authorities. Frequently there are discussions with the municipal authorities, and it took some time to reach an agreement upon the contribution that the city of Ottawa would make to the bridge now being constructed over the railway yards in the heart of the city. But that has been settled by an agreement which I think is working out very satisfactorily both for the federal district commission and for the civic authorities.

I think it would be proper for me to say at this time that the federal district commission has had the fullest possible co-operation from the municipal authorities of the city of Ottawa and from the municipal authorities of the other municipalities having territory within the federal district. It is for the purpose of maintaining these good relations that the commission feels that it should make grants to those rural municipalities, with respect to the large areas that are being taken over for the Gatineau park that would be such as not to occasion them, at least until such time as the park is completed and in operation and they derive some benefits therefrom, any loss in their municipal taxation.

I think all who are interested in the development of the capital owe a debt to the chairman and members of the federal district commission for the manner in which they have succeeded in enlisting the good will and in conserving good relations not only with the municipal authorities but also with the people of the districts where the work is being carried on. I think it is a very happy example of the kind of co-operation that can be brought about between different levels of government, and I should like to include in my tribute an expression of gratitude for the co-operation that has been obtained from the provincial governments of Ontario and Quebec. I think that at every level there has been the most satisfactory degree of co-operation and helpfulness to each other that could be desired in carrying out that kind of a plan. It seems to me that it is being felt by them as it has been felt in every quarter of this house that what is being done here is something of national scope that will be a source of satisfaction and pride for every Canadian citizen.

Mr. Drew: The Prime Minister was correct in the assumption that my question had been prompted by certain comments I had read in different articles which suggested the possibility that the bill, which I have not seen, would be extending the powers to an extent that they might limit or impair the authority of the municipal council. That was the reason for my question, and the Prime Minister has answered the question that I asked. I should like to join with him in an expression of very real tribute to Mr. Fred Bronson and the other members of the commission who, with great unselfishness and with a great amount of effort, have gone much further—

Mr. St. Laurent: And intelligence.

Mr. Drew: —in carrying forward this development than may generally be realized throughout Canada today. It is noticeable that people visiting the parliament buildings are greatly impressed with the model of the ultimate plan which is available for examination. A considerable part of that has already taken form, and I think that this is a fine example of how it is possible to enlist the services of unselfish citizens in the fulfilment of something that is not only to the advantage of the people of Ottawa and the surrounding country but will be of advantage in the years ahead in giving to Canadians a capital of which they will all be proud.

Resolution reported, read the second time and concurred in.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 397, to amend the Federal District Commission Act, 1927.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

255. Departmental administration, $869,901.

Mr. Blair: Does the minister wish to make a statement?

Hon. Paul Martin (Minister of National Health and Welfare): No, I thought I would deal with things on the various estimates as we go along.

Mr. Blair: Mr. Chairman, every year on these estimates I have usually made an appeal for a national health plan for Canada. In fact I have made this appeal year after year on behalf of this party. At times I have thought that these continuous appeals would become tiresome to members of the house, but I came into the house in 1945 with the idea in mind that I would try to do something for the people of this country by attempting to add my voice to those who felt that a national health plan for Canada was a necessity. Year after year since that time, and two or three times a year, on behalf of the Progressive Conservative party I have spoken on the necessity of a health plan for Canada, a plan that would bring treatment to every person in Canada no matter in what district he or she resides. But I was amazed last night to read in the evening press the remarks made by one of the cabinet ministers in the Waterloo by-election campaign. I am perfectly aware that in general elections or in by-elections parties debate certain things to their own advantage, but in this case when it comes to a matter of the policy of a party that is an entirely different thing. I admit we have all made statements for our parties and that we have argued in election campaigns, but this thing seems to be something entirely different in that it affects the policy of this party. Before entering into any discussion, however, I intend to again clarify the position of this party as far as national health insurance is concerned. I intend to quote from an article which appeared in the Toronto *Telegram* of June 20. The *Telegram* was absolutely fair at that time; the Liberal meetings were covered by one correspondent, the account of the C.C.F. meetings was written by another, and the Conservative meetings were covered by still another. I was amazed to read what the minister of immigration had said at a meeting in New Hamburg. The first matter he dealt with was export markets, and that was perfectly normal. But I am going to read some of this report dealing with the second matter he referred to, and some of it is in quotation marks:

> He assured his farmer audience that the government is soon to propose a national health scheme—as promised earlier—and he added that he expected the Progressive Conservatives would "oppose it at first, then try to take credit for it after."

Mr. Sinclair: Finish the quotation.

Mr. Blair: That is all I have here.

Mr. Martin: Perhaps I could put the quotation on record:

> He added that he expected the Progressive Conservatives would oppose it at first and then try to take credit for it, as they did with family allowances.

Mr. Drew: Then that just shows how inaccurate it was.

Mr. Sinclair: Perhaps I might just repeat what the leader of the opposition said about family allowances: "This bill is an outrageous bribe—"

Some hon. Members: Order.

The Chairman: The hon. member for Lanark has the floor.

Mr. Blair: I am going to quote from a speech I made in this house on June 30, 1948, when the matter of national health grants was being brought into the picture. Hon. members will remember that national health grants were announced by the Prime Minister in May, 1948, but we did not get around to discussing them until the last day of that session, which was June 30. At that time I said:

> In May the Prime Minister announced increased grants for national health. We welcomed the introduction of a plan that would help out national

health. The Progressive Conservative party, realizing this need, has long urged a broader program for national health and for increased grants. During the time I have been a member of this house we have repeatedly drawn the attention of the members of the house to the urgent necessity of action to overcome the deficiencies in our national health services. No later than March of this year I spoke on this matter in the house; I stated that the time had come to enunciate and put into effect a national health program for Canada. I further stated that the objective plan of this party was one which would bring health services to every Canadian citizen regardless of race, economic status or geographical position.

Then I went on to deal with the matter of the health grants:

A year ago I drew the attention of the house to the necessity of a national stocktaking with regard to health. There is nothing new in the program that has been introduced. We welcome it and we welcome the increased grants. I believe that every member of this house, regardless of his political affiliation, approves any measure which will cut down mortality rates and relieve human suffering. Consideration of national health measures and anything that will better the condition of the people in regard to national health should be far above any political considerations.

I simply want to put on record that through the years, and certainly since 1945 when I came into this house, this party has advocated a national health program for Canada. I personally have advocated it at every opportunity. So in regard to this statement I thought our position should be made clear as far as national health is concerned. Sometimes these matters do become open to debate, and sometimes government members or even opposition members make certain statements for the sake of their party. In connection with national health grants and grants to hospitals I remember a speech made on the budget last spring by the hon. member for Mount Royal, a gentleman for whom I have the highest regard but who, I am quite sure, misunderstood the situation. At page 2328 of *Hansard* for April 24 of this year the hon. member said:

Another important medium of communication is the field of public relations. Are we doing a job in this field? No one will accuse the Department of National Health and Welfare of hiding its light under a bushel nor should they do so because their work is both instructional and educational. But how many persons realize that in the last two years, through the initiative of the department, the federal government has been responsible for the construction of 27,000 new hospital beds, many of them in my own constituency, in a total of 40,000? I doubt if the people of this country realize the revolution which has been brought about, nationally speaking, in national health and public welfare owing to the initiative and research policies of the department.

I am sure the minister himself would refute that statement in what was otherwise a really good speech. I feel sure the hon. member for Mount Royal misunderstood the whole situation when he suggested that this department was responsible for providing 27,000 hospital beds. I have mentioned this matter on other occasions. In my own province of Ontario grants are given for the construction of hospital beds, and the grants given by this department do not begin to cover the cost of constructing hospitals. I remember that in a speech some time ago on the estimates of this department I pointed out that in this province the average cost of a hospital bed, over and above any grants that might be made, was something like $7,500. That is in addition to the amount given by the federal government and, in our case, the provincial government. I am familiar with what is happening in one town in my own constituency, where they are working on the idea of building a hospital. This town has a population of 5,000; they are very anxious for a hospital, but the question of financing has made it very difficult. In order to keep this matter clear, while we certainly approve of the grants given under the health plan, at the present time it is difficult for municipalities to obtain the money necessary to build a hospital. It is a difficult job to raise the thousands of dollars required, because hospital construction is very expensive.

I was rather pleased yesterday to read of some of the research being carried on at the present time. This was brought out at a meeting of the Canadian Medical Association in Montreal. It may be of interest to hon. members to learn that 2,000 doctors at a convention in Montreal were able to witness by television operations performed in various hospitals, some of them a mile or more away. Apparently the television camera was placed above the operating table, and thus they were able to get a view that would be open only to a doctor assisting at the operation. This, of course, has nothing to do with the Department of National Health and Welfare or the consideration of these grants, but it does show what progress is being made and indicates that some of the things being discovered now will mean a great deal to the medical profession in future and, by means of further education, will be of assistance to those who may be suffering.

There are some needs in this country that should be fully discussed. I have mentioned one, the need for hospital beds and the difficulties municipalities find in providing them. If we are to carry on a program of making treatment available to everyone, then it will be necessary to have a further program in connection with hospital accommodation. It is necessary that we should make treatment available to every person. Conditions in the medical profession and in hospitals are rapidly changing. New discoveries have produced new methods of treatment. Some of

the diseases which used to cause concern to medical men have now been defeated by research and the advent of new forms of drugs. But this is going to bring about an entirely different situation, and we are rapidly coming to it.

The life span of people in this country is becoming longer, owing to these discoveries. We are now able to cope with diseases which we formerly could not do anything with in the matter of treatment. People are therefore going to live longer. We are going to have a class of older citizens. If we have this class of older citizens it is obvious that, when their life span runs out, they will die of some disease; and it will probably be some disease in connection with old age, probably disease of the cardiovascular system. You are going to have more people who die of strokes, heart disease and possibly cancer.

In considering the question of hospital accommodation for the future, we should consider this matter, because it is difficult to obtain accommodation for completely disabled aged persons owing to the fact that they usually suffer a long, lingering breakdown of health. That situation exists in all of the hospitals in the country and in the wards of the hospitals across the country. In every men's ward and in every women's ward there are some of these older people for whom there is no other place. If it is possible to get them into a rest home, that can be done. But few of these municipalities have rest homes for these elderly people. In the future we must therefore look forward to an entirely different class of disease existing among old people. Not only that, but we must make some arrangement to provide accommodation for them.

I am well aware of what is happening in some of the homes for the aged throughout Canada. It is true that there is accommodation there for them. But there is no hospital section in addition to these homes for the aged. This may not be a federal matter; it may come under the jurisdiction of the provincial health authorities. Nevertheless, that situation still exists. Often it is not possible to get some of these aged hospital cases into homes for the aged. I therefore leave that matter for the minister to consider because, in the future, we are going to have to deal with this increasing group of aged people who have become disabled through disease and who are not able to obtain accommodation in ordinary hospitals. Ordinary hospitals are jammed at the present time. The necessity for beds for acute cases is well known. Any person or any doctor who has had experience in trying to get patients into hospitals is well aware of that fact.

Another matter affecting the question of treatment is the present shortage of nurses. I am also aware that this may not be a federal matter, because the matter of trained nurses again comes within the realm of the provinces. Nevertheless, when we consider the broad picture of health across Canada, we feel that something should be done about this matter. There still exists a shortage of nurses throughout the whole of the country. It is difficult to obtain nurses for private duty. Possibly one of the reasons for that is that the nurses' hours have been cut down, something which entails the fact that we may need additional nurses. The hospitals are finding it increasingly difficult to secure a staff of nurses. This is something else in the way of difficulty being encountered by them, in addition to the financial troubles they are undergoing.

When I mention financial troubles, that brings to mind the question of the difficulty that some of these hospitals have in financing treatment for their people, both in private rooms and in wards. The cost of hospital maintenance now brings about a situation in which hospital executives find it extremely difficult to run the hospitals and to balance their accounts at the end of the year. The average hospital is run at a loss. That is something that is giving a great deal of worry to some of these people who are trying to carry on accommodation in hospitals throughout the country.

If, in addition to building, we could further the interests of the hospitals with additional money in some way, either through the provinces or through the federal department, a good deal of this trouble could be avoided. That is something that is not going to be easy to do. The unfortunate thing is that, with rising costs and with the trouble encountered in maintaining a hospital, the cost of hospital accommodation is being reflected on the patients, from those in the public wards to those in the private wards. The situation now is that it is difficult for the average person to pay for hospital accommodation. In the last few months I consulted the treasurers of some hospitals with regard to their difficulties, and I found out something that was amazing, namely that many of these hospitals would have further financial trouble if it were not for the fact that so many cases are coming in on prepaid medical plans. They are coming in on commercial plans, through organizations like the Blue Cross, and industrial health insurance; and the ordinary commercial insurance policy that we buy is now becoming fairly popular. But there is at the present time a great need that the policies which these people buy should be clarified. The people do not always look at the small

print. Sometimes you have the picture of a man coming in and saying: My wife was in the hospital for a certain length of time. I thought that our insurance entirely covered this matter but I find, written in in small print at the bottom of the policy, and to which I paid no attention when I bought it, the proviso that this policy does not cover the type of disease from which my wife suffered.

Another matter which comes to my mind is the old question of research. There are still some diseases for which a cure, if we could find one, would be a boon to civilization. I refer to such diseases as cancer, poliomyelitis, multiple sclerosis, certain heart conditions and, of course, the increasing number of mental cases throughout the country. I have mentioned this matter before, and there is no doubt that the situation still exists. I refer to the fact that mental cases are increasing faster than the civilian population; or you might regard it in another way, namely in comparison with other types of cases which are admitted to hospitals as acute and chronic cases. There is a further difficulty in this matter; it has to do with the question of accommodation for people who are suffering from mental disease. There is again a great shortage of beds for patients of this type who usually require a long period of hospitalization. This is also something we shall have to deal with in the future. I mentioned first the question of these people who are going to suffer from the increasing diseases of old age. The other thing that I point out is what I have just mentioned, namely the increasing number of mental cases. We have been able to deal with the diseases of short duration, for which we have found an answer; but there is only one answer to the problem of mental disease and also those other diseases which I mentioned, and that is research. I have advocated money for research so that we might, in conjunction with other nations, find an answer to these problems. But there is much that could be done.

I was and am interested in the program put on by the Ontario government in the treatment of people who are suffering from poliomyelitis or infantile paralysis. Every case in Ontario is sent to a selected group of hospitals. The Ontario government pays the full cost of all the treatment for poliomyelitis sufferers, and owing to the fact that they are grouped together, and that the treatment is available, many cures have come to light which otherwise would not have happened had the patient been a patient at home, and probably he would have ended up a hopeless cripple. It is simply amazing what has been done under this program. While I am not aware of what is happening in some of the other provinces in the dominion, I would suggest, sir, that if this treatment could be furthered in any way, because of the results which have been obtained in Ontario, we should see that every poliomyelitis patient gets into one of the selected hospitals where the treatment is thoroughly understood. Although we have not an answer to the disease, the treatment could be made available to those patients.

Multiple sclerosis still exists as a problem. In a speech I made in the house during the short session last fall I mentioned that I had letters from three people scattered across my own constituency suffering from multiple sclerosis. They have spent all their money trying to get cured. They wrote asking if there was some place where a treatment could be continued or where they could be cared for. It is rather sad, sir, to see young people who are hopeless cripples, without very much to look forward to in life, trying to find some place where they can be accommodated. As I said before, it is difficult to accommodate long chronic cases in hospitals where beds are urgently demanded for acute cases.

The matter of treatment for certain cardiovascular conditions is brought to our minds every day or so, and if we could find an answer to the condition where prominent men in middle life are dropping out rapidly through coronary thrombosis attacks we would have gone a long way to solving something else which is becoming all too common. I do not know whether we have better conditions so far as diagnosis is concerned, or whether the advent of the electrocardiographs have brought to light more cases than we had before, but it does seem to me that there are more cases than formerly existed. Therefore if we could find an answer to that problem, whether it exists in our way of life, whether it has something to do with diet,—

Mr. Martin: Or age of the population.

Mr. Blair: Or ageing population.

Mr. Martin: Or of the age of the population.

Mr. Blair: Yes, or of the ageing of the population, because every one of us has noticed in the paper every few days an item saying that some prominent man in the life of the country or some friend has suddenly died from coronary thrombosis. It is getting to be more than a disease of old age or of middle age, because the age limit seems to be coming down. I noticed the other day that a young man of thirty—I knew of him—passed out very suddenly with coronary thrombosis. Every once in a while you notice that it is getting into the lower age group;

whether it is the strain and stress of present-day life I do not know. There is something, and if we could only find the answer to that, then we would have solved another problem so far as national health is concerned.

The problem of mental disease is one which has existed for some time, and which is rapidly becoming worse. Not only are we short of accommodation for these people, but we are short of beds. Even if a certain percentage, a gradually growing percentage, of these people are cured, there are still problems regarding mental disease where research could do a great deal. We wonder why increasing numbers of the population are suffering from mental disease. We wonder whether something further could be done by way of cure. Certainly at the present time this population is growing more rapidly than we would ever like to see, and we look forward to the future still hoping that there will be no further growth in the numbers suffering from this disease. At the same time we must deal with present-day conditions as they are. I make this suggestion. Out of the national health allotment some place let us take increasing sums for research on disease.

Mr. Martin: We are doing that. I see the item in the national health program under the research grant.

Mr. Blair: I know there is a certain amount being granted for this purpose, but my policy in regard to some of these things would be even more research. I have always backed the minister on any money that is spent for this purpose.

Mr. Martin: So that my remarks may perhaps get out where I want them to get out, may I say that I thank my hon. friend for what he has said. We have given very considerable amounts for research in the field of mental illness. There are still available in the department funds for this purpose which we have been urging certain bodies to use—I will not say where but my hon. friend I think knows where—and I wish that it were possible for some of these agencies to take advantage of these funds in addition to what has already been done in this very important field.

Mr. Blair: I hope that the minister is able to get this thing working. I know the difficulties under which he labours, because up to this time there has not been a tendency to do research work on mental cases. I again bring to the attention of the minister the fact that last spring and the spring before we had these completely disabled people approach us for some help. It is really pitiable every year when they come here. They are in wheel chairs. Some of them are disabled beyond any possibility of doing anything that would help them to earn a living. I again suggest that in considering these estimates—I think every hon. member is in agreement—these people be admitted to the welfare group because we shall have to do something for them. We have passed a resolution to do something for the older people. Following that was a resolution to help the blind. We cannot forget the plea of these people who came before us at the time that the social security committee was sitting, asking that something be done for them.

Therefore, Mr. Chairman, I again lay emphasis on two major things so far as treatment in this country is concerned. First, let us do all the research work that we can do so far as the laboratories and the research workers of this country are concerned, and try to find an answer to some of these diseases for which we have no answer at the present time, and which seem to be growing with the increasing population of this country. Again I make a plea that consideration be given to some form of hospitals for the aged in this country where these people who are suffering from the chronic diseases of old age may get accommodation and treatment. This group is constantly growing and is going to become a problem—something we cannot very well avoid, because we have found the answer to other acute diseases and, with a population living longer, this group is becoming steadily larger. It is needless to point out that some of these chronic heart cases and the cancer cases for a year or two need nursing. They need something more than is given to them in homes for the aged. This is a group somewhere in between those who would go to hospitals for acute cases and those who would go to homes for the aged. In some way we must make arrangements whereby we can take care of these people.

Mr. Knowles: I am sure that on this occasion I can speak for members in all sections of the house when I say that we always listen with a great deal of interest to the remarks of the hon. member for Lanark when he speaks on matters relating to health, a field in which he is well qualified.

I think, too, that when he spoke about the urgent needs of our incurables and invalids, those in the condition of some who have visited us from time to time, he was likewise expressing the views of members in all parts of the house. I want to add once again my wholehearted support to the plea the hon. member for Lanark has just made, that the government refrain from delaying action with respect to this group of people. I am reminded again of the discussions in the committee on old age security which met last

year. There, despite the fact that it was outside our terms of reference, on several occasions we found ourselves confronted with the problem of invalids and incurables; and it was the feeling of members of that committee that something should be done for them.

From time to time we have had discussions in the house on a motion brought in perennially by the hon. member for Terrebonne. I trust he will continue to present his motion to the house. Unfortunately that motion has never come to a vote, so that we have not been able to test the opinion of the house. I am sure if there were a free vote on it the motion would carry. I hope the government will recognize that fact and that it will not be long before there are pensions or other appropriate provisions for those unfortunate Canadians whom we refer to as invalids and incurables.

The phase of the work of the department to which I should like to address myself, in the main, is in fact the subject dealt with in the opening words of the hon. member for Lanark. Indeed, although I like to see things going along peacefully for the most part, I was rather glad to note that he provoked a bit of a squabble at the beginning of his speech. I was interested to hear him read certain comments from the press, which prompted the hon. member for Coast-Capilano to get in his nickel's worth, and which prompted the Minister of National Health and Welfare to reply as well.

Mr. Martin: You would not want to discuss this item when it comes up, would you? You could have a discussion then.

Mr. Knowles: I think I would rather discuss it now, just as the hon. member for Lanark discussed it now. I was just going to point out that what has disturbed me most in the last few years has been the indifference shown to this question of health insurance. Therefore I was glad to see a bit of a fight about it today, and I hope there will be more squabbles of that nature, even if they are political, if only we can get some attention paid to this important matter.

Mr. Martin: You know there is no indifference, and it is not fair to create that impression.

Mr. Knowles: Oh, Mr. Chairman, not only do I know that there is indifference to it, but I noted on Saturday, May 5, in Arthur Blakely's Ottawa-Day-By-Day column appearing daily in the Montreal *Gazette*, this short paragraph:

> Health insurance which once held a high priority in the federal government's plans, may be a Korean casualty. Old age pensions proposals are going ahead, but health insurance studies have been slowed down or discontinued.

Mr. Martin: Mr. Blakely is a very estimable and fine man, but he does not have his finger on everything. That statement is inaccurate, and no one knows it more than the hon. member who is just speaking.

Some hon. Members: Hear, hear.

Mr. Knowles: When all these members get through saying "hear, hear" may I remind the Minister of National Health and Welfare that I have been trying for several years in the discussion on his estimates to get him to give us some evidence of the work he says is being done with respect to health insurance studies. When we get down to the item of which he speaks—

Mr. Martin: When we get down to the item; let us get down to it.

Mr. Knowles: The minister used to interrupt us like this three or four years ago, but I thought he was getting over that habit and was letting us make our own speeches. The fact of the matter is that the minister is annoyed by these references to the indifference of his department to health insurance studies. That simply proves to me that nothing is being done about this matter.

Mr. Martin: The by-election will be over on Monday.

Mr. Knowles: What is that?

Mr. Martin: The by-election will be over on Monday.

Mr. Knowles: Now, you know, Mr. Chairman, it is a good thing we have by-elections. I take it that some members in the committee were glad that the by-election in Winnipeg South Centre took me out of the house for a couple of days—and some members are sorry I did not stay longer. What is good about these by-elections is that they—

The Chairman: Order. We are not discussing by-elections.

Mr. Knowles: I am not discussing them at all. I am just pointing out that contests of that kind result in discussions on issues such as health insurance which, normally, the government tries to ignore. The hon. member for Lanark read a report from the Toronto *Telegram* telling us that the Minister of Citizenship and Immigration in the constituency of Waterloo South is telling the people down there that we are going to have a program of national health insurance. Well, I listened the other night in Winnipeg to an address over the radio by the Minister of National Health and Welfare—

Mr. Martin: A good speech, wasn't it?

Mr. Knowles: Oh, I would have known whose speech it was even had it not been announced as the minister's speech, and even had it not been in his voice. I would have known from the way in which he overstated things just exactly who it was. But I did not hear him announce out in the constituency of Winnipeg South Centre that there was going to be a program of national health insurance. Instead, we get that in Waterloo South from the Minister of Citizenship and Immigration.

I am glad to have all these interjections. I hope they reach *Hansard*. The reason I am pleased is that any squabble we have about this matter draws attention to it. I hope the result of it will be some action at an early date.

I do not need to speak at length on this matter, for I was provoked into making a speech on it last night, because of the terms of an answer given by the Prime Minister to a question asked yesterday when the orders of the day were called. I was certainly disturbed by the readiness with which the Prime Minister seemed to accept the idea that health insurance could be taken over and administered by the Canadian Medical Association.

I have the greatest respect and the highest regard for the medical profession. As a matter of fact I would not be here today were it not for the life-saving abilities of some of its members. But when it comes to administering health insurance I submit, as I suggested last night, that the program to which the Liberal party has already committed itself is the correct one, and that it should be handled in the name of the people of Canada by their government.

Now that we are taking forward steps in the field of old age security legislation, I feel that the most significant gap in our social security legislation is in this field of health insurance. Indeed I have in my hand a copy of a little pamphlet that was put out by the wartime information board during the war. This one was issued on November 15, 1944, and is one of a series designed primarily for the troops overseas so that they might know what was going on back home. The name of the series was "Canadian Affairs" and the title of this one is, "Canada plans security". In this very excellent summary of what was being done in this country I find this paragraph:

> What about sickness? There are still gaps in our social security program. Chief among these concerns the question of illness. When sickness strikes, it strikes with a two-edged sword. Not only does the workman lose his pay during the period he is away from work—worse than that, he has to bear the crushing blow of medical, hospital, and other expenses, running sometimes into hundreds of dollars.

Having discussed the proposals for various social security measures which were being put forward at that time, the pamphlet had this to say:

> Lost wages. There still remains the problem of loss of income due to sickness. Unemployment insurance only covers the worker who has lost a job and is still available for employment. If you are sick, you aren't available for employment—so you don't get unemployment insurance. Once health insurance is finally put into operation, it probably won't be long until the Unemployment Insurance Act is amended to provide for payment of benefits during the period of a workman's illness.
>
> If that happens then a worker off for sickness would get unemployment insurance sickness benefit to make up for lost wages and would have his medical and hospital expenses met out of the health insurance fund—to which he has been contributing.

I read those excerpts from pamphlets put out, as I say, by the wartime information board during the years of the war just to indicate that the ideas that some of us proclaim are not so strange after all. That is precisely in line with what we have been saying from this corner of the house for a long time, namely, that health insurance is the most serious gap in our social security program and that an adequate health insurance plan requires at least three things.

It requires the provision of sufficient services, including hospitals, clinics, doctors, and everything that is needed to take care of the health of our people. Second, it requires a plan to enable the people to get those services; in other words, a plan that will pay for them. There is no point to having the best hospitals and the best doctors available if our people cannot avail themselves of their services without mortgaging the rest of their lives.

The third thing we need, and this is underlined in the quotations I have just read from this interesting pamphlet, is something in the nature of sickness benefits. When the wage earner is off sick it is not enough that there is a good hospital to go to or a fine doctor to attend him; it is not enough that his hospital bills are paid; there is also the problem of lost income. I thoroughly agree with the position taken in this Canadian Affairs pamphlet that something must be done along that line.

I know that this is getting to be an old song with me, but I am going to repeat it and probably will continue doing so until we get some action along this line. What I would like to see would be the government bring in legislation in the field of health insurance. I would like to see the government come through with the kind of money that was talked about in 1945 when the

federal government made proposals to the provinces for expenditures totalling $150 million a year on health services. The health grants program which was started in 1948 has entailed an annual expenditure in the order of $30 million, which is considerably less than $150 million suggested at the dominion-provincial conference in 1945.

Mr. Martin: That is twice as much as the grants program proposed in 1945.

Mr. Knowles: The total program proposed in 1945 called for an expenditure by the federal government of $150 million. Thirty million is not twice $150 million, it is only one-fifth.

Mr. Martin: If my hon. friend wants to confuse it, I cannot help it.

Mr. Knowles: If anybody is trying to confuse I suggest it is the minister when he says that $30 million is twice $150 million. The federal government is spending only $30 million.

Mr. Sinclair: Only $30 million?

Mr. Knowles: Yes, only $30 million, as the parliamentary assistant says. Since the parliamentary assistant seems to be concerned about this I shall read from the last paragraph in this Canadian Affairs pamphlet as follows:

> Canada in short, can afford to provide security for her people. She cannot afford not to provide it.

I am glad to see the hon. member for Coast-Capilano nodding his head.

> If our people want it they can get it. The question that all of us have to decide for ourselves is this: Do we want it?

Mr. Sinclair: When I said "only $30 million" I was remembering the tax debates of this session.

Mr. Knowles: It was the federal government that made the proposals back in 1945 when peacetime budgets were envisaged at a much lower figure than they are today. At that time they proposed an expenditure of $150 million, but I said that only $30 million—I am saying that advisedly—in comparison with the federal government's own proposal of $150 million is being spent.

I submit that there is no field in which we could invest money more effectively or more usefully than in the field of national health. Before I was interrupted two or three times, I was going to say about six or seven minutes ago that my first choice would be for the government to bring in without delay legislation covering the field of health insurance, including all three of the major points in a health insurance program to which I referred a few moments ago.

If the government is going to be as slow as it usually is in these matters; if the government is going to continue to require to be prodded, despite the statement of the minister this morning that the government does not have to be prodded in these matters—we could not help but laugh at that—I suggest that the second best method to get this ball rolling is to set up a special committee on health insurance similar to the committee that was set up last year on old age security.

If the minister wants to pick up *Hansard* of early 1950 he can find in the debate on the motion to set up that committee that I objected to it. I doubted whether it was a good move, and I admit that readily. I had strong ideas as to what were the real motives behind the motion. But I admit now that that committee did an excellent job. Every member of the committee paid close attention to the task before him. We did a lot of research and we came out with a most useful and acceptable report. That report represents a milestone in our progress along this road. It represents a step along the way, although it must be remembered that there are other steps to be taken.

I am convinced that a similar committee on health insurance—if you like, it can be composed of the same personnel—could do an excellent piece of work in studying this question. I am satisfied that it would make recommendations which might likewise be another milestone in this field. I was disappointed that the Minister of National Health and Welfare found it possible on two occasions during this session to say "No" to my request that such a committee be set up. I was disappointed also that yesterday the Prime Minister brushed aside that question. I still make the plea and I hope the government will consider it between now and the October session. If there are any good reasons—and I cannot see any—why we should not have such a committee at that session at least I hope they will consider setting up such a special committee at the regular session of 1952. I say again that I agree with the views expressed in this Canadian Affairs pamphlet that the most significant gap in our social security program concerns the question of illness and I hope that we will soon start to take some worth-while steps in the field of health insurance, as part of an over-all social security program.

Mr. Beyerstein: Mr. Chairman, there are two points with which I wish to deal briefly. The first is hospitalization. There seems to be some difficulty in most parts of Canada in stabilizing the cost of hospital services. In one or two provinces this issue is very

serious. To those who find this problem a bit perplexing I would suggest that they study the Alberta hospitalization plan. The purpose of Alberta's provincial hospitalization plan is to bring hospital services within the average citizen's ability to pay for them. This is done by distributing the total cost between the province, the municipalities and the patients. The plan comes into operation when the municipal council has passed the necessary bylaw and signed the prescribed agreement with an approved hospital or hospitals. I have in my hand a copy of "Within Our Borders", for February, 1951, and I should like to quote briefly therefrom with respect to Alberta's hospitalization plan. It reads as follows:

> Hospitals are graded according to their size, type of equipment, number of doctors and nurses, and other considerations. What is called "basic ward rate" ranges from $5.50 per day in a class A hospital to $4.25 per day in a class E hospital. Ordinarily the patient would have to pay the whole amount plus extras, but under the provincial plan he or she pays only $1 per day plus extras. The balance, which in a class A hospital would be $4.50 per day, is paid by the municipal authority with whom the agreement has been signed, and they in turn are reimbursed one-half of this amount from the provincial treasury.

Some of the highlights of the provincial hospitalization plan are worth emphasizing, and I should like to enumerate some of these points. Quoting from the same publication, they are:

> 1. Hospitalization grants are paid to any municipality on condition that the local council enter into an agreement with an approved hospital to provide standard ward accommodation at $1 per day for their ratepayers.
>
> 2. This deterrent charge ensures hospitalization to the people of Alberta at a price which the great majority can afford, while at the same time it guards against an excessive demand for hospitalization which usually accompanies so-called free hospitalization.
>
> 3. The plan does not apply to maternity cases, pensioners, indigent patients or those coming under the Workmen's Compensation Act because hospitalization for these is provided under other legislation.
>
> 4. All conditions requiring treatment in hospital are covered for as long as may be necessary.
>
> 5. Pre-existing conditions are not excluded from hospital treatment.
>
> 6. Admission to hospital for diagnostic services is covered under the plan.
>
> 7. Patients referred to other hospitals by their local physicians and emergency admissions to other hospitals are provided for.
>
> 8. Hospital taxes in the municipalities are based on real property values, thus apportioning the share of the municipality in an equitable manner.
>
> 9. Administration of the provincial plan is left mainly with local authorities, and as a result hospitals are free from bureaucratic control.

It is thus that the province of Alberta is solving the problem of hospitalization for its residents. There is one other matter that I should like to deal with briefly. In looking over the estimates we find grants of various amounts for many worthy causes. I would suggest that the minister could take an additional step in the progress of health services by providing a grant to be used for further development and research in chiropractic. There is great need for chiropractic service in the armed forces. Under the government rehabilitation scheme veterans tuition and living expenses were paid for a considerable number of men who chose chiropractic as a career. It takes a considerable amount of money to finance a student through a four-year course. Since the government already has a considerable investment in the training of these men, and since the Canadian Legion has requested chiropractic service, it seems logical that this service should be made available to those members of the armed forces who desire such service.

The usual answer is that such services are already provided for the armed forces. When this statement is made the reference is to physiotherapy, massage, and so on. Physiotherapists have their place and are doing good work, but physiotherapy is not a part of chiropractic. Chiropractic is not a duplication of any other method of health service. It is definitely different and therefore does have something to offer which is not a duplication of the service rendered by any other type of health service. I want to make it abundantly clear that I am not trying to minimize the service rendered by medicine or any other branch of the healing profession. My point is that we are living in a day of specialization, and since chiropractic does have an exclusive approach in rendering health services I claim that we should make the fullest use of that service.

For example, if one has a broken arm one certainly would not go to see a dentist. If a patient has an inflamed appendix which is about ready to rupture it would be useless to go to see a chiropractor. By the same method of reasoning if a patient has a subluxated vertebra which is interfering with the normal flow of life energy to a particular organ or tissue of the body, it is also reasonable to say that all the drugs and tonics on the North American continent would not release that subluxation. To illustrate my point further, I should like to use some fundamental philosophy. There are only three things in the world. Those three things are intelligence, force and matter. If we consider the world and everything in it we will find that everything is composed of these three elements. Likewise we have three types of health services to correspond with the three elements of universe. If we were to take all the healing professions and list them we would find that they would come under the three headings

I have already mentioned. If we were to analyse health service according to the triune of life, intelligence, force and matter, under matter we would list the following: Medicine, physiotherapy, hydrotherapy, electrotherapy, massage, osteopathy and so on. To those who practise under this method the body is considered as matter. Disease in these branches, therefore, would be considered as matter, being either underactive or overactive. If when a patient came in his heart action was found to be very slow, that might be called bradycardia, and you would probably prescribe a drug that would increase that heart action. If on the other hand the heart action was found to be fast, that might be called tachycardia, and a drug would be given to reduce the activity. If the patient had an appendix which was inflamed to the point that there was danger of peritonitis or rupture, of course that part would have to be removed. I am not trying to condemn this method of procedure; I am merely trying to illustrate that they are dealing entirely with the body as so much matter. Another example would be someone having a rheumatic condition in his arm. You might prescribe massage, which would eventually move the toxins which might be causing that condition away from that location. That again would be dealing entirely with matter.

Mr. Martin: Would it help the hon. gentleman in the elucidation of his thesis if he brought up the matter under the item dealing with epidemiology?

Mr. Beyerstein: I will not be very long. Continuing my analysis of triune life under the second heading, which is intelligence, under this we would list Christian Science, psychiatry, psychology, psychosomatic medicine, and so on. Christian Science, of course, believes that you can control matter through mind. This may or may not be so; I am not prepared to argue the point this afternoon. As far as psychiatry, psychology and psychosomatic medicine are concerned, they are all doing very good work. They deal entirely with our educated mind, which is only a part of our innate mind. They are very necessary in our healing profession.

So far we have listed those healing arts which come under intelligence and matter. This leaves only one other heading, according to the triune of life; that would be force or energy. Under this heading we would find only one healing profession listed; that is chiropractic. That is the only healing profession which deals with the link between intelligence and matter. It may be argued that other branches of healing also deal with the transmission of energy from intelligence to matter. They say energy can be stimulated by massage, by tonics and things of that kind, which is partly true. I might use the example of a small stream. If you operate a paddle in that stream naturally the water will run faster, but when you stop paddling the water will settle down to its normal flow again.

The first principle of chiropractic is that there is a universal intelligence which governs the universe and everything in it. It is this universal intelligence that keeps the earth from bumping into the moon, that makes the grass grow green every year instead of blue one year and yellow the next year. We as human beings have an inborn intelligence which is part of this universal intelligence. It is this innate intelligence which makes our body live, which keeps our body temperature constant at 98·6 degrees without any effort on the part of our educated mind, that keeps our heart beating 72 times a minute whether we are awake or asleep. It is this innate intelligence which secretes the gastric juices when we smell a beefsteak and so on. It is this innate intelligence that makes the difference between a living body and dead body. If it were possible to take a dead body and a live body and put them in two test tubes and make an analysis, you would find they would both boil down to about 95 cents' worth of chemicals. Therefore the only difference between the two is this innate intelligence. This innate intelligence is the only difference between life and death. So to have 100 per cent health one must have 100 per cent intelligence, 100 per cent energy or force, and 100 per cent matter.

Innate intelligence operates through the brain, which generates energy and sends it down the spinal cord and out through the millions of nerves which radiate to every organ, gland and tissue in the body. Without these nerve impulses or energy which flow from the brain to the heart, the heart could not pump blood, glands could not function, muscles could not move. Nerve impulses are the life force that drives the intricate machinery of the human body. Interference with the flow of this life force means disease. Since energy flows from the brain through the nerves to the organs, glands, tissues and so on, the logical place to look for interference would be along the nerve lines. A quick glance at the nervous anatomy will show that the most likely place to find interference or subluxations would be as the nerve leaves the spinal column.

The chiropractor is trained to locate and remove these subluxations. That is done by means of such instruments as the neurocalometer, microdynameter, the X-ray and so on. To substantiate the claims I have made I would like to refer briefly to an analysis of

2,975 cases taken from the files of workmen's compensation bureaux. In making this survey the research committee was careful to include all back strains whether cared for by a chiropractor or by a doctor of medicine. The cases in the medical—hospitalized—category were by no means more serious than those handled by chiropractic without benefit of hospitalization. Only low back cases involving strains and sprains were included. Surgical cases, cases resulting from high level falls, crushing injuries, and the like were not included. Although only lower back cases were considered in the survey, it should be noted that chiropractic is not confined to this type of case. Indeed, many who have gone to the chiropractor because of a strain or sprain in the lower back have been relieved of other long-standing chronic conditions at the same time, many of which were considered incurable by other healing methods. In a survey made by the research committee among chiropractors in the field it was discovered that 34·5 per cent of those cases having chronic ailments had a history of some accident which was very probably responsible for the nerve pressure which was interfering with normal functions. These cases responded to chiropractic care as well as those with more acute conditions.

The figures included in this study were compiled from workmen's compensation files of Iowa (February, 1946, to February, 1948), Arkansas (1945 to 1948), and Kentucky (1940 to 1949). They should be especially noteworthy as far as industry is concerned, having been compiled from sources concerning themselves exclusively with industrial cases and, of course, completely impartial. In order to obtain these figures, research men were sent out to the capitals of the states investigated. They were given official permission to go through workmen's compensation files for the purpose of compiling the statistics forming the basis of this analysis.

This analysis was completed by members of the International Chiropractors Association. I should now like to give a break-down of the findings of that committee. The analysis is divided into four divisions. The first division is headed "Comparative Days Lost".

Perhaps most revealing is the comparison of the average number of days lost under the different types of care. Medical (non-hospitalized) with 22·2 days, and medical (hospitalized) with 36·6, are shown up in a most startling way by chiropractic with 14·1 days. Osteopathy strikes a balance between the two extremes with 19·2. Moreover, chiropractic outstrips the field in the percentage of cases which lost no time at all with 16·92 per cent, followed by osteopathy with 14·29 per cent, medical (non-hospitalized) with 12·50 per cent, and medical (hospitalized) 0 per cent. Conversely, only 7·09 per cent of the cases under chiropractic had to remain under care over 35 days, as compared with 10·99 per cent for osteopathy, 13·78 per cent under medical (non-hospitalized), and 28·80 per cent under medical (hospitalized).

The second division is "Average Cost of Professional Care Compared." The figures are as follows:

Chiropractic	$27.83
Osteopathic	32.67
Medical (non-hospitalized)	24.49
Medical hospitalized (non-surgical)	110.98

From this list it will be noticed that the cost of medical care was $3.34 lower than the cost of chiropractic care. It will be noticed, however, that there was greater time loss and greater compensation payments made in those cases.

The third division is "Average Cost of Workmen's Compensation Compared".

Mr. Martin: When we come to the item—and I have an insurance item—perhaps my hon. friend would find it convenient to deal with the matter then.

Mr. Beyerstein: I shall be only another two or three minutes. I read from this publication:

The average compensation payment was $79.95 under medical (hospitalized), $44.77 under medical (non-hospitalized), $36.69 under osteopathic care, and only $25.39 under chiropractic.

It is obvious that the saving to the insurance carriers is something considerable in those cases.

The fourth break-down is "Wages Lost by Worker". The figures are as follows:

Chiropractic	$62.14
Osteopathic	73.83
Medical (non-hospitalized)	83.70
Medical hospitalized (non-surgical)	151.68

This is an analysis made of cases taken from workmen's compensation files, as I have already mentioned. Only lower back conditions were considered in those cases. I could give some interesting facts concerning other conditions, but I will not do so at this time. This is what insurance companies have found:

Results in millions of cases, over the years, have reflected themselves in recognition of chiropractic as the leading non-drugless health service. Insurance companies, which must be run on a basis where results count, have recognized the advantages chiropractic offers. Not only do these companies find a wider market for their policies when provision is made for chiropractic, but because of the favourable cost ratio where chiropractic is utilized, the companies experience a lower loss ratio. This enables companies utilizing chiropractic to safely offer a lower premium rate and thereby enjoy a more favourable competitive position.

The minister is rather anxious to get on with his estimates. I would propose to read the names of some of these insurance companies. If he would like to save some time, however, perhaps he would allow me to hand this list to the *Hansard* reporter, and he could

just include it in *Hansard*. I have here a list of insurance companies, and I will hand it to the *Hansard* reporter, if that is agreeable.

Some hon. Members: Agreed.

Mr. Martin: Does this bring this thesis to a conclusion? I shall be glad to agree to my hon. friend's proposal, on the understanding that my hon. friend has finished his important exposition.

Mr. Fair: He has a right to be here. He does not take up much time. Chiropractic has helped a great many people. Give the hon. member a chance.

Mr. Martin: I know. I find what he has said to be useful.

Mr. Beyerstein: The list to which I referred is as follows:

Class A-1—Specify Chiropractic service in their policies and pay claims of Chiropractors.

*American Casualty Co. of Reading, Pa., Reading, Pa.
*American Mutual Liability Insurance Co., Boston, Mass.
*American Life & Accident Ins. Co. of Mo., St. Louis, Mo.
Atlas Mutual Life Insurance Co., Indianapolis, Ind.
*Auto-Owners Insurance Co., Lansing, Michigan
American Benefit Association, Minneapolis, Minn.
Central Life Ins. Co. of Ill., Chicago, Ill.
*Continental Assurance Co., Chicago, Ill.
*Continental Casualty Co. of Hammond, Ind., Chicago, Ill.
Coastal States Life Insurance Co., Atlanta, Ga.
*Combined Casualty Co., Des Moines, Iowa
*Employers Mutual Liability Ins. Co. of Wis., Wausau, Wis.
Great Southern Life Ins. Co. (Tex.), Houston, Texas
Golden State Mutual Life Ins. Co., Los Angeles, Cal.
*Hardware Mutual Casualty Co., Stevens Point, Wis.
*Illinois Mutual Casualty Co., Peoria, Ill.
Interstate Assurance Co., Des Moines, Iowa
*Liberty Mutual Insurance Co., Boston, Mass.
*Michigan Mutual Liability Co., Detroit, Mich.
*Mutual Benefit Health & Accident Assn., Omaha, Neb.
Mutual Life Underwriters, Doland, S.D.
*Manufacturers & Merchants Indemnity Co., Cincinnati, Ohio
Olympic National Life Ins. Co., Seattle, Wash.
S.D. Benevolent Society, Doland, S.D.
Travelers Health Association, Omaha, Nebr.
*United Benefit Life Ins. Co., Omaha, Nebr.
*Washington National Life Ins. Co., Evanston, Ill.
*World Insurance Co., Omaha, Nebraska

Insurance Companies Meeting Class "A" Requirements 1949

Class "A"—Includes all companies who are known to approve chiropractic service for their policy-holders, and who specify chiropractic as a part of their policies, but have not yet met all requirements to qualify them for the "A-1" listing.

*Aetna Life Insurance Co., Hartford, Conn.
*Aetna Casualty & Surety Co., Hartford, Conn.
*Allied Mutual Casualty Co.
Agricultural Life Ins. Co., of Am., Detroit, Mich.
American Associated Ins. Co.
American Mutual Life Ins. Co., Des Moines, Iowa
*American Employers Insurance Co.
American National Insurance Co., Galveston, Tex.

*American Insurance Co. of Texas
American Health Insurance Corp., Baltimore, Md.
*American Farmers Ins. Co.
*American Automobile Insurance Co., St. Louis, Mo.
American Fidelity & Casualty Co., Inc., Richmond, Va.
*American Motorists Insurance Co. of N.J.
American Guarantee & Liability Ins. Co. of N.Y., Chicago, Ill.
*American Policy Holders Ins. Co., Boston, Mass.
American States Ins. Co., Indianapolis, Ind.
American Surety Co. of New York, New York, N.Y.
American Travelers Association, Indianapolis, Ind.
American Life & Accident Ins. Co. of Ky., Louisville, Ky.
Allstate Insurance Co., Chicago, Ill.
*Anchor Casualty Co.
*Associated Indemnity Corp., San Francisco, Cal.
Atlantic Life Ins. Co., Richmond, Va.
Acacia Mutual Life Ins. Co., Washington, D.C.
Alliance Casualty Co., Philadelphia, Pa.
*Automobile Casualty Insurance Co., Los Angeles, Cal.
*Bankers Indemnity Ins. Co., Newark, N.J.
*Bankers Life & Casualty Co., Chicago, Ill.
Bankers National Life Ins. Co., Montclair, N.J.
Benefit Association of Railway Employees, Chicago, Ill.
*Business Men's Assurance Co. of Am., Kansas City, Mo.
Bankers Union Life Ins. Co., Denver, Colo.
Babcock Co., A. H., Agents, Loraine, Ohio
Banker's Casualty Co., Minneapolis, Minn.
Bankers Health & Accident Co., Houston, Texas
Beneficial Casualty Ins. Co., Los Angeles, Calif.
*Bituminous Casualty Corp., Rock Island, Ill.
Brotherhood Accident Co., Boston, Mass.
Brotherhood of Locomotive Engineers, U.S.A.
Brotherhood of Railway Trainmen, U.S.A.
Buckeye Mutual Accident Assn., Toledo, O.
Business Men's Insurance Co., Greensboro, N.C.
Business Men's Accident Assn. of Am., Philadelphia, Pa.
Business Men's Protective Assn., Des Moines, Iowa
*California Casualty Industrial Exchange
*Catholic Central Casualty Ins., Omaha 2, Nebraska
Central Life Assurance Society, Des Moines, Iowa
*Central Surety & Insurance Corp.
Celina Mutual Casualty Co., Celina, Kans.
*Coal Operators Casualty
Columbian National Life Ins. Co., Boston Mass.
*Colonial Life & Accident
*Columbia Casualty Co., New York, N.Y.
*Combined Mutual
Columbus Mutual Life Ins. Co., Columbus, Ohio
*Combined Insurance Co., of America, Chicago, Ill.
Commercial Casualty Ins. Co., Newark, N.J.
*Commercial Standard Ins. Co., of Fort Worth, Texas
*Connecticut Indemnity Co., New Haven, Conn.
*Country Mutual Casualty Co.
*Connecticut General Life Ins. Co., Hartford, Conn.
*Country Life Insurance Co., Chicago, Ill.
Checker Mutual Automobile Ins. Co., Detroit, Mich.
Citizens Mutual Automobile Ins. Co., Howell, Mich.
*Century Indemnity Co., Hartford, Conn.
Consolidated Casualty Ins. Co., Houston, Texas
Canadian Order of Woodmen of World, London, Ont.
Car & General Ins. Corp. Ltd., London, England
Catholic Knights of St. George, Pittsburgh, Pa.
Catholic Ladies of Columbia, Columbus, Ohio
Colorado Life Ins. Co., Denver, Colo.
Commercial Accident Co., Springfield, Ill.
Commercial General Ins. Co., Hartford, Conn.
*Commercial Travelers Mut. Accident of Am., Utica, N.Y.
Commercial Mutual Ins. Co., Cincinnati, Ohio
Cheese Makers Mut. Casualty Co., Madison, Wis.
Chicago Ice Producers Mutual Liability Co., Chicago, Ill.

*Continental Casualty Co., Toronto, Ont., Can.
Croatian Fraternal Union, Pittsburgh, Pa.
Cloverleaf Life & Casualty Co., Jacksonville, Ill.
Detroit Mutual Automobile Ins. Co., Detroit, Mich.
Danes' Brotherhood Camp No. 139, Viborg, N.D.
Duluth Casualty Co., Duluth, Minn.
Dearborn National Casualty Co., Detroit 26, Mich.
Detroit Mutual Ins. Co., Detroit 2, Mich.
Detroit Mutual Accident Ins. Co., Detroit 2, Mich.
Detroit Automobile Inter-Insurance Exchange, Detroit 26, Mich.
*Eagle Indemnity Co., New York, N.Y.
*Employers Liability Assurance Co.
Empire Life & Accident Co., Indianapolis, Ind.
Employers Reinsurance Corp., Kansas City, Mo.
Emmco Casualty Ins. Co., South Bend, Ind.
*Employers Liability Assurance Corp., Ltd., London, Eng.
Eureka Casualty Co., Philadelphia, Pa.
Eastern Mutual Ins. Co., Boston, Mass.
*Employers Mutual Casualty Co., Des Moines, Iowa
Employers Mutual Ins. Co., Denver, Colo.
Electrical Workers Benefit Assn., Washington, D.C.
*Equitable Life Assurance Society of U.S., New York 28
*Equity Mutual Ins. Co., Kansas City, Mo.
Exchange Mutual Indemnity Ins. Co., Buffalo, N.Y.
Erie Indemnity Co., Erie, Pa.
Empire Mutual Ins. Co., Denver, Colo.
*Farmers Insurance Group
Factory Mutual Liability Ins. Co. of Amer., Providence, R.I.
*Farmers Elevator Mutual Casualty Co.
*Fidelity & Casualty Co. of N.Y., New York, N.Y.
*Fidelity Health Assoc., Vancouver, B.C.
*Federal Life & Casualty Co., Detroit, Mich.
*Federated Mutual Implement & Hardware Insurance Co., Owatoma, Minn.
Fidelity & Deposit Co. of Md., Baltimore, Md.
Fidelity Health & Accident Co., Benton Harbor, Mich.
*Firemen's Fund Indemnity Co., San Francisco, Calif.
Frankenmuth Mutual Auto Ins. Co., Frankenmuth, Mich.
Furniture Mutual Ins. Co., Grand Rapids, Mich.
Freeport Motor Casualty Co., Freeport, Ill.
*Farm Bureau Mutual Auto Ins. Co., Columbus, Ohio
Farmers Mutual Auto Ins. Co., Madison, Wis.
Farmers Mutual Hail Ins. Co., Des Moines, Iowa
Farmers Union Mutual Auto Ins. Co., Des Moines, Iowa
*Federal Mutual Liability Ins. Co., Boston, Mass.
Federal Surety Co., Davenport, Iowa
Fidelity & Casualty Co., Dallas, Texas
Fidelity & Casualty Co., Newark, N.J.
Fort Wayne Mercantile Accident Assn., Fort Wayne, Ind.
Founders Mutual Casualty Co., Chicago, Ill.
*General Accident & Liability Co.
General American Life Ins. Co., St. Louis, Mo.
General Reinsurance Corporation, New York, N.Y.
George Washington Life Ins. Co., Charleston, W., Va.
*Glens Falls Indemnity Co., Glens Falls, N.Y.
*Globe Indemnity Co., New York, N.Y.
Great Northern Life Ins. Co. (Wis.), Milwaukee, Wis. & Chicago
Great Lakes Casualty Co., Detroit, Mich.
*Great American Indemnity Co., New York, N.Y.
Greek Catholic Union of Russian Brotherhoods of U.S.A., Munhall, Pa.
Guarantee Reserve Life Ins. Co., Fort Collins, Colo.
Guardian Life Ins. Co. of Am., New York, N.Y.
*General Accident Ins. Co., Philadelphia, Pa.
*General Accident, Fire & Life Assur. Corp. Ltd., Perth, Scotland
General Casualty Co., Madison, Wis.
*General Casualty Co. of Am., Seattle, Wash.
General Transportation Cas. & Surety Co., New York, N.Y.
*Guarantee Insurance Co., Los Angeles, Calif.
Guarantee & Indemnity Ins. Co., Wilmington, Del.
Globe Mutual Ins. Co., Kansas City, Mo.
Goodville Mutual Casualty Co., Goodville, Pa.
General Indemnity Exchange, St. Louis, Mo.
George Washington Insurance Co., Des Moines, Iowa
Georgia Casualty Co., Macon, Ga.
German-Austrian Benevolent Assn., St. Louis, Mo.
Globe Indemnity Co., Kansas City, Mo.
Gopher Mutual Casualty Co., Duluth, Minn.
Guarantee Indemnity Co., Indianapolis, Ind.
Globe Casualty Co., Columbus, Ohio
*George Rogers Clark Casualty Co., Rockford, Ill.
*Hartford Accident & Indemnity Co., Hartford, Conn.
Hartford Steam Boiler Inspection & Ins. Co., Hartford, Conn.
*Hawkeye Casualty Co., Des Moines, Iowa
Home Indemnity Co., New York, N.Y.
Home Security Life Ins. Co., Durham, N.C.
*Hoosier Casualty Co, Indianapolis, Ind.
Home Accident & Health Ins. Co., South Bend, Ind.
Harleysville Mutual Casualty Co., Harleysville, Pa.
Home Mutual Casualty Co., Appleton, Wis.
Hudson Mohawk Mutual Ins. Co., Albany, N.Y.
Highway Insurance Underwriters, Austin, Texas
*Hardware Indemnity Ins. Co. of Minn., Minneapolis, Minn.
Highway Mutual Casualty Co., Chicago, Ill.
*Illinois Commercial Men's Assn., Chicago 90, Ill.
Illinois Bankers Life Ins. Co., Monmouth, Ill.
Imperial Life Ins. Co., Asheville, N.C.
Income Guaranty Co., South Bend, Ind.
*Indemnity Ins. Co. of North Am., Philadelphia, Pa.
Inter-Ocean Casualty Co. (Ind.), Cincinnati, Ohio
Interstate Business Men's Accident Co., Des Moines 7, Iowa
*Illinois Commercial News Assn., Chicago, Ill.
Illinois Traveling Men's Health Assn., Chicago, Ill.
Independent Order of Odd Fellows, U.S.A.
*Iowa Adjustment Co.
Industrial Commission, Ohio
*Iowa Farm Mutual Ins. Co.
*Iowa Mutual Liability Ins. Co., Cedar Rapids, Iowa
*Industrial Indemnity Co., San Francisco, Cal.
*Interboro Mutual Indemnity Co., New York, N.Y.
*Iowa High School Insurance Co.
Iowa Mutual Casualty Co., De Witt, Iowa
Industrial Indemnity Exchange, San Francisco, Calif.
Independent Insurance Co., Louisville, Ky.
Indianapolis Life Ins. Co., Indianapolis, Ind.
Jefferson National Life Ins. Co., Indianapolis, Ind.
John Hancock Mutual Life Ins. Co., Boston, Mass.
Kralee Insurance Service, Chicago, Ill.
Kansas City Casualty Co., Denver, Colo.
Keystone Auto Club Casualty Co., Philadelphia, Pa.
Knights of Pythias, U.S.A.
Keystone Mutual Casualty Co., Pittsburgh, Pa.
*Limited Mutual Compensation Ins. Co. (Formerly California Comp. Ins. Co)
Lincoln Mutual Casualty Co., Detroit, Mich.
Locomotive Engineers & Conductors Mut. protective Assn., Detroit, Mich.
*London & Lancashire Indemnity Co. of Am. (N.Y.), Hartford, Conn.
*Lumbermen's Mutual Casualty Co., Chicago, Ill.
Loyal Protective Life Ins. Co., Boston, Mass.
London Life Ins. Co., London, Ont.
*Liberty Mutual Ins. Co., Charlotte, N.C.
*London Guarantee & Accident Co, Ltd., New York and London, Eng.
Liberty Lloyds, Fort Worth, Texas
*Lloyds Guarantee Assurance Co., Dallas, Tex.
*Lansing Employers' Underwriters, Lansing, Michigan

Maccabees, Great Camp for Michigan, Detroit, Mich.
*Manufacturers Casualty Ins. Co., Philadelphia, Pa.
*Maryland Casualty Co., Baltimore, Md.
*Massachusetts Indemnity Ins. Co., Boston, Mass.
*Massachusetts Bonding & Ins. Co., Boston, Mass.
*Massachusetts Protective Assn., Inc., Worcester, Mass.
Metals Mutual Ins. Co., Grand Rapids, Mich.
*Metropolitan Life Ins. Co., New York, N.Y.
Metropolitan Casualty Ins Co. of N.Y., Newark, N.J.
Michigan Mutual Automobile Ins. Co., Traverse City, Mich.
Michigan Mutual Liability Ins. Co., Detroit, Mich.
Michigan Casualty Co., Detroit, Mich.
Michigan Hospital Benefit Assn., Detroit, Mich.
*Michigan Life Insurance Co.
Michigan Surety Company, Lansing, Mich.
Midland National Life Ins. Co., Watertown, S.D.
Mid-America Ins. Co., Detroit, Mich.
*Monarch Life Ins. Co., Springfield, Mass.
Modern Woodmen of America, Rock Island, Ill.
Modern Romans, Manistee, Mich.
*Mountain States Mutual Insurance Co.
Masonic Protective Assn., Worcester, Mass.
*Mutual Creamery Liability Ins. Co.
Mutual Life Ins. Co. of N.Y., New York, N.Y
Mutual Savings Life Ins. Co., St. Louis, Mo.
Maccabees, The, New York, N.Y.
Maccabees, Great Camp of Ohio
Manufacturers Liability Ins. Co., Jersey City, N.J.
Maine Bonding & Casualty Co., Portland, Me.
Madison Co. Mutual Auto Ins. Co., Edwardsville, Ill.
Massachusetts Protective Life Assur. Co., Worcester, Mass.
Merchants Casualty Co., Winnipeg, Can.
Merchants Life & Casualty Co., Minneapolis, Minn.
*Merchants Mutual Casualty Co., Buffalo, N.Y.
Michigan State Accident Fund, Lansing, Michigan
Minnesota Farmers Mut. Cas. Ins. Co., Minneapolis, Minn.
Minnesota Commercial Men's Assn., Minneapolis, Minn.
Minnesota Casualty Men's Assn., Minneapolis, Minn.
Missouri Casualty Co., Clayton, Mo.
Motorist's Protective Assn., New York City, N.Y.
Motor Carriers Mutual Ins. Assn., Des Moines, Iowa
Mutual Protective Ins. Co., Kansas City, Mo.
Mutual Casualty Ins. Co., New York, N.Y.
National Life & Accident Ins. Co., Nashville, Tenn.
National Masonic Provident Assn., Mansfield, Ohio
National Life Benefit Co., Houston, Texas
*National Casualty Co., Detroit, Mich.
National Accident & Health Ins. Co., Philadelphia, Pa.
*New Amsterdam Casualty Co. N.Y., Baltimore, Md.
New England Mutual Life Ins. Co., Boston, Mass.
*New York Casualty Co., New York 5, N.Y.
*North American Accident Ins. Co., Chicago, Ill.
North American Union Life Assur. Soc., Chicago, Ill.
Northern Life Ins. Co., Seattle, Wash.
Norwich Union Indemnity Co., New York, N.Y.
National Mutual Casualty Co., Detroit, Mich.
*National Automobile Assn.
National Accident Ins. Co., Lincoln, Nebr.
*National Benefit Insurance Co. of Des Moines
*National Casualty Co., Indianapolis, Ind.
National Protective Ins. Co., Kansas City, Mo.
National Travellers Benefit Assn., Des Moines, Iowa
*National Travelers Casualty Co., Des Moines, Iowa
New England Casualty Co., Boston, Mass.
*New Jersey Mfgrs. Casualty Ins. Co.
Norodna Hrvatske Zajednica, Pittsburgh, Pa.
Northwestern Life & Accident Ins. Co., Seattle, Wash.
Northern Mutual Casualty Co., Chicago, Ill.
New England Casualty Co., Springfield, Mass.

[Mr. Beyerstein.]

Northwest Casualty Co., Seattle, Wash.
National Mutual Casualty Co., Tulsa, Okla.
National Indemnity Exchange, St. Louis, Mo.
National Lloyds, Baltimore, Md.
New York Printers & Book Binders Mut. Ins. Co., New York, N.Y.
Occidental Life Ins. Co. of N.C., Raleigh, N.C.
Occidental Life Ins. Co. Los Angeles, Cal.
*Ohio Casualty Ins. Co., Hamilton, Ohio
*Ocean Accident & Guarantee Corp. Ltd., New York 16, N.Y.
Occidental Indemnity Co., San Francisco, Cal.
Old Line Accident Ins. Co., Lincoln, Nebr.
Old American Ins. Co., Kansas City, Mo.
Order of Railway Conductors, U.S.A.
Order of Red Men, Georgetown, Ill.
Order of United Commercial Travelers, Columbus 8, Ohio
Order of Railway Employees, San Francisco, Cal.
*Pacific Employers Insurance Co.
*Pacific Mutual Life Ins. Co., Los Angeles, Cal.
*Paul Revere Life Ins. Co., Worcester, Mass.
Penn Mutual Life Ins. Co., Philadelphia, Pa.
Pennsylvania Casualty Co., Lancaster, Pa.
*Peerless Casualty Co., Keene, N.H.
*Permanent Firemen's Insurance Assn.
*Phoenix Indemnity Co., New York, N.Y.
Phoenix Mutual Life Ins. Co., Hartford, Conn.
Preferred Automobile Ins. Co., Grand Rapids, Mich.
*Preferred Accident Ins. Co. of N.Y., New York, N.Y.
Palmetto State Life Ins. Co., Columbia, S.C.
Penninsular Life Ins. Co., Jacksonville, Fla.
*Police & Firemans of Indianapolis, Indiana
Policyholders National Life Ins. Co., Sioux Falls, S.D.
Protective Life Ins. Co., North Birmingham, Ala.
Protective Indemnity Co., New York, N.Y.
Provident Life & Accident Ins. Co. of Chat. Tenn., Chattanooga, Tenn.
*Prudential
Public Service Life H. & A. Ins. Co., Seattle, Wash.
*Pa. Threshermen's & Farmer Mut. Cas. Ins. Co., Harrisburg, Pa.
Pacific Automobile Ins. Co., Los Angeles, Cal.
*Pennsylvania Mfrs. Assn. Casualty Ins. Co., Philadelphia, Pa.
People's Mutual Life Ins. Co., San Francisco, Cal.
Pioneer National Casualty Co., Des Moines, Iowa
Policyholders Mutual Casualty Co., Des Moines, Iowa
Potomac Indemnity Co., Philadelphia, Pa.
Progressive Mutual Ins. Co., Cleveland, Ohio
Protective Association of Canada, Granby, Que.
Provident Accident & White Cross Ins. Co. Ltd., New York, N.Y.
Pullman Company, U.S.
Public Mutual Casualty Co., St. Louis, Mo.
*Puritan Casualty Co.
*Railway Employers Mutual Benefit Ins. Co.
Reliable Life Ins. Co., St. Louis, Mo.
Reliance Life Ins. Co. of Pittsburgh, Pittsburgh, Pa.
Reserve Loan Life of Texas, Dallas, Texas
Rockford Life Ins. Co., Rockford, Ill.
*Royal Indemnity Co., New York, N.Y.
Reserve Life Ins. Co., Dallas, Texas
Republic Mutual Ins. Co., Columbus, Ohio
Ridgeley Protective Association, Worcester, Mass.
*R. I. Mutual Liability Ins. Co., Providence, R.I.
Richmond Beneficial Ins. Co. (Colored), Richmond, Va.
Royal Neighbors of America, Rock Island, Ill.
Security Life & Accident Ins. Co., Denver, Colo.
Security Life & Trust Co., Winston-Salem, N.C.
*Service Life Ins. Co., Omaha, Nebr.
*Security Mutual Casualty Co., Chicago, Ill.
Standard Surety & Casualty Co. of N.Y., New York, N.Y.
State Farm Mutual Automobile Ins. Co., Bloomington, Ill.

Sentinel Life Insurance Co., Kansas City, Mo.
Security Benefit Ass'n., Topeka, Kans.
Selected Risks Indemnity Co., Branchville, N.J.
Seaboard Mutual Casualty Co., Philadelphia, Pa.
*Service Mutual Ins. of Texas
Societee Des Artisans Ins. Co. (French Can.), Montreal, Que, Can.
Southern Casualty Co., Alexandria, La.
Southern Surety Co., Des Moines, Iowa
S.D. Employers Protective Assn., Sioux Falls, S.D.
*State Automobile Mutual Insurance Co., Ohio
State Industrial Commission of Ohio
State Workmen's Insurance Fund of Pa., Harrisburg, Pa.
*State Auto Insurance Assn., Des Moines, Iowa
State Mutual Benefit Society, Philadelphia, Pa.
Standard Mutual Casualty Co., Springfield, Ill.
*Sterling Insurance Co., Chicago, Ill.
*Standard Accident Ins. Co., Detroit, Mich.
Southern Life Ins. Co., Baltimore, Md.
Southern National Ins. Co., Little Rock, Ark
Sun Life Insurance Co., Los Angeles, Cal.
Sunset Casualty Co. of America, Olympia, Wash.
Summit Fidelity & Surety Co., Akron, Ohio
Superior Lloyds of America, Dallas, Texas
Supreme Casualty Co., Milwaukee, Wis.
*St. Paul—Mercury Indemnity Co. of St. Paul, St. Paul, Minn.
Suburban Casualty Co., Wheaton, Ill.
Safety Casualty Co., Dallas, Texas
Service Casualty Co. of N.Y., New York 16, N.Y.
*Texas Employers Ins. Co.
Time Insurance Co., Milwaukee, Wis.
*Transport Insurance Exchange
*Travelers Ins. Co., Hartford, Conn.
*Travelers Indemnity Co., Hartford, Conn.
*Travelers Protective Assn. of America, St. Louis, Mo.
*Travelers Title & Trust Co.
Transit Casualty Co., St. Louis, Mo.
*Tri State Casualty Ins. Co.
Twentieth Century Mutual Ins. Co., Detroit, Mich.
The Gem City Life Ins. Co., Dayton, Ohio
Travelers Protective Association, Kokomo, Ind.
Title Guaranty & Casualty Co. of America, Detroit, Mich.
Texas Indemnity Ins. Co., Galveston, Tex.
Transit Mutual Ins. Co., Boston, Mass.
*Union Ins. Co.
*United Insurance Co., Chicago, Ill.
United Assn. of Journeymen & Steam Fitters, U.S. & Canada
*United States Casualty Co., New York, N.Y.
*United Pacific Insurance Co.
*United States Fidelity & Guaranty Co., Baltimore 3, Md.
United States Guarantee Co., New York, N.Y.
United Casualty Co., Westfield, Mass.
*United Commercial Travelers Assn., Utica, N.Y.
United Mine Workers of America, U.S.
U.S. Letter Carriers Assn., Lancaster, Pa.
U.S. Mutual Liability Ins. Co., Quincy, Mass.
Underwriters at Lloyds, London, Frankfort, Ky.
*Utica Mutual Insurance Co., Utica, N.Y.
*Utilities Insurance Co., St. Louis, Mo.
United Insurance Co., Lincoln, Nebr.
Western Reserve Life Ins. Co., Austin, Tex.
*Wisconsin National Life Ins. Co., Oshkosh, Wis.
Woodmen Central Assurance Co., Lincoln, Nebr.
Wolverine Ins. Co. Lansing, Mich.
Wolverine Mutual Ins. Co., Dowagiac, Mich.
*Western Casualty & Surety Co., Ft. Scott, Kans.
Western Surety Co., Sioux Falls, S.D.
*Woodmen Accident Co., Lincoln, Nebr.
Western Union Mutual Ins. Co., Detroit 1, Mich.
Women's Benefit Association, Port Huron, Mich.
Woodmen Circle, Supreme Forest, Omaha, Nebr.
Woodmen of The World Life Ins. Soc., Omaha 2, Nebr.

War Risk Insurance Bureau of the Treasury Dept. Wash., D.C.
Western Reserve Mut. Casualty Co., Wooster, Ohio
Western States Mut. Auto Lins. Co., Freeport, Ill.
*Whitecross Plan
Wisconsin Casualty Co., Green Bay. Wis.
Wisconsin Brotherhood of Threshermen Ins. Co., Fond du Lac, Wis.
*World Marine General Ins. Co. (Canada)
World Mutual H. & A. Ins. Co. of Penna., Philadelphia, Pa.
Western Travelers Accident Assn. of Cal., Los Angeles, Cal.
*Zurich General Accident & Liab. Ins. Co. Ltd., Zurich, Switzerland

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*Indicates companies whose statistics have been utilized in compiling this brochure.

I also have here a list showing the major industries and governmental agencies to whom chiropractic claims were paid by insurance carriers. If I have permission to do so, I could probably include that list on *Hansard*.

Some hon. Members: Agreed.

Mr. Beyerstein: If I have permission to do that, I will conclude my remarks by urging the minister to take these statistics into consideration especially in providing grants for further study along these lines; also, in the case of a national health plan being advocated, I would urge on the minister that the people should have the benefit of chiropractic services under any such health plan.

The list referred to is as follows:

Chiropractic claims in this survey were paid by insurance carriers of the following major industries and governmental agencies:

American Excelsior Company
American Stones Company
American Vitrified Products Company
Anglo-California National Bank
Arapahoe County Colorado
Armco Steel Corporation
Bank of America
Bell Telephone Company
B. F. Goodrich Rubber Company
Boeing Aircraft
Bettendorf, Iowa, City of
Burlington, Iowa, City of
California Institute of Technology
Calivala Elementary School, Fresno, California
Case Company, J. I.
Columbia County, Ohio
Canada Dry
Canadian National Railroad
Chester, South Carolina, City of
Concord, New Hampshire, City of
Coca Cola
Curtiss Candy Company
Colorado Highway Department
Daval Rubber Company
Dade County, Florida
Derrick Publishing Company
Detroit Edison Company
Edmonton, Alberta, Canada, City of
El Rio Oils, Lmt. Canada
First National Stones
Falls City Brewery
Firestone Rubber Company
Florida Greyhound Lines
Ford Motor Company
Fort Dodge, Iowa, City of

First National Bank of Pasadena, California
Fairbanks Morse Company
Golden Grain Cereal Company
General Iron Works
General Motors
Green County, Iowa
General Baking Company
Grant Stores, W. T.
Gulf Mobile and Ohio Railway Company
General American Transportation Company
Iowa Highway Commission
Inland Paper Board Company
Linn, Kansas, City of
Libby Owen Ford Glass Company
Lisbon, Ohio, City of
Logan County, Ohio
Malleable Steel Range
Moline Iron Works
Manchester Knitting Mills
Minnesota Valley Canning Company
Montana Phosphates Products Company
Mid-Continent Airlines, Inc.
Minnesota Highway Department
N.Y., N.H. and Hartford Railroad
Nunn-Bush Shoe Company
New York Central Railroad
National Biscuit Company
Nutrina Mills Inc.
Oswego, Oregon, City of
Pacific Press, Inc.
Parker Pen Company
Pantex Ordinance Plant, Amarillo, Texas
Penny Company, J. C.
Pacific Car & Foundry
Pepsi Cola Bottling Company
Reo Motors
Rath Packing Company
Reynolds Metals
Rock Island Railroad
Shell Oil Company
Salt Lake, Utah, County of
School Board, Ottumwa, Iowa
Snap-On-Tools Corporation
Solar Aircraft Corporation
Santa Ana, California, City of
Shreveport, Louisiana, City of
Sierra-Pacific Power Company
Seneca Ordinance Depot, Seneca Falls, New York
Standard Oil Company of California
Safeway Stores, Inc.
Sinclair Prairie Oil Company
Studebaker Corporation
Swift and Company
Stagg Beer Company
Skagg Super Markets
Susquehanna Chemical Corporation
Thom McAnn Shoe Stores
Utah Packing Company
U.S. Government (296)
U.S. Army Ordinance Depot
U.S. Bureau of Mines
United Electric Railroad Company
United Engineers of Construction Company, Inc.
U.S. Oil Company
United Gas Company
Victor Animatograph Corporation
Venetian Hotel, Miami, Florida
Western Grocers
Western Auto Stores
Westinghouse
Windsor, Connecticut, City of
Warner Bros. Pictures, Inc.

Mr. McMillan: Mr. Chairman, I want to congratulate those who have taken part in this debate, and more particularly my good friend the hon. member for Lanark for his well-known interest in the sick and the afflicted. I will not deal with the physiology of life or try to tell why we click. I did not know before that my medical confreres were so inefficient.

This is only the second time that I have chosen to enter the debate since moving the address in reply to the speech from the throne. Many subjects have been before hon. members to which I might have made some contribution, but I preferred to leave it to the experts. I do not pretend to be an expert on health measures, but by reason of practising medicine and surgery for thirty years, I think I may reasonably be expected to know something of what goes on in the health department.

I would suggest, first of all, that the department of health might well start at home and give members of this house some lessons in health measures. We all become prisoners to a system whereby we are pent up in this house from nine o'clock or ten o'clock in the morning until eleven o'clock at night. We should all have some leisure time in the evening for reading and for preparing work for the following day. I think it was the hon. member for Peel who said that the hours were inhuman. Certainly our system is not compatible with any rules of health with which I am familiar. We all should commend the Prime Minister, the Leader of the official Opposition and the leaders of the other opposition groups in their agreement to find ways and means in future to expedite the work in this House of Commons. I should also like to commend Mr. Speaker for his interest in the need for improvement of the acoustics of this chamber. Since I have been here many a good speech has been dissipated into the upper realms of space as you could not hear it. That is because our voices lack the volume and the quality necessary in a chamber of this size. The spoken word certainly leaves a more lasting impression; and when this work is finished, the use of *Hansard* in this house at least should be relegated to those who are engaged in research in the realm of words in order to harass and to embarrass their authors.

I should like to commend the minister and the personnel of his department for the fine work they are doing for the people of Canada generally. To my mind health matters transcend party politics, as well they should. Our only differences should be in the amount and degree of health services provided. A critical scrutiny of the estimates should always be welcome so that we can get the most for the health dollar. I will not attempt to enumerate or describe the recent advances in medicine and surgery—I think the hon. member for Lanark described some of these. I will say, however, that many of the effective

new drugs are very expensive and add greatly to the cost of medical care. I would think that the main purpose of the health department should be to see that these new scientific discoveries and treatments are made available to all our people, and to help maintain our health standards at a high level.

In moving the address in reply to the speech from the throne, I referred to the interest I had in the national health program announced in May, 1948. At that time I enumerated some of the main features. The various federal and provincial surveys now being conducted, to my mind, will supply some of the information necessary to evolve a national health scheme of contributory health insurance.

In talking about such a scheme I fully realize that the inauguration and payment of universal old age pensions to those 70 and over, and 50 per cent to those between 65 and 70 will be inflationary, and will have a very considerable impact on our economy. I realize also that health matters, and certainly, more particularly those that apply to patients treated in our general hospitals in the provinces, are under provincial jurisdiction.

I want to thank the Prime Minister for the compliment he paid to my profession here yesterday. I think the medical profession in Canada realizes its responsibilities fully. According to the members of their executive they want to give our people the best possible prepaid medical care. The trans-Canada medical services is really a consolidation of the seven provincial medical services already in existence. They state that they believe they can provide a better and more economical service than can be done by the government when it is government run. I believe this to be the case, because I know that the medical associations have been studying medical economics for some time.

I hear some criticism of the scheme because it is being run by doctors. Some people also say that doctors are poor businessmen. That may be so, but I think they can run a good scheme. I think the system should be on the fee-for-service basis, for we want to maintain the basic freedoms and a high standard of medical services in Canada. In any event, I think it should be studied, and I am certainly in favour of the most economical system. The trouble with the scheme at the present time is that the membership is limited. You can become a member only if you belong to a group. Self-employed persons and individuals cannot join. I feel that these details will be corrected in time.

This scheme is much more ambitious than the one I had the temerity to propose last January. I talked about a contributory plan for the major medical expenses. This plan is much more inclusive and should receive the study of all members of this government, because expenses incidental to sickness are the last major element left in the feeling of insecurity of our people.

In suggesting some type of contributory health insurance in January I had in mind that many schemes were in force, but they all had some drawbacks, and I will give these quickly, and that will be all.

(1) For the most part they are sold to groups, and as such are not easily available to a large majority of our people.

(2) Most of them have limitations as to the amount of benefits and the length of time they may be received.

Mr. Benidickson: The age of sickness.

Mr. McMillan: Yes.

(3) They do not present a true picture of the cost of medical services, because those admitted are reasonably healthy, since they are engaged in production.

(4) Many schemes terminate at the time of, or soon after, the termination of employment. I think this is important.

(5) There is no uniformity of coverage. This can militate against the labouring man. I have known men to remain in one place of employment instead of taking more preferable employment because of the better medical and hospital coverage where they are.

(6) I have been told by employers, for instance, that they would not hire men over 50, and prefer not to hire men older than 40, because of the higher premium for medical and insurance coverage necessary for a higher average age group. I am convinced that we should encourage the employment of the older age group. Most people are much happier and healthier when they are employed. Discontent, sickness and misery are often early manifestations of the idleness of retirement. We would be making a fatal mistake to have all our taxation fall on too narrow or contracted an age group of our people. It would bog down our economy. We should rather always try to broaden that age base for a better economy and for happier Canadians.

Item agreed to.

267. Administration of the Food and Drugs Act, $815,446.

Mr. Knowles: The minister will recall that earlier in this session I asked him questions about brown bread. My questions were based on news reports to the effect

that a nutritionist in Montreal had made a statement that a good deal of the brown bread being sold was really white bread dyed brown. When we got to discussing the matter, partly through questions on the orders of the day, and I believe at one time on supplementary estimates, I made it clear that the use of the word "dyed" did not imply that any unhealthy elements were being put into bread, but rather that purchasers of bread were being deceived. The deception lies in the fact that most people who buy brown bread think they are getting whole wheat bread. I understand that when a loaf of brown bread is wrapped, if it is labelled "Canada approved" it has to have a certain content of whole wheat flour. But if the loaf of brown bread is not so labelled there are no provisions in the Food and Drugs Act requiring that there be any particular content of whole wheat flour.

On one of the occasions when this matter was under discussion the minister was good enough to let me know that the matter was being considered. I took it from what he said that consideration was being given to the question of whether or not the regulations under the Food and Drugs Act could be revised to take care of this matter. Can he tell me whether—

Mr. Martin: I can tell the hon. member right away.

Mr. Knowles: —consideration has been given to the matter and whether there has been any result.

Mr. Martin: I need not spend much time on this since my hon. friend has said everything that needs to be said about it. We have given consideration to revision of the Food and Drugs Act, and as I told him at the time, I hoped that it would be possible to deal with that matter, but I could not give any guarantee. The bill is completed and would be ready for introduction but for two features that we are discussing with the trade and with certain of our scientific consultants. This particular matter is one of those. It is not an easy one. In the fall I would be in a position to bring in amendments to the Food and Drugs Act, and we will see at that time whether it contains this provision or not. That will depend upon discussions still taking place.

Item agreed to.

269. Administration of the Opium and Narcotic Drugs Act, $159,914.

Mr. Blair: I see there is an increase in the amount of money to be spent in the administration of the act.

[Mr. Knowles.]

Mr. Martin: A decrease of about $10,000.

Mr. Blair: In view of disturbing reports in the press about addiction to narcotics among children in the United States, particularly New York, will the minister make a statement as to whether anything like this is happening in Canada, or has it come to the attention of the Department of National Health and Welfare that addiction is growing in this country?

Mr. Martin: We have been watching for it. We have no indication that it is true in our country, but we are certainly not relaxing our supervision in that particular matter.

Item agreed to.

Indians and Eskimos health services—

270. Operation and maintenance, $9,875,630.

Mr. Bryce: What progress is being made in connection with the hospital at Norway House? Although it is not in my constituency, I am interested in it. How many new hospital stations have been built in the north country since the last estimates were before us?

Mr. Martin: I know the hon. member knows a good deal about Norway House. We have an item of $500,000 in the estimates for the construction of a fifty-bed hospital at Norway House. The hon. member may be assured, as I have assured him privately, that we are anxious to see the construction there as quickly as possible. The hospital at that point is very old, and we would have replaced it earlier but for the fact that our program of hospital construction envisaged building new units in places where there were no units at all. We have reached the point now where we have met that aspect of our program and, as I have indicated, we are now able to give attention to such things as Norway House.

The hon. member has asked for a general picture of the progress made. As he knows, in addition to our 18 hospitals—those at Qu'Appelle, at Nanaimo, at Coqualeetza and the Charles Camsell hospital are the major ones—we have 29 nursing stations and 49 health centres. We are making a real inroad into this problem of Indian health, one of which the people of Canada have every reason to be proud. This is largely due to the fact that we have been able to hospitalize t.b. patients among Indians, whose incidence of tuberculosis is so high.

As an indication of this perhaps it would be well if I were to place on record a brief statistical review with respect to the tuberculosis death rate in our country. This death rate has dropped 31 per cent in four years. For each one hundred thousand of population

the Indian t.b. rate in 1946 was 579·1; in 1947, 549·8; 1948, 480·1; and 1949, the last year for which the figures are available, 399·6. This shows the tremendous reduction in the incidence of this disease, and this reduction is largely attributable to the increase of hospital service being provided from one end of the country to the other.

Among the white population the incidence of deaths from t.b. per one hundred thousand population was: in 1946, 41·9; 1947, 38·2; 1948, 32·4; and 1949, 26·7. The hon. member will see that the reduction in the t.b. rate among Indians is not as great as among the white population. That is due largely to the fact that the campaign against tuberculosis among the white population was begun at the close of the first great war, and took effect at the two levels of government. A real attack was made on the disease. It is only within the last short space of time, less than a decade, that we have accelerated the campaign against t.b. among the Indians. Last year, for instance, out of the population of 133,000 Indians we X-rayed almost 72,000. That indicates the extent of the service being provided, and is in great measure responsible for the showing I am able to report.

Mr. Bryce: Is it the intention of the department to build more nursing stations? Are they a big help in getting people to other hospitals? What progress will be made at Norway House this summer, so far as the hospital is concerned?

Mr. Martin: It is hoped that we will make good progress this summer. It is our objective to make considerable progress before the autumn.

Mr. Bryce: Are more nursing stations to be established in the far north?

Mr. Martin: Yes; that is part of our campaign, to the extent of our ability to provide personnel and the necessary funds.

Mr. Harkness: The minister has indicated considerable progress in the last three or four years in looking after the health of Indians. That is satisfactory to everyone in Canada who has had any experience with the native population. I was somewhat disturbed in looking over the details of the estimates to see that the number of people on the staff in the Indian affairs branch has been reduced by thirty-four.

Mr. Martin: They were thirty-four positions that had not been filled, junior positions having nothing to do with the health services work.

Mr. Harkness: I was hopeful that that was not an indication that the work was slackening off, so far as the health of Indians was concerned.

Mr. Martin: My hon. friend may be assured of that.

Mr. Harkness: While the minister's figures indicated that there has been an improvement from 579·1 per thousand in 1946 to 399·6 in 1949, nevertheless the rate is very high—about fifteen times as high as that among the white population. So long as we have a rate among the Indians fifteen times as high as that among the white population it indicates that a great deal more must be done in trying to stamp out this plague among the native population. The minister said that about 72,000 Indians have now been X-rayed. I should like to ask what arrangements have been made or what is being done in the current year to have the remaining Indians X-rayed for t.b.?

Mr. Martin: We are going ahead with our mobile clinics and we have provided additional equipment in areas where it was not in existence. We are making arrangements in some provinces for X-rays by local hospital units and by local practising physicians. Our aim is to have every available Indian in Canada X-rayed before the end of 1953. I have asked my officials why that cannot be done by the end of 1952, but I am told that that is the objective toward which we must work. That does not mean that it is going to be easily reached, but my hon. friend may be sure that we intend to pursue this with the vigour which I think he will admit has characterized the activities to date of the Indian health division.

Mr. Harkness: I am glad the department is pressing ahead with this, but after all 72,000 is just about half the Indians in Canada. It seems to me that more rapid progress could have been made. Large numbers of these Indians must be in inhabited areas which are fairly accessible, and it would seem that a little more intensive work would get things done much more rapidly.

Mr. Martin: It could not be more intensive. For instance, all the Indians in the settled areas in Alberta have been X-rayed, and that is true pretty well all over. No effort will be overlooked, I can assure my hon. friend.

Mr. Harkness: More than half of our Indians live in comparatively settled areas, but only half of this work has been done. I presume some of them live in the more uninhabited areas. I notice from the details that there are twelve positions which are not being filled because the item reads, "Less-flat decrease (Moose Factory hospital)".

What is the meaning of that particular item and what is the present situation in regard to the Moose Factory hospital?

Mr. Martin: That was just a flat decrease in 1950-51. The hospital at Moose Factory is completely occupied; there are 153 beds with 153 patients. We had difficulty getting staff and other personnel, but I am sure the results there will be manifest.

Mr. Harkness: What does the flat decrease refer to?

Mr. Martin: It was a decrease in the estimates of last year.

Mr. Harkness: Apparently twelve people at Moose Factory were provided for in the estimates but are not provided for this year, which accounts for a decrease of $24,960.

Mr. Martin: No, it was a decrease in 1950-51 only.

Mr. Harkness: Why this decrease of twelve in the staff?

Mr. Martin: We did not need them last year.

Mr. Harkness: There must have been an overestimate to begin with when the hospital is filled to capacity.

Mr. Martin: There was. You cannot estimate things exactly.

Mr. Harkness: A considerable number of doctors, nurses, cleaners, helpers, ward aides and housemaids are covered by this item. Could the minister state how many Indians are employed in these positions?

Mr. Martin: I cannot give the exact number, but we are endeavouring in the main to employ Indians in certain kinds of posts. Obviously there are posts where that cannot be done. We do not succeed fully, but to the extent that it is possible, that is our objective.

Mr. Harkness: Can the minister give an estimate of how many Indians are employed?

Mr. Martin: Offhand I cannot, but I will provide the information before the estimates are over.

Mr. Harkness: I ask that question because in the past, in both the health branch and the Indian Affairs branch, there have not been anything like the number of Indians employed that could have been employed or should be employed. That is a situation which I hope will be corrected and that is why I am anxious to get the figures.

Mr. Martin: I agree fully with the hon. member.

Mr. Harkness: There is an item of $4,730,000 covering hospital, doctors' and other professional and special fees. Apparently this is in addition to the considerable number of doctors and other people who are regular or part-time employees of the department.

Mr. Martin: This item is required to pay the accounts of more than 700 hospitals and 800 doctors, dentists, nurses and other persons providing treatment or other care and attention to sick Indians and Eskimos. The increase is due to the fact that expenditures in the last six months of 1950-51 amounted to $2,300,000 and it is anticipated that this rate of expenditure at least will continue for this year. As my hon. friend knows, the main job of looking after Indian help is not done here at the centre where we have a relatively small administrative personnel. It is done by our full-time personnel in the hospitals and nursing units throughout the country, and in addition we rely upon assistance in many hundreds of localities, as I have indicated, from doctors who work on a fee per person basis in treating Indians.

Mr. Harkness: You have listed 54 part-time physicians, in addition to some 50 odd regular medical officers. Then there is this other large item for doctors' and other professional and special fees. I assume that those are fees to doctors who are not on the part-time staff?

Mr. Martin: That is right.

Mr. Harkness: And dental and hospital fees for Indians treated in hospitals apart from the Indian Affairs hospitals?

Mr. Martin: I might tell my hon. friend that many hospitals are not satisfied with our payments. Some of them feel that the per diem rate is not sufficient and we are having controversy over that matter. I am trying to meet it within the budget at my disposal. If it were not for that, I am afraid the amount would be considerably larger.

Mr. Harkness: I do not want to leave the impression in the mind of the minister or anyone else that I am complaining about the amount. I was merely trying to find out what the explanation was.

Mr. Blair: During the spring many of us had the opportunity of making a trip to Churchill and visiting the hospital there and I feel the time has come when an opposition member should advocate an additional expenditure. I was much impressed with the work being done in the army hospital there where they were trying to treat Eskimos and Indians. I feel that that hospital should be rebuilt and I would advocate some arrangement being made between the Department of

National Health and Welfare and the Department of National Defence to provide new hospital accommodation. A survey of the number of Indians and Eskimos in the vicinity would probably show that a combined operation could be carried on and it might be that a wing could be erected or a new hospital provided for these people.

I think all hon. members who visited there must realize that a new hospital would be desirable, not only for the defence forces stationed there but for the many Indians and Eskimos. Therefore you have the peculiar thing of an opposition member advocating expenditure, but I never feel it should be considered an expense. I feel that it would be money well expended and would bring returns.

Mr. Martin: My hon. friend was kind enough to mention that to me some time ago, and we are looking into it. As he knows, many of the existing hospitals we have are institutions that were used by the armed forces during the war which we were able to get for a reasonable consideration, and which now form an important part of our hospital chain throughout the country.

Mr. Bater: I wish to take a moment to say a few words on this item of operation and maintenance of Indian and Eskimo health services. I want to take this opportunity to pay a tribute to the minister and his staff for the increased medical care and hospitalization that our Indian population is now getting. Last winter I had the opportunity of going through the Indian hospital located at the airport at North Battleford. I was escorted through the institution under the guidance of Dr. Head, the capable superintendent in charge. I was shown up-to-date equipment and was escorted through the various wards. I should like to mention the matron, Miss J. M. Morton, R.N., a 1936 graduate of the Regina general hospital. She also served overseas as nurse lieutenant for some two and a half years during the last war, and after serving at the Prince Rupert Indian hospital came to North Battleford some two years ago.

I was informed that more than 1,400 patients have passed through the hospital since its inception. Of this number some 145 were major surgical cases. There were 125 babies delivered during this period including one set of twins, and also 1,000 out patients were treated. Before taking my seat I should like to mention the work and skill of one of the nurses working under Nurse Morton. I wish to refer to Martha Soonias who was born on the Red Pheasant reserve, educated at Saskatoon and later took a mothercraft course in Toronto. After a post-graduate course in New Zealand, where she qualified as a registered midwife, she served for a time on the staff of St. Helen's hospital, Wellington, New Zealand. She returned to Canada in January, 1948, and joined the staff of the Indian hospital then being assembled there. I should just like to say that I consider that great steps forward have been taken in recent years by this department for the care and treatment of our first Canadians.

Mr. Harkness: When I was making a few remarks about tuberculosis I forgot to ask one question. To what extent do the hospitals of the department look after tubercular Indians who need hospitalization? In other words, how many tubercular Indians are there, if any, who cannot be accommodated in these hospitals?

Mr. Martin: To the extent of our facilities every Indian who is suffering from tuberculosis in such a way that he requires that kind of attention is either in a nursing station or in one of our own hospitals. We endeavour to keep them in the nursing stations only for the minimum period before transferring them to our own hospitals. In very many instances, notably in the province of Ontario where they have an excellent system of sanatoria, Indians are quartered in those places, but to the extent that our facilities will permit there is no Indian suffering from tuberculosis and needing hospitalization who is not getting it.

Item agreed to.

Indians and Eskimos health services—

271. Construction or acquisition of buildings, works, land and new equipment, $1,609,000.

Mr. Harkness: Will the minister tell us what hospital construction is going ahead this year? I presume if there is any it is under construction now inasmuch as we are well into the building season.

Mr. Martin: We are providing for an addition to our hospital at Fort Qu'Appelle of some fifty beds, the construction of a modern hospital at Norway House, to which the hon. member for Selkirk has already directed my attention. We are engaged in the restoration of the fire damage at our hospital at Coqualeetza in the riding of the hon. member for Fraser Valley, which unfortunately took place a short time ago. We are providing for the repair of the staff quarters of the Charles Camsell Indian hospital at Edmonton, which is our largest hospital having some 453 beds. Undoubtedly my hon. friend knows about it. Then we are providing for a doctors' residence at the Fisher River Indian reserve. I might say I have encountered some reluctance in securing authorization for these physicians' residences, but

there are some cases where you simply cannot get medical help unless they are provided, and naturally so. That is the program of construction envisaged at the present time.

Mr. Harkness: I take it that this is all a matter of finishing construction which was started last year, and that there is no new construction with the possible exception of this residence.

Mr. Martin: Norway House is new.

Mr. Harkness: It was not under construction last year?

Mr. Martin: No.

Item agreed to.

277. Hospital design and consulting service, $24,286.

Mr. Herridge: Can the minister say how many are employed in this division, what work they are doing, and whom they advise with respect to hospital construction, and so on?

Mr. Martin: There are five people engaged in that division, which I believe is a very useful one. I should like to pay a public tribute to the director of the division who was offered a job in Ottawa by the architects of Canada at a salary $3,200 more than the maximum his present position carries. In this instance, knowing all the circumstances, it was out of a sense of clear public duty that he has continued in this post. When the opportunity comes to pay tribute to public service of that type I think one should not hesitate to do so, and I have done so in this house today because he deserves it. Naturally he plays a very big part in the development of our national health program, particularly with respect to our hospital construction campaign. Over the last two and one-quarter years we have collaborated with the provincial governments in providing nearly 30,000 additional hospital beds in Canada. That is an achievement which I am sure Canada will note with the greatest measure of satisfaction. This particular officer plays a great part in assisting local bodies in the designing of hospitals, in saving them money and providing efficient operation. He is able to do so because of his exclusive experience over the last five years in hospital design work. He has a staff of five. I may say that his staff is not large enough and we have had to rely upon assistance from other departments. That we have done. I cannot speak too highly of this division.

Mr. Herridge: I am very glad to hear the minister say that. I raise the point particularly because I am all in favour of the good work being done by officials of this branch. However, the cost of hospitals is a very serious thing to the people of Canada, and in particular to the people of British Columbia. Here we have a department in Ottawa dealing with hospital design. The provincial governments have departments dealing with hospital design. Then when you come to build a hospital you have to pay an architect a percentage of the total cost.

Mr. Martin: I do not believe there is one provincial government that has a hospital design division.

Mr. Herridge: Pardon me, they may not be termed hospital design divisions, but in British Columbia there is an architects branch which advises in the construction of schools and hospitals. Then when a local hospital board comes to build a hospital they have got to employ an architect and pay a percentage of the cost to him. Personally I should like to see the federal and provincial governments carry this right through in order to save the taxpayers money and provide supervision in construction.

Item agreed to.

278. Mental health, $50,610.

Mr. Carroll: Would the minister say what co-operation there is between the provincial mental health departments and the federal department? I was also going to ask the reason for the decrease in this item this year.

Mr. Martin: I was going to say there is no decrease; I was thinking of the mental health grant item, on which I wanted to say a few words, and I might as well do so right now. The decrease in this item, however, is not indicative of any lessening of our efforts to do something about mental health. It results from the fact that we have eliminated some of our public information items in the field of mental health, to the extent of about $35,000. This is part of our program of public information that was conceived some time ago, and this year we are not going ahead with some films and some literature which we and the provinces have agreed are not necessary just now. In view of what the hon. member for Lanark said in his excellent statement I want to reassure him and all hon. members that we regard this problem of mental health as one of our most serious challenges, and I think we are meeting it.

The biggest single grant we have in the national health program is for assistance in mental health. As hon. members have noted, more than 50 per cent of our hospital beds are occupied by patients who suffer from mental ill health. This is a challenge we have to face. It is not a problem peculiar to

Canada; it is true of other countries as well. The causes are perhaps controversial, but they exist. We have embarked upon a program, and I sometimes wish I had time to really go into detail and tell the house what is being done. It is not simply because I am the minister; I am sure no body of public servants in the government of Canada is engaged in greater work than the officers of my department working in this field of health, particularly in mental health control. When I think of what the national health program has done in this field alone I feel that I may have been amiss in not bringing home these great achievements.

We have moved from a policy of mere custodial care into actual treatment. Perhaps I misunderstood the glance of the hon. member for Winnipeg North Centre, but I assure him that is of the utmost significance. The result is that today we see people leaving our institutions who a decade ago would have been kept there for years. That is due largely to the sort of therapy which is being provided at federal expense in order to supplement the great work being done by the provincial departments of health. The training of occupational therapists is under the national health program, and they go into institutions in the provinces, many of which formerly could not afford them. The results are phenomenal. But we are not stopping at that; we are engaged in a program of prevention. We now have thirty-nine mental health clinics in Canada as a result of this program, by which we hope to relieve many people of the necessity of going into mental institutions, by getting them in the earliest stages and treating them in their local communities. One such clinic is located in my own city, and when I mention that I hope no one will think it was put there because I happen to be in charge of this department; I mention it by way of illustration. By arrangement with the province that was thought to be one of the centres where such a clinic should be established. There is one in Cape Breton, as another example. Last year, to use the figures for the clinic in my own city, over 1,000 children went through it. The psychiatrists, psychologists and social psychiatrists are paid out of funds provided by the national health program. The consequences to this nation of that kind of treatment I am sure will be of the greatest significance in the future.

The hon. member for Lanark quite properly pointed out the importance of research in this field. I can tell him that I am not satisfied with the progress we have made. Largely because of deficiencies in trained personnel, and not through any lack of desire to do something, the provinces have not been able to use as much of the mental health grant as is available to them now, and I hope steps can be taken by the provinces to make full use of it. I know we have helped provide over 3,000 trained persons under this program, a good number of whom will find their way into the provincial mental health divisions so they will be able to take up this work. Research is very important, of course, and I give as an example the work being done by Dr. Ewen Cameron in Montreal. There we have given about $340,000 for research alone. We also assist the university of Montreal in its research in the field of psychiatry; we assist the university of Toronto. As my hon. friend said, this is a field in which the nation's resources may be well spent. He can be sure that if there is one field in which we are trying to provide direction and vigour, this is it.

Item agreed to.

281. Health insurance studies and administration of general health grants, $72,409.

Mr. Blair: Since the flurry we had about health insurance I have had an opportunity to read the evening newspaper, and the question of a health insurance scheme has been taken up by the Canadian Medical Association. I have not full information, but I believe they will make an honest attempt to do a good job. In the evening newspaper I notice two or three things that association is attempting to do, some of which strike me as very important. I do not know whether the minister will agree with the first one I am going to mention. This is an interview with Dr. McNulty, who said the government would be asked to pay the full cost of premiums of some sections of the population. The second point made is the free choice of doctors; and I was particularly taken with this statement:

> It will protect the public and at the same time keep Canada's medical standards high.

Another point with which I was particularly pleased was the fact that they are working for reciprocity as between the provinces. I am sure this scheme will have a great deal to commend it, and that out of it we may be able to develop a great plan to cover the whole country. There may have to be additions, subtractions and changes, but I think we will all look forward to this plan in view of the fact that it is put forward by the doctors themselves, who I feel should be capable of dealing with this situation. For myself I will await full details with a great deal of interest.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Knowles: Earlier today, Mr. Chairman, I had the privilege of paying a compliment to the hon. member for Lanark. It was a compliment that I was only too happy to pay, but I must now say that I cannot agree with the comments he made just before six o'clock. The hon. member made reference to reports in the press of today to the effect that the Canadian Medical Association is apparently going ahead with a private plan for prepaid medical care. If I understood the hon. member for Lanark correctly, he indicated that he had not seen all of the details of this plan and therefore did not wish to make a final commitment, but that in general he thought it might be a good idea.

Yesterday I had occasion to express my views with respect to this proposal. I did so because of a question and answer on the orders of the day yesterday morning. I made it clear last night that I felt that the whole question of health insurance should come under the aegis and under the administration of the governments of this country, recognizing that in the last analysis it will involve co-operation between the federal government and the governments of the various provinces. I feel, however, that it is extremely important that we get a statement from the Minister of National Health and Welfare with respect to this matter. He might say to me that another statement from him is unnecessary because of commitments he has made in the past to the principle of a program of health insurance for the people of Canada. But in view of this development at the meeting of the Canadian Medical Association I think it is timely that the Minister of National Health and Welfare have something to say on this matter tonight.

One of the comments in the press with regard to this proposed plan is to the effect that the doctors would handle it under their own autonomous powers and that those who could afford to do so would pay their own premiums, but that the federal government would be asked to make contributions to the fund on behalf of those who could not afford to pay their own premiums. It seems to me that that is a case of this fine group of men, to whom I also paid a tribute this afternoon, getting out of their own field.

I have the highest respect for the work that doctors do in the field of medicine. I have personal reason to say that. I do not detract from it in any way. I am also extremely conscious of the great amount of work that doctors do for patients for which they get no pay. I do not want to speak in language that would seem to make comparisons, but I am particularly aware of the way in which the doctors in my own city of Winnipeg carry on with respect to that phase of the matter. But when it comes to health insurance, when it comes to a plan to make possible the pooling of the costs of medical care, I am just as convinced as I believe is the Liberal party—judging from its official platform—and as I believe is the Minister of National Health and Welfare, that this is a matter that should come under the administration of the governments of this country.

For a number of years on the minister's estimates I have had occasion to prod him with regard to this item for health insurance studies. I am glad to note that the amount asked for has been increased a bit year by year, and that this year the amount asked for is greater than ever. I feel that it is particularly timely—indeed it is now urgent—that some action should be taken in the field of health insurance. From the newspaper reports it looks as though the aim of this plan proposed by the doctors is to head off what is referred to in the Ottawa *Journal* as socialized medicine. Even if there are some things about the doctors' plan that are good, it surely must be recognized by anyone who looks at it closely that it could be the enemy of something a great deal better.

We are spending money to provide for health insurance studies. The Liberal party is committed to the principle of health insurance. I need not go into the details about that again, for last night I read from what Mr. King had to say about that question at the Liberal convention of 1919. I also read from plank No. 11 which was adopted at the Liberal convention of 1948. I also read a statement made by the present Prime Minister in a national broadcast in December, 1948. The official position of the Liberal party is clear. I believe the position of the Minister of National Health and Welfare is clear. But what is lacking is action. We keep on asking questions and getting answers that mean nothing. We go on voting money for health insurance studies. But as yet we have not any real program of health insurance.

I should be happy if the minister would comment in general on the question of a health insurance program; and if he cares to do so, I should be glad if he would express any views he has with respect to the plan which has been reported recently in the press.

Mr. Croll: Mr. Chairman, I was absent when the discussion took place earlier in the day. I happened to be at a committee meeting. I was not present when the

original flutter took place. May I say at once, in order to make it clear, that I am unalterably opposed to socialized or state medicine where the medical services, the workers and the doctors are state-controlled. I do not wish to see the relationship between the doctor and the patient destroyed. But I am in favour of a government-sponsored health insurance plan. We as a party are committed to an all-embracing social security program which included a health insurance plan, with special emphasis on medical, dental, surgical and hospital services. The Canadian people have for a long time demanded it and are expecting it. They are not as impatient as some people would indicate, but nevertheless they are expecting us to produce such a plan within a reasonable time.

The Canadian Medical Association have some plan of their own, and one of their spokesmen today said that prepayment medical schemes of the Canadian Medical Association will provide Canadians—and these are the words to which I direct attention—"with a better alternative to government health insurance." So far as I am concerned there is no alternative to government health insurance. Whatever they can do, we as a government can do better, cheaper, more satisfactorily, more uniformly and more in the public interest.

Mr. Fulford: Is that the experience of Great Britain?

Mr. Croll: I think you will find that that is the experience in Great Britain. They are very well satisfied with it. As a matter of fact all the political parties in Great Britain support the health plans there. There is no political difference of opinion in Britain on the health plan, and there certainly is not any difference of opinion amongst the people. Originally there were some difficulties, which we are trying to profit by in Canada, by such actions as are taken by this government and the present minister in building up hospitals, facilities for training nurses and medical research of various kinds. At the appropriate time we will be able to go into a scheme on a fairly prepared basis.

I have no objection to the present voluntary medical schemes. I think they are good. In time I think they will provide us with valuable information for the development of our own national health scheme.

There can be no denial that the medical services today are woefully inadequate in this country, and the price for medical care in the market place is too high. We in this House of Commons must in some way find an answer to this problem. I do believe that medical care must come as a right and not as a dole. When we speak of over-all coverage we, the government of Canada, have more experience with respect to that than has anyone else. We have considerable experience in administering family allowances; we have considerable experience in administering old age pensions and unemployment insurance. There is not a body in all of Canada that has more experience in administering over-all coverage than have we in this House of Commons. In my short experience in this house I have come firmly to believe that our top civil servants in the government have as much administrative brains as has any other group in Canada. I think our duty is to study and to explore and to find a solution to the financial riddle that lies at the heart of Canadian health.

I picked up some figures today having to do with the health of this country. I find that from 15,000 to 20,000 die yearly of ailments which could be cured or prevented by timely medical care; that a third of the people of Canada do not have the services of a family doctor, and wait too long before seeking medical care; and that only 20 per cent of the people of Canada are able to afford all the medical care that they need.

I think the Canadian Medical Association could well devote itself to building up the voluntary services across Canada; there is a great field there. But when they say—and I quote from the press—"We expect to give better service to the public than any government-sponsored scheme," then they are making a direct attack upon the plans that we have in mind and have had in mind for some time. They are confusing and misleading the public.

We are committed to a national health insurance plan. There can be no retreat from that. It is eminently clear to me that a national health plan is the very best medicine that money can buy. I do not want to hold up the committee, but I want to say this to the minister. The government, and he particularly, have been laying a very solid foundation for health insurance in this country. Their grants to hospitals, their inducement to building hospitals, their grants to health studies show that they have consistently attempted to create a situation that will make it possible for us to bring into being some day in the foreseeable future a national health plan which the people of this country are asking for, something that is in keeping with our all-embracing social security program. We had an example of it here today when hon. members from all sides of the house attempted to get on their feet as quickly as possible in order to give praise

to a measure which was introduced by way of a resolution dealing with old age pensions.

I assure the minister that the health insurance program which the people of Canada have in their minds is equally important as the old age security program, and is expected by the people of Canada in a similar way. We should not disappoint them. I re-emphasize that the Canadian Medical Association is doing fine work, and should continue carrying on its voluntary work; but in so far as a national health plan is concerned, that is our job of work. They ought not to anticipate that they will ever take that over. If there is going to be any taking over, it will be done by us and not by them.

Mr. Blair: I find myself in agreement with some of the things that the hon. member for Spadina has said, but there is also a considerable part of his speech with which I cannot find agreement.

I think this action was taken by the doctors because they realized that something should be done about it. Personally, I have been advocating health insurance here for years, and as I mentioned this afternoon I saw the necessity for it. But I think the thing that was disturbing the Canadian Medical Association was their fear that under some scheme brought in the patient-doctor relationship would be disturbed. That is one thing on which they feel very strongly.

So far as the remarks of the hon. member are concerned, I wonder just what he meant when he said that the cost of medical care was too high. Surely, as a barrister, he did not intend to reflect on the fees charged by the medical people. I think what he meant to say was that the cost of hospital care and the cost of sickness have now gone beyond the reach of a great many people in Canada.

I do not think that any care for the sick can be a success in Canada unless you have the full co-operation of the Canadian Medical Association. It has taken them a long time to come to agreement on this matter, to come to agreement on certain things such as the matter of reciprocity between provinces. And when they brought forward this scheme it probably was in revolt against state medicine as administered in Great Britain.

A great deal of good may be accomplished by any form of plan; and, as I said this afternoon, I am not going to pass judgment on this plan until I have seen the whole plan and have had time to pass on it. But I assure you, sir, that a body of men like the Canadian Medical Association are conversant with conditions in Canada. It is not so easy to come forward with a plan which would be a success in Canada. Our population is widely distributed, and there would be problems arising from the geographical distribution of that population.

A great deal is being done free of charge at this time by the medical people in the outdoor departments of the hospitals, and I am still proud to say that the medical men have never hesitated to attend patients, whether they were able to pay fees or not. But when I find the Canadian Medical Association producing a plan, I am convinced it has not been done without having been first given a great deal of deliberation. I know they have discussed this matter for some years. They realize something should be done. They know the costs connected with running their hospitals, and they are familiar with the fact that almost all hospitals are running in the red. They realize, too, that there is need for treatment of a great many people in Canada who have not the opportunity for treatment. Therefore I suggest that before criticizing this plan it should be thoroughly investigated—because I am convinced no group of doctors representing the whole of Canada would bring in a plan made for the purpose of forwarding their own interests. I am sure the hon. member for Spadina will change his view when he sees some of the suggestions brought into the plan. Personally I have so much faith in the members of my own profession and in the deliberations that have taken place that I am content to wait. I think this will be a worthwhile plan, and will be of advantage to the citizens of Canada.

Mr. Knowles: Will the minister comment on this matter?

Mr. Martin: This matter is one of some importance, and I had intended to say a word or two about it. With regard to the particular scheme that has given the discussion current interest, I think it is important not to attribute to it something that the doctors themselves have not attributed. Naturally over the course of many months I have had the opportunity of discussing this and many kindred problems with the medical profession.

Let me say at the outset that since I have been Minister of National Health and Welfare I have been inspired by the public spirit of the Canadian medical profession, and have recognized it as a profession that has rendered great service to humanity, and wishes to continue to do so. I feel that anything I say tonight should be prefaced with the observation that, no matter what scheme is envisaged to meet this social problem, it cannot succeed unless there is a great measure of collaboration between the medical

profession on one hand and governments and voluntary agencies on the other. It is in that spirit that I have approached my task, and it is in the same spirit that I have been received by the medical profession. As I have so frequently said in public, in any studies this government makes of this problem it will never embark upon a scheme that will disturb the very important doctor-patient relationship which I think good experience will indicate is very essential in any free society.

That has not been the case in other places; and where it has not been the case the result has been that schemes have been prejudiced and retrenchments have had to be resorted to, with the result that patterns created many years ago have been curtailed or destroyed as a result of extreme action. I think the thing to do in this problem is to realize that what is important is that a job be done; we can all argue in a free society that a job can be done better by one group or another, but the important thing is not who does the job, but that the job be done.

I have looked at this problem, and looked at it intensely for four and a half years, and it seems to me that those are the cardinal principles. I do not believe that anything that has emanated from the Canadian Medical Association, or from those who would take what might appear to be formally opposite views, is in disagreement on those points.

First, as to the scheme about which questions were asked yesterday of the Prime Minister, and about which so much has been said today, it is important to realize what has been discussed by the Canadian Medical Association. That was a scheme to induce various prepaid medical and hospital care plans across Canada to get together in order that they could sell a single insurance package to national agencies such as the banks, the railways and so on. There are in various provinces different programs involving different standards of fees, different coverage and differences in the number of agencies having to do with prepaid medical care. Obviously in these schemes that arise out of provincial charters based upon the supremacy of provincial parliaments in the field of property and civil rights, there is a lack of interchangeability between the operations of these prepaid medical plans as between one province and another, or between all provinces. And it is not unnatural that to the extent that these programs go, there should be a desire to provide for national coverage.

Rather than indulge at this stage in a criticism of the proposed scheme, as though it were an effort to supplant particular objectives that have been declared to be the political objectives of various groups, one should look upon it, as I believe and know it to be, as a real and sincere attempt on the part of the medical profession to meet a problem which they recognize, just as we do.

These prepaid medical schemes have an admittedly limited coverage. They do not cover all phases of the problem. In most of these particular prepaid medical schemes hospitalization is not included. Blue Cross does cover hospitalization; and I presume that if this proposed plan were ever to be realized there would have to be an integration of a program of that sort with these other prepaid medical plans.

Our studies—and they are important—indicate that a great burden lies in the matter of hospitalization. It may be for that reason that some provinces have embarked upon hospitalization schemes prior to adopting plans having to do with medical care insurance.

I believe one will do a disservice to the realization of this program unless one considers it carefully, step by step, irritating as that course may appear to be to some. But you can easily embark on a program, as in certain jurisdictions in this country it is now realized, which creates great difficulty—sufficient almost to jeopardize schemes well intentioned in their conception but seemingly very difficult in their operation.

As long as I have anything to do with this I propose to look at the question objectively without in any way setting aside the opinions which I personally may hold in respect to this matter. What we want to see, all of us regardless of political differences, is an arrangement in the country by which we can minimize the costs of the incidence of disease and, as sometimes happens, its crushing economic burden on the individual family or person.

It was with that in mind that we embarked in 1948 upon the national health program which I am bold enough to say, as a result of the co-operation we have had from the ten provincial governments, is effecting improvements in the health standards of the Canadian people which are away beyond the fondest hopes we had when that plan was created and announced by the Prime Minister of Canada at that time. I hope he will not mind my saying it, but as he is so close to me I will run the risk of incurring his criticism for saying that in my judgment this plan would never have been possible

but for the very sincere and intense support given it by the present Prime Minister of Canada.

This program sought to provide, out of the consolidated fund of the country, moneys to assist the provinces in their already excellent health services, sometimes deficient for one reason or another and in most instances because of the lack of the necessary economic power. But we did embark on this program and sometimes we lose sight of its significance and extent.

In 1945 the federal government did make certain proposals to the provinces and among those proposals, apart from the general offer to assist in the matter of a national health insurance scheme initiated by the provinces, was the proposal for certain grants in aid in respect of the improvement of the general public health, the control of tuberculosis, cancer, crippling conditions in children, medical scientific research and hospital construction.

The extent of the offer in that particular in 1945 represented a total of $17,500,000. The plan that was announced in May of 1948 represented a total expenditure which was nearly twice the amount of the proposal made in 1945. The significance of that has often been overlooked in the discussion of this important matter. To the original scheme were added two operations that were not contemplated and not put forward to the provinces in 1945.

The first was assistance in the matter of cancer control. That was added. In the 1945 proposals, assistance was offered to the provinces in connection with hospital construction by way of loans at low interest rates to enable them to engage in a program of hospital construction. In the program announced in 1948 we made an offer to the provinces of a matching grant in cancer control and hospital construction because we were anxious to see construction take place. Instead of offering low interest loans we proposed to the provinces that we would make outright grants on the condition that they put up at least a like amount to assist in the building of hospital beds.

In the words of the American Public Health Association, which I know by heart because they have been an inspiration to us in the department in carrying on this work, this program represents "the most comprehensive step in the field of public health ever introduced by any federal state in the world." Those are most significant observations made by a neutral organization.

The result has been that in three and a quarter years, faced as we were with a shortage of hospital beds, 40,000 in number, in little over half of the five year objective

posed for ourselves, we have along with the provinces collaborated in the building of 30,000 additional hospital beds. You cannot have a health insurance scheme function successfully under any auspices unless you meet this problem of bed shortage. We have gone to the extent I have indicated toward meeting that most important and necessary prerequisite. When the Prime Minister announced this program in 1948 he referred to the whole program as a prerequisite of a system of health insurance in Canada.

Not only have we helped build these hospital beds, we have supplied the ten provincial governments health personnel to the extent of over 3,000. I wonder if hon. members appreciate the significance of that. Three thousand additional persons have been employed in the health field, in public health units and in the various provincial departments of health, as a result of financial assistance given under this program.

I am sure that hon. members realize the significance of the training program that is under way. We are short of nurses in Canada to the extent of 8,000, and we are also short, as are other countries, of other personnel in the health field to the extent of many hundreds and, in some instances, many thousands. Under this program we have given assistance to over 900 nurses who presumably would have found it difficult to obtain training but for the program.

We have now actually given bursary assistance to not less than 2,800 individuals. This bursary assistance is being given in our medical centres, in our public health centres, and in occupational therapy centres at the universities. But for this assistance many of these persons might not have been able to continue with their training.

We have supplied our hospitals with equipment of all kinds running into millions of dollars which otherwise might not have been purchased. I am sure hon. members from Prince Edward Island who know something of the problem there with regard to mental illness will be able to corroborate what I am saying in that regard. In this rich province of Ontario, to use the words of the premier of the province, were it not for the assistance given under this plan they would not have been able to embark upon the accelerated program of public health activities that has gone on in Ontario during the past two years.

We should think of the work that was being done in the field of medical scientific research before this program came into being when only $350,000 was being expended on medical research. Today under this program that figure is close to $3 million. When this program began, in the field of cancer

research there were but two programs of significance. Today there are ninety-two under way in our various medical centres at our Canadian universities. All those are facts of the greatest significance gradually leading up to the time when we can competently deal with this program, not irresponsibly, not because we want to satisfy political fancy or some theoretical concept of the role of the state, but because we will be in a practical position to deal with this important problem. I believe that unless it is approached in that way we would do more harm than good.

But there is this further consideration. We are a federal state. We have ten provincial governments which have been endowed with the constitutional responsibility of directing health policy in their jurisdictions. Anyone who has had anything to do with dominion-provincial relations—and I may say that I have had my share in the past four and a half years—knows full well that any scheme we adopt must be one that will be followed by the co-operation of the provinces of Canada. I have talked to the representatives of every one of the ten provinces of Canada about this matter. I know this of the ten provinces, that until such time as we are ready and equipped we will not get their co-operation. Indeed some provinces, for reasons best known to themselves, take the view that this is not the way to deal with this problem.

No man who holds my responsibility would be able to bring in any scheme successfully by using the iron heel with respect to the provinces because in some instances they have a deep and special philosophy of life. I believe that one cannot do things in a federal state except by co-operation. My views in this matter are well known. They have not lost one iota of their zeal, and it is because of that that I propose, as long as I am in this position, to discharge this responsibility with those considerations in mind, knowing that as a result we are more likely going to be able to share in the success than in the failure of the realization of our objective.

We have under way now two important surveys that have not been mentioned today. One of the offers made by the national health program was that we agreed to assume the full cost of a survey in each province in the whole field of public health. These surveys are under way in every one of our provinces. I had hoped that they would be concluded before now but they are not. Three provinces have made interim reports, and they have asked us not to disclose their contents yet. In two instances recommendations are made in the reports of the surveys to the provincial governments, and the provincial governments naturally want to consider the implications of the recommendations before we can make them public. The other seven reports, which have to do with the whole business of the pursuit of health—and that is a complicated business—will be ready, I hope, some time this fall for scrutiny, and for consideration by the provincial governments.

There is another survey that in one sense is of even greater significance. I announced during the last session of parliament that we had undertaken a sickness survey in Canada. I am told that no other country in the world has undertaken such a program. That survey is now under way, and has been under way for about six and a half months. Some of its interim conclusions are before me, but I believe until they have been finally and fully reported it would be unfair to make their content known. That survey, conducted by the federal government through the co-operation of the provinces and at our expense, is intended to reveal a statistical showing of morbidity and health in this country of a very extensive character. It will show the cost of health care. No province today can adequately show that, and all provinces readily concur in the objective of the sickness survey.

It will reveal not only the incidence of disease, the extent, for instance, of incapacity, and the income earning position of individuals with respect to matters of medical and hospital care as well as the income capacity of individuals who are disabled. The purpose is so that we will know in that particular, as in all others, what the problems are that we must face. These are steps that are being taken by the government, steps that are consistent with the position that we have taken at all times with regard to this matter, and we will continue through these agencies, through our own health insurance studies, the staff for which has been augmented and the budget for which has been increased, the program of giving proper assessment to this problem. The objective of all these efforts is to arrive at the most responsible measure of determining the best way of minimizing the cost of medical and hospital care in Canada.

Our position in this matter is well known. The background that I have given is necessary to a knowledge of this problem. It does not in any way involve a change in attitude, but it does involve a determination to know what all the facts are. I do not believe that we would make any progress in this matter if we were to overestimate public acceptance of this problem or of its relation to national financial capacity. Some hon. members may take the view that we

should do all these things at once. I am firmly of the opinion that these things cannot all be done at once. We have embarked upon a big program today, a program of the greatest significance, and I believe that the experience of practically every country in the world will reveal that these problems are solved not by bold declarations of intention but by careful step-by-step action. That, I believe, is what the Canadian people believe in, and I believe that they will have confidence in that approach rather than one that seeks to build up a situation suddenly overnight that could result in providing a lack of proper balance with respect to what I think our Canadian pattern requires, a balance between security and freedom.

Therefore we will examine the proposal of the Canadian Medical Association just as it was examined in 1943 when they came before the Heagerty committee and gave us their views in which they expressed their general agreement with the principle of health insurance. We will examine that problem, and in the regular session of 1952 I hope that we may be able—and I think I may go further than that and say that we are giving consideration to the matter—to set up a parliamentary committee to examine this whole problem.

Mr. Knowles: Hear, hear.

Mr. Martin: I believe, Mr. Speaker, that what I have said tonight should indicate, first of all, the government's sincere intention with respect to the problem that is involved here. We want to approach it in a way that will not cause the discordant notes that have been caused elsewhere. I know something about those notes. I have talked to some of the men who had the responsibility for the administration of schemes in some of these countries. We want to profit from some of their experience, as I am sure we all do. What we want to do is develop in the Canadian way, slowly perhaps but I think generally soundly, a responsible attitude and pattern that will not cause any real break between one section of the Canadian community and another. I believe that to be important.

As I review this problem in perspective I realize the difficulty there was in obtaining free education in a free society, and the same sort of problem exists with regard to this matter of equalizing the cost of medical and hospital care. We can do that and we will do that, undoubtedly co-operatively with the provincial governments and the health profession, in a manner that will be true to our political objectives, to our political declarations, and always, as I believe they should be, in the true Canadian tradition.

Mr. MacInnis: The minister has been dealing with a very important question, in a way one of the most important questions facing the people of Canada today. He said that he was looking at the matter objectively, but I had a feeling that his words had an undertone indicating that the rest of us who were advocating something different were looking at things from preconceived political concepts; I think these were the words he used. If the minister expects us to accept his sincerity in this matter, the first requisite is that he should accept ours. What we are advocating we believe to be not only in the line of progress but to be imperative in that progress. I listened to him very intently and I am satisfied that if he has proven any one point it is this, that today the people of Canada as individuals, by and large, cannot pay for the medical and hospital services they require out of their own resources.

Step by step the government of Canada and the provinces have been obliged to come in to assist the people to get that medical care and the hospital services that today we consider not only desirable but absolutely necessary. He said that his policy, the government's policy, was to proceed step by step. I have no objection to this step by step approach. As a matter of fact, I am in favour of the step by step approach. But if you are going anywhere by the step by step method, the question of how soon you get there depends upon how quickly those steps follow each other. The trouble with the minister's step by step approach is that he is thinking of the step by step age that has passed, the age of the oxcart and not the step by step age of the aeroplane, the rocket and the wireless. If the minister knows anything of historic development, he knows that man's progress has moved at the same rate as his means of transportation.

When man had no other means of taking himself from one place to another except by walking, it took thousands of years for certain things to happen. Then came the use of the horse, and progress was made a little faster. Then came the railroad engine, and things moved faster still. Then came the gasoline engine, and the aeroplane and so on, and things are moving so fast today none of us knows exactly where he is.

I suggest to the minister that this country is not likely to get a policy from the medical profession that will provide prepaid services for everyone who needs medical services without the state organizing that service.

What is happening today is that the cost of medical and health services has increased to a point where it is beyond the resources of the majority of individuals, and this is true to a greater extent than it was twenty or twenty-five years ago. Anyone who has given any thought to this matter knows that we are not likely to get the assistance of the medical profession in any program we set up to provide medical and hospital services for everyone. It took years to get that any place where it has been accomplished, and perhaps no country has yet got it in a full measure because the medical profession has a vested interest in things as they are. While that applies it is not natural to expect them to be interested in some other scheme of health service.

There is one thing, however, that has been settled, and that is wherever these schemes have been tried the people will never go back to the old way of doing things. In New Zealand, the United Kingdom, even with the opposition of the medical profession, progress has been made in supplying health services for everyone regardless of means. There would be no thought of any government that might follow the governments that are in office in those countries today throwing overboard what has been done, and going back to the old way of each person paying for his own medical services. I suggest to the minister that he keep these things in mind, and also keep in mind that those of us who are advocating something different are not doing so solely because of preconceived political concepts. We have made a study of these matters just as he has. Not only that, but we come in contract daily with people who cannot pay for the medical services they need. As we see these things we realize that there is only one way in which it can be done, and that is by the people doing collectively for themselves what they are not able to do for themselves as individuals. That is, in essence, what government means.

Mr. Wright: I have just one question I should like to ask the minister. He stated that no medical scheme could be a success in Canada, or in any other country for that matter, without the collaboration of the medical profession. I think we all agree with him in that statement. This parliament agreed with him in it in 1942 and 1943 when we had the Heagerty committee to which he has referred. That committee called before it the medical profession and heard from them. They heard evidence from hospital associations. In fact, they consulted everybody who they thought might be able to give them some good advice on this matter. The medical profession are now proposing a scheme in which they are going to ask the government to do certain things. As is stated here in the press report:

> . . . the government would be asked to pay the full cost of premiums of some sections of the population, and part premiums on a sliding scale for others, based on income.

I wonder if the medical profession did as this parliament did, namely consult the minister's department on this matter before making this announcement? I do not know. I suppose the minister could not answer for the provinces, but he certainly could answer for the government and for his own department.

Mr. Martin: That is, of course, their own policy. I am not aware of that particular phase of it. I was aware of the general principles because they have been talking about it for some time. It is true, as my hon. friend said, that as to the Heagerty committee, which I mentioned, they came before that committee and accepted the principle of health insurance. My hon. friend will know that the next step was—

Mr. Wright: We were prepared to consult with them. I am asking whether they were prepared to consult with us.

Mr. Martin: I have always found that they were anxious to consult with us.

Mr. Wright: Did they consult with us?

Mr. Martin: I am speaking now with regard to that particular phase of the program. I do not have an immediate recollection of the general principles that they had in mind with regard to their prepaid medical scheme. They did discuss—

Mr. Wright: In other words, the answer is no.

Mr. Martin: No, the answer is not no. I am trying to give a responsible answer. I have the responsibility of administering this department, and every word I say will be carefully considered by the medical profession and other groups. I want to be responsible in what I am saying, and I know that the hon. member will understand that it is necessary for me to take that care and caution. The next step was that after the Heagerty committee the government adopted the principle and went before a dominion-provincial conference; and we all know the result of that in 1945.

Mr. Knowles: There was one step before that. There was a draft bill.

Mr. Martin: What I tried to indicate was the importance of considering the ten provincial governments of Canada in this matter.

Mr. Wright: That was not my question at all.

Mr. Martin: If I have not answered it, I am sorry.

Mr. Wright: I understand that we are a federal state. What I asked was this: Was the minister's department consulted with respect to this scheme announced by the medical profession?

Mr. Martin: In the precise terms, no. But I do not want that answer to be construed as meaning that the medical profession were not anxious to consult with us or that they have not collaborated and consulted with us. They have.

Mr. Noseworthy: Mr. Chairman, it was a great consolation to those of us who sit here, hale and hearty, to have the minister's assurance that we are living in just about the best of all possible worlds, and that we have about the best possible medical, health and hospitalization scheme administered by the best possible Minister of National Health and Welfare. It is a great consolation to us to know that. But the tens of thousands of people in Canada who have been paying into some of these prepaid insurance schemes, some of whom have been waiting for months to get a hospital bed, will not find so much consolation in the minister's speech. The minister, with his usual dexterity, skated completely around the one question to which we wanted an answer. That question is whether the government as such has abandoned Liberal policy going back thirty years with regard to national health insurance. Has the government abandoned the policy of establishing national health insurance under government administration, and has it agreed to accept instead the scheme which has now been announced by the Canadian Medical Association? The Prime Minister's reply to questions yesterday would indicate that that is exactly what has happened to this Liberal government.

Mr. Martin: That is the hon. member's interpretation.

Mr. Noseworthy: That is my interpretation.

Mr. Martin: But that is not true.

Mr. Noseworthy: That is my interpretation and it is the interpretation of a great many other people in this country. There was nothing whatever in the minister's speech tonight to indicate that that is not the position of the government. The minister did not come out with a clear-cut statement to say that he and his department were still backing a national health insurance scheme instituted and administered by the government.

[Mr. Martin.]

Mr. Martin: Apparently the hon. member did not hear what I said.

Mr. Noseworthy: I certainly did not hear—and I doubt if anyone else did either—the minister come out with a straightforward statement in that respect. That is one question that we wanted answered.

I am not surprised that the Canadian Medical Association have come forward with the scheme which they have announced. I suspect that many thousands of Canadian doctors are just sick and tired of waiting for this government really to do something in the matter of health insurance. They are sick and tired of seeing thousands of their patients unable to get into hospital beds and unable to pay doctors' and hospital bills. This government has been dilly-dallying with this question of health insurance, and has been going, as the minister says, step by step for over thirty years. But those steps have not taken them much closer to the realization of a genuinely national health insurance scheme than we have ever been. I am not critical of the Canadian Medical Association. I hope that the effect of their announcement will be to spur this government into some little action in this matter. I hope that the effect of this announcement will be to induce the minister and his colleagues really to get down to earth in the planning of a national health insurance scheme.

The minister tells us that we cannot have such a national health insurance scheme until we get enough hospital beds to accommodate the people. Some of these groups operating these prepaid schemes have been taking the money of Canadians for years and promising hospitalization; yet even today many of those who have been paying for that insurance find themselves unable to get into a hospital. Only today I was speaking to a patient here in the house. He had been paying into one of these schemes, and had to wait for a month to get into a hospital. The doctors are not saying that we have to wait until we have beds enough to accommodate all the Canadian sick before instituting some such scheme. They propose to have one-half of their scheme operating within a year and to have the full scheme covering both medical care and hospitalization in effect in less than two years. If they can do that, and apparently the minister and certainly the Prime Minister hope that they can, and the Prime Minister has given them his blessing to proceed, then why must the government wait for another thirty years before they undertake to institute a national health insurance scheme?

I have no doubt that, whatever type of scheme is eventually adopted, it will be a better one not because of the research that the minister's department has put into it,

but because of the study that the Canadian Medical Association has given the subject over the past seven years. While the government has been giving the Canadian people, in their propaganda, information leading them to believe that we were going to have a government health insurance scheme, the Canadian Medical Association has been quietly studying and discovering how that scheme can best be put into effect. I am confident that eventually some scheme will be adopted which will be better because of that study.

I would urge the minister to reconsider this whole question. From anything I know of the small section of the Canadian people with whom I come in contact, I can say that they do not want a health scheme organized and administered by the Canadian Medical Association.

The association proposes to institute a scheme whereby the government will pay for a part of the population. They propose to enrol the entire population of Canada in their scheme, with the government paying for all those in the lower income groups. One of their officers indicated that no person receiving less than $2,400 a year could possibly afford to pay medical and hospital bills, and suggested that the government might pay for those below that category. Are we to have a scheme organized and administered by the Canadian Medical Association, and a large part of that scheme paid for out of the Canadian taxpayers' money through the federal and provincial governments? I suggest, Mr. Chairman, that that is not the type of health insurance that the Canadian people want. That is not the type of health insurance that the Liberal party have been promising to Canadian people over the past thirty years.

Mr. Picard: This is as good an item as any on which to congratulate the minister and his able officials on the considerable expansion that has taken place during the past six years in the departmental activities of the Department of National Health and Welfare, and also on the considerable benefits which have accrued thereby to the less fortunate in this land.

Under the able guidance of the minister, Canada is heading towards a comprehensive plan of social security. It may be going, as some hon. member have said, step by step, but most of us recognize that in most things in life that is the safest way to proceed. The accomplishments of this government, and of the minister in particular, in the last number of years have proven that the advance has been steady, even if it was step by step.

Great improvements have accrued to the provinces through the provincial grants and to the people of Canada in general through the medical facilities extended throughout the country, which have come from the help given the provinces to strengthen their position. One has only to read the report of the departmental activities in the Department of National Health and Welfare to realize what has been done in the past few years. When it comes to the national health program I think the steps that have been taken, as well as those that are contemplated, are proper and in the right direction.

In this house I represent a rural constituency. Each time I visit the different villages that make up the constituency I can visualize the need for a health insurance program. I visualize the difficulty these people experience in having their sick people treated. It is not for me to criticize the hospital costs and the charges made in the different parts of the country or in different parts of my province, but whatever may be the cause these costs are unbearable by quite a number of people. When they come to you asking for help in trying to present their case to the hospital authorities you can realize the burden in general for all of those people and even those who do not dare to approach you, and you can realize that within a limited number of years the people of Canada will expect that a program of health insurance will be put forward by this government not on a Canadian Medical Association professional basis but on a governmental basis, as it should be, with the co-operation that the medical profession in general has shown, as the minister says, and with good will towards its realization, even if resolutions have been passed lately that have called for some comments by hon. members.

I think this may also be an opportune time, since we are studying health insurance, to tell the minister that some of us may be slightly disappointed that no proposals have yet been brought to the house concerning a definite approach to pensions for the infirm or the invalids. Some hon. gentlemen, probably more conversant with the question than I am, have said in the past that invalidity or infirmity pensions should come forward at the same time as health insurance. While this has not been so in many countries that have already adopted invalidity pensions, yet I think the time has come, whether the government is ready or not, or the studies are ripe or not, to bring in a scheme of health insurance, to consider seriously at one of the very early sessions bringing before us a program of invalidity pensions. I think I am quite in order in bringing this up at this

time, because it has been said so often that this should be analysed seriously with the help of the medical profession and in connection with a health insurance program.

I think that the house is unanimous in its resolve to support the government in any scheme for invalidity pensions. I have already spoken on the matter on three different occasions in the house: in 1946, in 1949 and in 1950. In those years, along with my colleagues, I advocated the necessity of invalidity pensions. I think we are all agreed on the need of doing something as early as we can. Last year, when I congratulated the minister on the appointment of a committee to deal with old age security, I said that I was much disappointed that the minister had not seen fit to put this question, together with the question of old age security or amendments to the Old Age Pensions Act, before us. At the time they were talking about a dominion-provincial conference; yet, if my information is correct, the program for the conference had not been definitely settled. At this session the minister answered the hon. member for Rosetown-Biggar to the effect that we could not deal with the matter at this session because the subject of invalidity pensions was not on the program of the dominion-provincial conference.

But, Mr. Chairman, I think the time has come when this matter should be examined seriously by the minister and the government. I understand that not very long ago a conference was held in Toronto with respect to the rehabilitation of invalids and infirm people. That may be the first step in the right direction; it might lead to some hope for agreement that may bring about the scheme we all want to see introduced in Canada. But I think we will need to stress upon the minister the urgency of acting quickly and of tackling the problem as early as we can.

I have heard two arguments voiced against an invalidity pensions scheme, namely the difficulty of applying it and, secondly, the cost. As to the question of difficulty we were told it would be better to wait until the health insurance plan was brought forward, because the same physicians and departmental administrative staffs could be used, and that the work of both could be done at the same time. But it may be, as one hon. member has said, that it will take a little time before we have definitely a health insurance program; the step might take a little longer than some of us wish. Therefore I wonder if the minister would not consider studying seriously in the immediate future the possibility of doing for the infirm and invalids what some other countries have done in this regard.

[Mr. Picard.]

It is said that there would be difficulty in applying such a law. Last year, although the question of invalidity was not included in the agenda of the joint committee on old age security, I was allowed to ask a few questions and to ask for the production of information with respect to invalidity schemes that had been carried out in other countries. I find that invalidity schemes have been working satisfactorily and are working at the moment in Australia, Denmark, New Zealand and Sweden. If such countries have been able to tackle the problem, I do not see why we cannot do it right away.

If I may be given a few moments—and I shall make my remarks as brief as possible—I would say that in Australia the first legislation in this regard, concerning invalidity, was passed in 1910, and that is quite a few years ago. I shall not place all the material I have on record, but for the information of hon. members the details are to be found in the minutes of proceedings and evidence, No. 29, of the committee on old age security, 1950.

In respect to Australia the qualifying conditions are as follows: age 16, and permanently incapacitated for work; at least 85 per cent disability, or permanently blind.

In Canada we already have a pension for the blind. Why could we not administer an invalidity or infirmity scheme as well as our scheme for pensions for the blind? Doctors could be trusted just as much to declare a man or woman invalid as they can be trusted to declare blindness.

Then, to carry on with the qualifying conditions in Australia: incapacity must have occurred in that country, and it is waived if there is twenty years of residence. There must be continuous residence in the country for at least five years, and the person must be of good character.

In Denmark the act is dated 1933. In January 1946 there were 41,800 recipients. In a moment or so I shall give more details with respect to the number of recipients in Australia, because I have some further comments to make about it. In Denmark, the qualifying conditions are the following: These pensions are payable from ages 14 to 65 inclusive. Recipients must be unable to earn one-third of the amount earned by persons with similar training and skill in the same locality. The income limit is the same as for old age pensions. The applicant must be of good character.

In New Zealand the scheme was brought about in 1936. The qualifying conditions are: age, 16 to 60; permanent incapacity for work through accident, illness or congenital defect, or totally blind. Incapacity may not be self-inflicted. There must be a residence for ten years immediately preceding the date of application for benefits.

In Sweden the act dates back to 1913, and it is currently governed by the National Pensions Act of 1946. The same law as to privileges apply as in respect of old age pensions. The qualifying conditions are: age 16 to 66, inclusive; permanently incapable of self-support in work corresponding to experience and training. Housing and housewife's benefits are subject to income tests, the same as old age pensioners. There is a blindness supplement, paid without income test to persons who have become blind before reaching the age of 60. There is a sickness allowance, with a disablement the same as for invalidity, lasting at least one year but not deemed permanent. The communes pay part of the cost of pensions supplements.

If these countries have found it possible to administer such a scheme and if the medical profession has been able to help them carry it through, I do not see why in Canada we cannot do the same, when most of us realize in our own constituencies the great need for such a pension.

Then, as to cost, may I be permitted at this point to bring in a few details concerning the Australian scheme, so that we may determine what it might cost for a similar scheme in Canada?

Mr. Martin: I am grateful for the information the hon. member is giving, but I would point out that we are dealing with the item of health insurance studies and that perhaps the hon. member should confine his remarks to that item. If I did not rise, I am sure some other hon. member would do so, and perhaps I would be subject to criticism.

Mr. Picard: If the minister would allow me to go on for a short while, then he will have until eleven o'clock to give his answer if he wishes to do so. I shall have finished in a few moments, and then he will have his opportunity to answer. If he were to answer now it would not be conclusive, because I have not yet dealt with the prospective costs. With all due respect to the minister I shall have finished in five minutes, whereas he will have until eleven o'clock to conclude the discussion.

Pensioners in Canada number 282,584, whereas the last report for Australia, that of 1948, showed that there were 302,854. With respect to invalidity pensions, whil· we have none in Canada there are 73,000 in Australia. Then, the percentage of people receiving old age pension in Canada is 2·09 per cent and the percentage in Australia 3·91. While no percentage of our population is receiving invalidity pensions, there are in Australia 0·9 per cent and in Denmark 1 per cent. The average yearly payments are, according to present exchange rates for the pound, in Australia £93-9s-10d, or about $261.80, and the average yearly payments in Canada amount to $440.40.

With the same percentage of invalidity as in Australia, namely, a percentage of 0·9, and with a population of 14 million, if we paid the same national average of $440.40, as appears in the last departmental report, the scheme would cost Canada $55,440,000.

I suggest that cost is not unbearable. The need for such a measure is even greater and more urgent than the extension of the old age pension—which, of course, I approve, and which measure received its opening stages this afternoon. If other countries have done it, there is no reason why Canada could not do it. I hope the minister will not get any wrong impression from my remarks, but I thought it was important that somebody on this side stated anew that the time has come for the government to act on this question.

Mr. Shaw: Mr. Chairman, there are two or three things I should like to say before this item carries. I have been intensely interested in all that has been said since the debate on this item commenced. My colleagues and I have on innumerable previous occasions indicated our belief that some form of health insurance is appropriate. However, I would hasten to add that that does not imply that we are prepared to accept any type of health insurance that someone may desire to impose upon us, nor are we asking that we plunge into a scheme of health insurance overnight. We have had a certain amount of experience in our own country which should have taught us something.

We are convinced that the necessary hospital construction is imperative. We realize that no scheme could succeed without an adequate number of hospital beds. We realize fully that no scheme can succeed without an adequate number of qualified doctors, nurses and other personnel to manage our hospitals.

I listened with intense interest to the minister's reference to the grants which had been made to the provinces under the legislation of 1948. I do not know whether it is just an unfortunate habit of the minister,

but after paying a tribute to what the provinces were doing he repeatedly created the impression that most of what is being done is being done by the federal government. We have built these beds; we have built those beds. Some of the minister's colleagues have contracted that same—I should not say disease, although it may be appropriate since we are discussing health measures—what I might term a habit.

I recall only too well that last fall I participated in a provincial by-election in my own constituency. Some of those who think similarly to the minister along political lines were asserting on every platform, "Yes, you have more hospitals, but who built them? We did. We have put up all kinds of money. True you have more of this and more of that, but who paid for it? We did".

Let me assure the minister that long before these health grants were made available to my province we had made vast strides in the field of hospital construction and the advancement of other essential health services. I hasten to add that my province is certainly most grateful for the assistance which has been made available through the national health grant.

When one comes from a community such as mine and hears people state what they have to pay for hospital and medical services in other parts of Canada, right here in Ottawa for example, he is almost shocked. I come from a community in which dollar a day hospitalization is the order of the day. Only two and a half years ago, I happened to be hospitalized myself and had what you might characterize as a private room. It cost me $1 per day while I was there. When I find that people have to pay $8, $9 and $10 a day for a hospital room, I am shocked. Moreover, I have no difficulty in securing a hospital bed in my own town. Yet I learn that it is customary in this city and elsewhere, unless the case is an extremely serious one, to make a reservation at the hospital, the same as you would at a hotel in a busy city, two or three months in advance. When I hear that, I certainly am shocked.

I do not know how true this is, but some young friends of mine in this city told me that when their first child was born it cost them between $250 and $300. I was shocked to hear that, because in my home town hospitalization for that kind of case is absolutely free and the medical services would be approximately $55. In other words, practically the entire cost would be only $55. The thought that enters my mind is how in the world can a substantial proportion of the people meet these costs. They simply cannot. Unless the municipality is prepared to assume the greater part of the burden I suppose their bedrooms become their hospital rooms.

I was interested in certain observations made by the hon. member for Spadina. He said that he is opposed to socialized state medicine. So am I. I am opposed to what I would define as socialized state medicine. I think it is most desirable, as the minister and others have asserted, that we should try to preserve the doctor-patient relationship. I do not want to see any scheme put into operation that will result in the rigid regimentation of doctor, patient or nurse. That is the position I have taken from the beginning.

If I were to indicate what I considered to be the ideal situation it would be to have such economic conditions as would permit the individual to choose his own doctor, his own hospital and pay his own bill. That would be the ideal situation. However, we realize that thousands of people are not in the position where that can be done and it therefore becomes necessary to provide a certain degree and type of service for them. I want to see the preservation of that thing which induces doctors to give service wherever and whenever it may be required.

I certainly commend the government for the assistance it is giving through these health grants, but I think the provinces which meet these grants dollar for dollar should also be commended.

Mr. Martin: That is for cancer control and hospital construction only.

Mr. Shaw: If I am not mistaken, it involved an expenditure last year in my own province of $500,000 to match the grants which were paid by the federal government. So I say that when we are handing out bouquets we should hand them out to both parties to the agreement.

I welcomed the minister's announcement that a committee would be set up during the session of 1952. Having served on the old age security committee as well as on the social security committee which sat about 1943 I realize the good that can come out of a committee of that character. We commend the minister for having indicated that that will be the government's course and we shall look forward to serving on the committee and making whatever contribution we can toward bringing into being in Canada a system which will provide a service and at the same time preserve the freedom of the Canadian people, including the doctors, nurses and hospital administrators.

Mr. Herridge: Mr. Chairman, as one who has taken great interest in this subject throughout the years and who has seen the great need in his own constituency for some form of national health insurance, I must for once become vocal on this subject. I listened with great interest to the minister's step by step explanation and definition of government policy which I am quite sure left many of us quite uncertain as to what the government intends to do. My impression is that the step by step policy is one of marking time, his speech very different to the type of speech we heard in 1945 and prior to 1945. I am quite sure the minister realizes that public opinion in Canada is prepared for government action in the direction of national health insurance. All parties in this house are committed to the principle of national health insurance. During the last federal election all parties placed it in their programs and informed the electorate they would support the principle of health insurance when they returned to the House of Commons.

All organized labour in Canada has expressed support for the principle of national health insurance. For quite a number of years the Canadian Federation of Agriculture, representing the farmers organizations of Canada, has endorsed the principle of national health insurance and has done a great deal of work in this connection. If I remember correctly, I think the federation published a very interesting and informing booklet on the subject in 1944. The Canadian Legion and other veterans organizations from the Pacific to the Atlantic have endorsed the principle of national health insurance and throughout the years have urged the government to take action. In view of the mass of public support for action on this matter, in view of the wealthy nature of our economy, and realizing what has been done in European countries throughout the years in the matter of national health insurance, countries with far less wealth than we have, far less production per capita, surely we in Canada, intending to vote estimates totalling some $3,700 million this year, can with the co-operation of the provinces at least commence to take action with respect to national health insurance.

Mr. Martin: With reference to my hon. friend's last statement about co-operation with the provinces, no doubt he recollects what I said about that. You cannot do this unless you have the provinces with you, and I told you about the attitude of the provinces.

Mr. Herridge: I quite admit that and the necessity for co-operation, but we have had six years since the green book declarations of 1945 and the announcement of the government's policy during that election, and so far we have not seen much action on the part of the government to develop the co-operation necessary between the provinces and the dominion government on this question. I do not underestimate the difficulties. I want to mention the fact that, after listening to the remarks of members concerning the proposals made by the Canadian Medical Association, in my opinion they would result in a privately controlled body directing health insurance in Canada, and according to the figures given by the hon. member for York South, the government paying by way of subsidy for half the patients served under that scheme. That would not satisfy the Canadian people at this time. I was very pleased to hear the minister say that the government is considering the establishment of a committee on this subject in the 1952 session. I hope that the deliberations of that committee will result in a faster tempo than we have experienced in the last six years and that the step by step action will not continue to be marking time but will be step by step forward, to health insurance in the near future.

Mr. Knowles: It is not my intention to prolong this debate at all—

An hon. Member: That is good.

Mr. Knowles: —but as one who has tried for several sessions to provoke a real debate on health insurance on this very item, I am delighted with the debate we have had today concerning this important matter. I say that, even if some of the views expressed may be views with which I do not agree. The other comment I want to make is one that the hon. member for Kootenay West and the hon. member for Red Deer have already made. I welcome most heartily the minister's announcement tonight of the government's intention to set up a special committee on health insurance in the regular session of 1952. I for one would like to see it in this year's fall session and see no reason why that could not be done, but at any rate we have the statement of the minister that we are to have this committee in 1952. I wish to make one suggestion and then I shall take my seat. I would ask the minister to consider arranging for that committee to be set up and permitted to do its work in the early part of the session of 1952. As the minister and other hon. members know, committees that are set up in the middle or toward the end of a session run into that time of the session when members are burdened with work on other committees and when the work in the house gets that much heavier. I feel that the committee could do a better job if arrangements could be made for it to be set up right at the start of the regular session of 1952.

Item agreed to.

General health grants—

282. To authorize and provide for general health grants to the provinces upon the terms and in the amounts detailed in the estimates and in accordance with regulations prescribed by the governor in council including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year not to exceed a total amount of $35,302,238, $25,000,000.

Mr. Fulford: Under this item the minister is empowered to make grants to hospitals to provide living quarters for nurses at the rate of $500 per bed provided that the provinces contribute a similar or greater amount. I understand, however, that the federal grants are restricted to the construction of new buildings. I would ask the minister if consideration could not be given to making grants to be used in renovating of buildings for the purpose of providing nurses accommodation, especially if the province has already made a grant for such a project. In making over a building rather than putting up a new structure it is often possible to effect great savings both as to cost and in the necessary acquisition of building materials.

Mr. Martin: I will note what my hon. friend has said. He already knows of the government's decision to give grants for the construction of additional nursing beds, and I can do no more at this stage than note the very pregnant observation of my hon. friend.

Mr. Knowles: When this health grant program was first inaugurated by means of a supplementary estimate in the first instance, and then later on by items in the main estimates, it was indicated that sooner or later the program would be put in statutory form. When will that be done?

Mr. Martin: It was thought desirable, after consultation with certain provincial governments, and having regard to the desirability of having flexibility in the program, to leave it as it is for the time being. The observation I have just made shows the importance of that.

Item agreed to.

Special health grants—

286. Canadian National Institute for the Blind, $45,000.

Mr. Noseworthy: Under this item can the minister tell us what is being done to provide training for the blind, or what is being done to direct them into certain fields of activity? I note that the United States government has gone a long way towards studying this whole question. They give special training and direction to the blind, and have a department that is concerned with finding suitable employment for the blind. Those who are interested in the work of the blind tell me there is a much broader field in which blind people may be employed if properly trained, and if there can be some agency whose responsibility it is to induce employers to take blind people into their employment for those positions. Would the minister indicate if anything is being done by the government in addition to the work that the Canadian National Institute for the Blind is doing? I was thinking particularly of the conference which was held in Toronto last fall to study this situation.

Mr. Martin: As my hon. friend has said, the government attaches great significance to the Canadian National Institute for the Blind and increased its grant last year. The subject to which my hon. friend draws our attention, namely providing handicapped persons with opportunities of remunerative employment, is an important one. Last January we had a conference on rehabilitation in which the provincial governments participated, and in which emphasis was given to the general aspect of rehabilitation and the desirability of recognizing the potential work capacity of handicapped people. My hon. friend may be assured that every encouragement towards that work, in which the provinces are co-operating, will be pursued.

Mr. Noseworthy: There is another group of handicapped people. I do not see any particular item under which a question concerning them can be raised, so with your permission, Mr. Chairman, I should like to raise it here. I understand that in Toronto there is a special school giving training to those with a very low IQ, those who are practically idiots.

Mr. Martin: They come under the province.

Mr. Noseworthy: It comes entirely under the province, does it?

Mr. Martin: In the case of Ontario, they share generally the $10 million we give the province in health grants.

Item agreed to.

291. Victorian Order of Nurses, $13,100.

Mr. Blair: I should like to ask the minister one question, and for the purpose of the question I should like to group items 291, 292 and 293.

The Deputy Chairman: Is it the pleasure of the committee to group items 291, 292 and 293?

Some hon. Members: Agreed.

292. St. John Ambulance Association, $10,000.
293. Canadian Red Cross, $10,000.

Mr. Blair: In view of the fact that these organizations will have a substantial amount of work to do under the set-up for civil defence, which subject comes under the minister, will the minister give consideration to using part of the $4 million civil defence allotment for increasing the grant for these organizations? None of these organizations is wealthy. They are simply struggling along, especially the Victorian Order of Nurses. If that is not possible, will the minister consider increasing the amount the department grants under this item?

Mr. Martin: I do not want to make a definite commitment. I do not think it is possible to use any of the $4 million, because of prior commitments with regard to that sum. We are having some discussions now with some of these voluntary bodies. I cannot be any more definite than that at the present time.

Items agreed to.

294. Canadian Paraplegic Association, $15,000.

Mr. Knowles: May I ask the minister whether any grant has been considered or asked for by the multiple sclerosis society?

Mr. Martin: We are giving assistance in the problem of multiple sclerosis in research grants to at least two organizations engaged in research in this field. At the moment I have no specific request in mind, but I would not want to say I had not received one.

Item agreed to.

Welfare branch—
National physical fitness—
298. Administration, $68,240.

Mr. Noseworthy: Can the minister tell us if he has in mind an amendment to the Physical Fitness Act? I know that there have been a number of recommendations from the council from year to year requesting amendments.

Mr. Martin: The whole matter of physical fitness is one that is now under study.

Item agreed to.

300. Assistance to schools of social work, $100,000.

Mr. Knowles: With respect to item 300, I should like to express my approval of the decision of the government to increase this grant from the figure of $52,500 which was in the estimates last year to the figure of $100,000. I realize that the schools of social work were, in some instances, requesting that the grant be increased to $150,000. At any rate, this is a substantial increase that the government has made, and I am sure it will be appreciated by these schools of social work, and by the universities in which they are located, not only because of the additional dollars that are forthcoming but because of the commendation of their work that is implied in the decision of the government to increase this grant.

I trust that all hon. members appreciate the importance of well trained social workers in our present-day society. The part they play in connection with all of our social programs is extremely important. In fact, as we enlarge upon our government sponsored social programs, we will find that we will require even more trained workers in this field. It has been pointed out also that in a time of emergency such as a disastrous flood or an international emergency, social workers have an important part to play. The minister knows that from session to session as this item has been called some of us have been expressing the hope that the amount would be increased. We have also expressed the hope that assurance might be given to these schools of social work that they could count on this grant on a more or less permanent basis. I hope that that permanence is becoming established, and I am sure that the increase to $100,000 will be doubly appreciated. Indeed, this is one increase in government expenditure which, in my view, is thoroughly justified.

I make just one other comment. I am glad to note the endorsation contained in this item of the principle of federal aid to education.

Mr. Herridge: I want to briefly support the remarks made by the member for Winnipeg North Centre in connection with this item. I think it is money well spent. Anyone who has closely watched the work of social workers will have noticed, as I have in my province throughout the years, a great improvement in their work since these schools of social work were established. I have had occasion to deal with these people, particularly our provincial officials, and I have been impressed in recent years with their grasp of the problems with which they are employed to deal. I am glad to see this increase.

Item agreed to.

The Deputy Chairman: We shall now consider the estimates of the Department of Public Works.

DEPARTMENT OF PUBLIC WORKS

335. Departmental administration, $475,765.

Mr. Brooks: I should like to ask the minister a question concerning a matter which I brought up some time ago, and that is the Campbellton-Cross Point bridge. I believe

the premier of New Brunswick was reported as stating that the responsibility for building this bridge rested entirely with the federal government. At the time the minister was not certain whether or not it was a federal responsibility. He intimated that he would obtain a decision from the Department of Justice.

In this connection, I should like to read what the premier of New Brunswick is reported to have said to the local legislature at Fredericton. He said:

> The building of the bridge is not the responsibility of the New Brunswick government, nor the Quebec government.

I might say that this bridge is between Campbellton, New Brunswick and Cross Point, Quebec.

> It is a federal matter. This was clearly evident in the provisions of the British North America Act, and it was reiterated in 1945 when the federal spokesmen informed the provinces: "The dominion government is now responsible for . . . interprovincial and international bridges." Premier Duplessis of Quebec supports this view.

Then the premier of New Brunswick went on to say:

> The do-nothing policy of the federal government in the case of the Campbellton bridge follows a familiar pattern of apathy towards New Brunswick's just claims. Ottawa is simply "passing the buck,"

The minister rather questioned this statement when I made it before. I am quoting directly from the premier of New Brunswick. The item that he referred to is an item in "Public Investment", a blue book or green book issued by the federal government for the dominion-provincial conference on reconstruction in 1945. At page 42 this statement will be found under the paragraph headed "Highways and Bridges":

> Highways and bridges, when situated wholly within a province, come under provincial jurisdiction but where they connect two provinces or extend beyond the limits of the province, they become a federal responsibility, under section 92 (10) of the British North America Act.

The paragraph continues:

> By the same act, military roads were placed under dominion control by authority of section 91 (7) . . .

But that is the section that the premier of New Brunswick refers to. I had a reply not from the Minister of Public Works but from the deputy minister of justice. This letter I received from him is dated May 26, 1951, and reads as follows:

> Re: Construction of bridge between Campbellton, New Brunswick and Cross Point, Quebec.
>
> Dear Sir:
>
> There has been referred to me for attention, a request which I understand you have made to the Minister of Public Works for an opinion on a question in connection with the construction of a bridge between Campbellton, New Brunswick and Cross Point, Quebec.
>
> I have to advise that I am of the opinion that legislative jurisdiction over interprovincial works of this nature belongs to parliament,—

I interpret that as meaning the federal parliament.

> —and executive authority to the federal cabinet.

From this rather vague letter of the deputy minister I think it is quite evident that his opinion is that interprovincial bridges are the responsibility of the federal government. I should like to ask the minister if he himself has looked into the matter. Probably he has not felt the necessity of doing so because, from what I read here in 1945, evidently a legal opinion was given at that time that the responsibility for interprovincial bridges was that of the federal government.

I should like to ask the minister if he has made, or if he intends to make, any provision for the construction of this necessary bridge between Campbellton and Cross Point. A ferry had been running there for quite a number of years. The people in that area found it inadequate as far as service to the people was concerned. The ferry was destroyed slightly over a year ago, and that area is now served by neither a bridge nor a ferry. I know that the people in that area have sent in petitions and that there is in the minister's office considerable correspondence in connection with the construction of this bridge. I should like to ask him if anything is being done at the present time.

Hon. Alphonse Fournier (Minister of Public Works): I was pleased to listen to the reading of that opinion from the Department of Justice. If the hon. member says it is rather vague, he cannot blame me when I say that I had doubts as to our responsibility or jurisdiction. But seeing that the hon. gentleman has received that opinion, I may tell him that we shall be guided by the opinion of the Department of Justice, who are our legal advisers.

Mr. Brooks: I should like to ask the minister if this is the first time that he has had an opinion from the Department of Justice in connection with interprovincial bridges; because in 1945 an opinion was expressed.

Mr. Fournier (Hull): In 1945? It is only a repetition of subsection 10 of section 92 of the British North America Act. I think it is about in the same terms. Has the hon. member read subsection 10?

Mr. Brooks: It is definite. The minister has seen it.

Mr. Fournier (Hull): Some people think the constitution is quite definite. Subsection 10 of section 92 reads as follows:

Local works and undertakings other than such as are of the following classes:

(a) Lines of steam or other ships, railways, canals, telegraphs, and other works and undertakings connecting the province with any other or others of the provinces, or extending beyond the limits of the province:

Personally I have not given the matter my attention, but I may say that I will be guided by that opinion which the hon. gentleman received. You cannot ask more from the Department of Public Works than that it should follow the opinion of the Department of Justice on this matter.

Mr. Graydon: The minister is a pretty good lawyer himself.

Mr. Casselman: And he would make a good judge, too.

Mr. Fournier (Hull): Generally the Department of Justice gives opinions that are quite clear. In that case they speak of the jurisdiction of parliament.

Mr. Brooks: No,—

Mr. Fournier (Hull): They do not speak of responsibility.

Mr. Brooks: They say:

. . . jurisdiction over interprovincial works of this nature belongs to parliament, and executive authority to the federal cabinet.

Mr. Fournier (Hull): Yes.

Mr. Graydon: I guess that last part rather helps the minister.

Mr. Fournier (Hull): That last part may be a little bit clearer. But in any event I will make a thorough study of that legal opinion and will follow it when the occasion arises.

The hon. member put a fair question to me. He asked: Is there provision in this year's estimates for a bridge or ferry between Cross Point and Campbellton? I must admit that we have no provision in these estimates. As to whether we will have estimates or appropriations later on, I would have to consult my colleagues of the government; and when they make the decision I will be more than pleased to let my hon. friend know as one of the first, seeing that he is interested in this matter.

Mr. Brooks: Then I understand the minister will take the matter under consideration?

Mr. Fournier (Hull): Oh, yes.

Mr. Brooks: Favourably.

Mr. Fournier (Hull): I may say that we have been looking into the matter for some months, especially since the ferry was burned down some months ago. If we were in normal times I could tell the hon. gentleman that I would press for some action. But I am a little bit puzzled in this case because in the past, when we put up an interprovincial bridge, say between Ontario and Quebec, the two provinces made contribution and the federal government put up the bridge and maintained it. To my knowledge the Perley bridge on the Ottawa river between Hawkesbury and Grenville was built with a contribution of one-third from Ontario, one-third from Quebec and one-third from the federal government, and we maintain that bridge.

Mr. Higgins: I have a few words to say on this item. Some time ago—some two years ago in fact—when discussing this general item I commented on the fact, in referring to the newest province, that there appeared to be a very grave discrepancy between the amount of expenditures in certain parts of the province as against other parts of the province. I referred specifically to that part of the province that elected members to the Liberal part of the house as against the other part. At that time the Minister of Public Works commented that it was a peculiar coincidence. That was in 1949, Mr. Chairman. Again this year, Mr. Chairman, I find in a return that was made to a question of mine on March 12 the same peculiar coincidence, and it is in connection with that that I want to discuss this matter with the minister and ask him how this coincidence could happen again, and why it has happened.

I want to give the figures. He has them already because his department supplied them to me. There must be some justifiable excuse other than the mere matter of coincidence, Mr. Chairman, because we have to recognize that the two districts represented by the hon. member for St. John's West and myself take in the principal parts of the island. When I say that, I do not mean any disparagement of the other parts of the province, but we do take in the capital city of the province, and in the capital of the province is the centre of government, and all that goes with the centre of government.

I might say, Mr. Chairman, that it is not considered good politics, if you will, to refer to these facts and suggest that you are not getting your share and that other people who happen to be in the government are getting much more because they are in the government. That has been suggested to me as not being the proper way to comment on these matters, but with all due respect to those people who advised me I do feel that as one representative of the newest province and as a person who is not too well versed in matters political these are proper remarks to make at this time.

Since we are the newest province we have to be recognized a little differently from other parts of the dominion, and therefore matters of patronage should be divided up in a fairer manner. I am going to name the districts by name, and I am going to give the amounts that they have received. I am speaking now of marine works. From the first of April, 1949, up to the present year, and the estimates for the present year up to date, are all given in the return. From April 1, 1949, the district of St. John's East had spent in it $38,108.56. St. John's West, being the other district represented by a Progressive Conservative, had the sum of $49,523.01 spent in it. I am now going to take the districts alphabetically. In the district of Bonavista-Twillingate represented by the Secretary of State, the amount was $267,095.21.

Mr. Casselman: Shame.

Mr. Higgins: In the district of Burin-Burgeo the amount was $187,666.85; in Grand Falls-White Bay, $152,664.57. We are now getting to the district represented by my hon. friend, and a very good friend, from Humber-St. George's which apparently has not received the same quantitative amount. His district received only $61,442.48. Then we come up to the highlights again and we have the district of Trinity-Conception receiving $118,372.77. In other words, Mr. Chairman, a grand total, up to this year, of $874,873.45, of which St. John's East, and I am speaking of my own district, received $38,000. That is one point. I now come down to the estimates of this year. In this year the work called for in St. John's East amounts to $69,803; in St. John's West, $91,060; in Bonavista-Twillingate, the constituency of the Secretary of State, $1,332,575.

Mr. Casselman: Shame.

Mr. Higgins: In Burin-Burgeo the amount is $443,120; in Grand Falls-White Bay, $159,600; in Humber-St. George's—again small potatoes compared with the others, but very much higher than ours—$78,400, and in Trinity-Conception, $529,500. I am not going to labour the point, but I should like to make this comment. We came into union with Canada in 1949. Since then the grand total is over three and a half million. That is including the proposed current expenditure of $2,704,058. Of that amount the district of the Secretary of State alone receives these two amounts, $267,095.21 and $1,332,575. I am a person that believes that lightning does not usually strike twice in the same place. In 1949, in the month of December, the minister said, in answer to my leader, that it was a very peculiar coincidence that moneys for public works were expended as they were in Newfoundland. I again ask him tonight to explain how that coincidence could have happened again.

Mr. Fournier (Hull): I do not wish to make a lengthy statement, but I will try to come right down to the point. I am told that St. John's, Newfoundland, had its harbour facilities kept in good condition all through the last war. Reports received from the engineers would not have justified expenditures, even if we tried to divide public works estimates *pro rata* to the population; but we were told—and I have reports from the engineers to that effect—that the outlying coast where the fishermen make their living had no harbour facilities. I am told that they are the poor element of the population. From the kindness of heart of my officials we thought we would start doing work in Newfoundland to help these poor fishermen. When we get to St. John's where the facilities exist my hon. friend can rest assured that I will not forget my two good friends from St. John's. If they have any special requests that are justified according to the reports I receive from the engineers there would be no distinction because they do not belong to the government party. You can take my word for that because I have been following that policy for seven years.

Mr. Higgins: Either the minister's milk of human kindness has been curdled or he has been badly misinformed because the constituencies of St. John's East and St. John's West are not only city districts but take in outlying fishing settlements as well.

Mr. Fournier (Hull): That is where we spent that money.

Mr. Higgins: As the minister knows, or should know, requests have been made on behalf of the fishermen of these districts for various facilities, but they have not been acceded to. I will mention one in particular in my own riding, and that is Flat Rock, where there is a very large fishing settlement, from which a request was made, and I myself was informed that the cost of doing the job there would be $150,000. That was considered to be too high for the work to be done by the department. That is perfectly all right. So long as the minister says he is not going to do it in the city of St. John's, all right. The city will look out for itself. But what about the fishermen he is so interested in? He has told us how interested he is in helping the fishermen. I ask him, in that case, to take into consideration the settlement of Flat Rock, and also the settlement of Bauline.

Bauline has made a request for a breakwater, but that request has not yet been

acceded to. There is a very hard-working and liberal-minded group of people in Bauline; I can assure the minister of that. They certainly would be more than happy if he were to agree to their request.

Then he should be happy to consider the annual question of the wharf at Portugal Cove. The minister has been pretty generous in his treatment of certain districts, and in particular his treatment of that district represented by the Secretary of State. I do not blame him; after all, the Secretary of State is very close to him. Probably he has the minister's ear more than other Newfoundland members associated with him—and certainly more than the hon. member for St. John's West and myself.

He must remember, as I have tried to tell him more than once, that Bell Island is most important, and that Bell Island needs to be serviced by this wharf. I would remind him that Bell Island is still the largest iron ore mine in the British empire today. I would remind him that the war effort requires the use of all possible facilities. Merely because the minister states Portugal Cove wharf is a ferry wharf, the minister says he will not help put a proper wharf there. I have asked for the correspondence in this connection, and the minister has put me off by saying that it was not agreed to by the premier of Newfoundland. Then the other day he said that the premier had agreed.

I still have not got the correspondence, and I still do not know what happened, and I hope the minister will tell me what happened when he gets a chance. Maybe he will tell me tonight. He has told me that I have no fishermen in my constituency, and that there are none in the constituency of the hon. member for St. John's West. But other constituencies have been receiving large expenditures because of fishing settlements. Perhaps the minister would explain that.

Mr. Fournier (Hull): Public works proceed gradually throughout the country. If the hon. member were to see the files in our office, containing requests from St. John's, Newfoundland, to Victoria on Vancouver island, he would be surprised how many works we do not cope with every year. But I like the way the hon. member deals with the estimates of this department, because it brings me back to reality. Only a few days ago I read a newspaper from his city, the *Sunday Herald*, which I believe circulates in all Newfoundland, and is the largest newspaper on the island.

Mr. MacInnis: Which island?

Mr. Fournier (Hull): Newfoundland. Do you know what they say about public works? They say this:

> Although not too much is heard on the subject, it's a fact that hundreds of thousands of dollars have been spent in this province on federal public works since confederation. But you would have to travel around the country to see the dozens of public wharves which have been constructed at Ottawa's expense. Today, even the most remote hamlet—

And this is speaking of Newfoundland—

> —has a jetty which is only slightly too small for the *Queen Mary*. And we cannot help but wonder if a great many of these wharves are not a waste of money.

Mr. Higgins: May I ask a question?

Mr. Fournier (Hull): No. Just a moment. I hope my hon. friend made requests to me tonight that will be justified. My engineers will decide if they are, and as soon as I have time I shall try to study the situation and have an estimate made. Never be discouraged with public works. Do not mind what party you belong to: if the need is there, we are at your service.

Mr. Higgins: The minister does drip like a honeydew melon, and one cannot be upset by him. He has such a kindly voice. However, I would like to ask if he quoted the newspaper as an authority. I ask him that because it is a paper that is very close to the party in power in Newfoundland, and some may question its authenticity.

Mr. Gibson: Its objectivity.

Mr. Higgins: Yes, its objectivity. Let me say that the engineer of the department, Mr. Gerald Millar, is a very fair man, and is doing a fine job. When the premier of Newfoundland criticized him, he criticized him wrongly indeed. I say that, and I repeat it. So far as I am concerned, not only is he a fair man but he is a just and a capable man. All I ask is that the minister and those associated with him authorize Mr. Millar to do again what he feels is right, no matter who represents the district. I do not know whether there is any authority one way or the other, but I do know that there does appear to be a great preponderance of money spent in districts represented by members who are in the Liberal party.

Item agreed to.

Architectural branch—

337. Ottawa—maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $500,000, $9,282,534.

Mr. Herridge: Room No. 16 used to be a room of great charm and dignity which members of the house enjoyed frequently.

Mr. Fournier (Hull): If the hon. member is referring to room 16 he will have to see Mr. Speaker about it. It does not come under my department.

Mr. Herridge: Is the minister responsible for that artistic atrocity?

Mr. Graydon: I should like to renew a question I asked some weeks ago in connection with the windows blown out of the dome of the library about a year ago. The minister at that time, with his usual courtesy, told me he was going to find out if something could be done. Would he be in a position to tell us now?

Mr. Fournier (Hull): After the request from the hon. member we did look around and we tried to replace those windows with the same material originally employed. However, this took place some years after confederation, and we found it difficult to replace them as they were before. I am told this evening however that we now have provided the frames and the templates to do the work, and I understand it will be done during the summer.

Item agreed to.

Architectural branch—

338. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $800,000, $15,661,008.

Mr. Black (Cumberland): Have the maintenance and improvements been completed on the public buildings at Springhill, Nova Scotia? An appropriation to carry out this work has been outstanding for two or three years. I believe some work was done. I do not know how much was spent last year. What is proposed for the current year, and will it complete the renovation and improvements?

Mr. Fournier (Hull): The repairs and alterations to that building come out of our general vote. I am not really up to date on that specific project, because it is not under the vote for Nova Scotia.

Mr. Black (Cumberland): This item 338 is for $15,661,008, and I would consider it a general item.

Mr. Fournier (Hull): That is a general item covering maintenance. I shall ask my officials to look into the matter and tomorrow sometime I will give all the details to the hon. gentleman.

Item agreed to.

[Mr. Herridge.]

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—

339. Newfoundland, $560,000.

Mrs. Fairclough: I should like to speak on this group of items because the information I seek is related to all of them and I think it would be wise not to ask the same question on each item. I find these figures very interesting. The total shown is $29,598,000, less unforeseen improvements of $2,000,000, which gives a total allocated to the provinces of $27,598,000. However, a large number of items are shown as revotes, either in whole or in part. For instance, Yukon and the Northwest Territories show a revote of $150,000 out of a total of $200,000. In the case of Newfoundland there is $193,000 of a revote out of a total vote of $560,000. Ottawa, out of a total vote of $5,793,000 there is a revote of $3,041,000. Quebec, out of a total of $7,968,000 there is a revote of $4,403,000. Ontario, out of a total of $4,625,000 there is a revote of $3,085,000, and so on all the way down the line. Out of a total of $27,598,000 there is a revote of $15,704,000.

Revotes of that size would indicate that these works were not proceeded with last year and I am wondering what the chances are of their being proceeded with this year. If $15 million was carried over from last year what chances are there of using $27 million this year, particularly in view of the shortage of materials and the urgent need for materials in lines other than public works? What are the possibilities?

Mr. Fournier (Hull): Not very good, but I shall explain why we have such large revotes. These estimates are prepared in December; they come into the house in February and they are voted in June. That is when we get our authority to proceed with the expenditure. In many parts of Canada the construction season lasts only a few months. Though we have the good will to proceed we do not always succeed. If you will look over these estimates for the past forty years you will see that there have always been revotes.

What frightens me this year is the lack of materials. We may have far more revotes when I come back next time. When I prepared these estimates in December there were no restrictions on steel and with those restrictions I cannot proceed with many public works though they have come down in amount by $21 million from last year.

Mrs. Fairclough: I have no objection to the manner in which these figures are brought forward except that they seem to present a totally false picture as to what may be expected. Inasmuch as the taxes of this country are predicated upon expected expenditures it seems to me that here is a sizeable chunk of money which is being taken from the taxpayers when there is no expectation at all of its being used.

Mr. Fournier (Hull): I would not go as far as that because a vote is transferable from one project to another. A project may be delayed or not started with, but with the authority of the treasury board we can transfer that vote to projects that are under way. Actually in many cases where there are revotes we never vote the total amount of the construction unless we know the amount of the contract. We get an initial vote, we prepare plans, we acquire a site, we ask for tenders, we give a contract, but that contract may take one, two or three years to complete. We try to have as exact an amount as possible in our estimates.

I am not a contractor, but I am told that there is hardly any way in which you can arrive at the exact amount that will be expended in one year on any project. It is an estimate. These are not costs; they are estimates. That is what my officials tell me and they are well versed in these matters. They say it is the best way to proceed, and according to the statute I must follow their advice.

Mrs. Fairclough: I suppose it is well to be optimistic, particularly when there are so many people to please. I understand that it is impossible to transfer funds from one department to another, but I must say that I would rather see these amounts go to the minister of resources for use in housing construction.

Mr. Browne (St. John's West): What is the attitude of the government in regard to a public building in St. John's? I notice there was a vote of $100,000 last year with a revote of $50,000 this year. Is it the intention of the government to have a public building erected in St. John's? There is no doubt about the need because the offices are quite crowded and are scattered all over the place.

Mr. Fournier (Hull): For the last year we have been trying to purchase a site for this building but we have found that the people do not all agree on the site. At last I have decided that we should put the building on the government grounds, if that is the way you describe them. I have gone into the matter thoroughly but the trouble is getting a definite price. I have to admit that I have not been successful in that. Negotiations are being carried on and the moment we receive a firm offer for this site we will have our valuators go down and make a report. When we can purchase the site we will prepare plans and specifications and proceed with the building.

Mr. Browne (St. John's West): Has an offer of a site been made to the government?

Mr. Fournier (Hull): I discussed the matter with the authorities in Newfoundland and I was shown the exact location which the provincial government would be willing to sell to the federal government. I have not received a price and I have no knowledge of the price that is being asked. I am trying to get that price.

Mr. Browne (St. John's West): Is the matter being actively pursued?

Mr. Fournier (Hull): As actively as I can pursue any activity.

Mr. Higgins: Where is the site?

Mr. Fournier (Hull): On the hill adjacent to the provincial buildings; I believe it is Circle road and Bannerman avenue.

Mr. Higgins: I made a protest some time ago and the minister said it was not going to be built.

Mr. Fournier (Hull): Did I change my mind? I have never visited the place myself. but I had a conversation with the highest authority in the province and he told me they would be ready to sell that site.

Mr. Higgins: I take it the minister means the premier of Newfoundland offered to give him that piece of land?

Mr. Fournier (Hull): I never said that he offered to give us the land.

Mr. Higgins: Did he offer to sell it to you?

Mr. Fournier (Hull): Yes, and we are waiting for a price.

Mr. Higgins: Is that offer still open?

Mr. Fournier (Hull): As far as I am concerned it is open. If they will give me a price I will get a vote and pay for it.

Mr. Higgins: Then all that is stopping the erection of a building there now is the question of price?

Mr. Fournier (Hull): No, no.

Mr. Higgins: Then if that is not so I want to register my protest against the building being erected in the particular spot the minister talks about. If the question of

price is the only objection, that is all very well; but I still want to register my protest against the building being erected where the minister states he may erect it. The minister has to take into consideration the fact that the people of St. John's still live in St. John's, and in my part of St. John's where that building is to be erected the people do not want it erected there.

Mr. Gibson: Why?

Mr. Fournier (Hull): Do I understand that the people of St. John's do not want to have the building erected there?

Mr. Higgins: This is a residential area and it is a part of government house grounds. We still have our traditions and we still like to preserve government house grounds.

Mr. Fournier (Hull): That is why there is so much delay in putting up a building in St. John's.

Mr. Higgins: No, it is not that by any means. I am quite certain the minister has a lot of sites where he could build public buildings if the proper contacts are made to have the land set aside.

Mr. Gibson: Whom do you have to see?

Mr. Ashbourne: While we are considering the estimates of the Department of Public Works I should like to find out something from the minister. At page 222 of the estimates for 1950-51 there was a vote of $30,000 for the construction of a public building at Lewisporte. I should like to ask the minister why the money was not spent and why the building was not erected. I have had some communications from my constituency with respect to this matter. I have a telegram from the Lewisporte town council which I received last week. It reads:

> Please advise if public building is to be constructed here this year. If not advise cause of delay.

On looking at the estimates for this year I notice that the amount has been dropped. It has not been included in the estimates for 1951-52. I should like to point out the importance of Lewisporte because it is a thriving progressive town. It is at the head of a spur of railway about nine miles long running from Notre Dame junction to Notre Dame bay, and it serves a large area. I believe Lewisporte is situated at about the most northerly point on the railway in Newfoundland. It is centrally situated in the middle of Notre Dame bay, and through it pass large quantities of merchandise including coal for the railway and a lot of gasoline for Gander. It is evident of course that it is an important place, and I am sure I do not know why this vote has not been included in this year's estimates when the money was not spent last year. I should like to have an explanation.

Mr. Fournier (Hull): I can tell the hon. member right now. They took $21 million off my estimates. I had to cut some place and Lewisporte was one of the places. Hon. members will see that the Minister of Public Works is not criticized only by people from the other side of the house.

Mr. Browne (St. John's West): I should like to congratulate the Secretary of State on being able to get an increase of $175,000 for the building in Bonavista.

Mr. Fournier (Hull): I am sure he will acknowledge the congratulations.

Mr. McGregor: The resistance was not so strong there.

Mr. Ashbourne: The minister has explained that they needed a large amount of money for defence purposes. Of course when it comes to the defence of Canada I am all for that, and I suppose I have to suffer in my riding, but I should like to point out that this $30,000 is not a very large amount. In view of the importance of the vote and the need for it I should like to have it included in the supplementary estimates if at all possible. If not, when the estimates are being prepared for next year I hope the members of treasury board will take cognizance of what has been said, inasmuch as I understand they follow *Hansard* pretty closely, and see if they cannot include that vote of $30,000 so that the people in that very important thriving settlement will be able to get a decent public building. There is one other matter I should like to mention. I should like to find out the amount of money that has been spent by the Department of Public Works at Gander this year. Gander is also in my riding and is in a very important strategic position. If the international situation should become worse we can look forward to a great influx of people there again. I should like to know how much money has been spent at Gander. In last year's estimates there was an amount of $75,000 and in the supplementary estimates a further amount of $65,000. I should like to know the amount that was spent.

Mr. Fournier (Hull): We have spent $99,254.92 at Gander.

Item agreed to.

340. Nova Scotia, **$278,000.**

Mr. Black (Cumberland): I am not going to register any complaint but I want to point out that the estimates for my province have been reduced to less than one-fifth of what they were in the previous year. I think the

people of Nova Scotia are disposed to approve reductions in expenditure if they are necessary in the public interest and for our defence, but it would appear to me that the figures indicate that there has been a greater reduction in Nova Scotia than in any other province. I want to point that out to the minister. I am not going to refer to any specific instances, but on the whole it would appear that we are suffering to a greater extent than any other part of Canada.

Mr. Fournier (Hull): In answer to the hon. member, I understand that in the preceding year there was an amount of $1,483,000 covering a good many projects. Some of those projects were completed, and we have not undertaken any new works in that province this year. It is true that the amount has been cut down quite a bit, but we have been doing a lot of work in Nova Scotia in the past, and when comparisons were made Nova Scotia was always in first place.

Item agreed to.

341. Prince Edward Island, $380,000.

Mr. Black (Cumberland): Perhaps we should have a word from the minister with respect to item 341, Prince Edward Island. The hon. member for Queens has always endeavoured to secure information from the minister with respect to expenditures or promised expenditures on the public building in Charlottetown. He happens to be absent this evening, and I know he would like to have a report from the minister with respect to the progress his department has made in acquiring land for the proposed public building in Charlottetown and settling with the owners thereof. I know he would like to have a report from the minister as to what was done last year and what is proposed for the current year. I see there is an item of $150,000 for that project compared with $500,000 last year, a reduction to less than one-third.

Mr. Fournier (Hull): We have nearly completed the purchase of the property which comprises the site of this public building. This has been a long-drawn-out affair. We had expropriation proceedings taken against approximately twenty-five different owners of these properties. We have proceeded to settle most of them but some are still not completely settled. When we become the owner of this site we will have the plans prepared. If conditions return to normal, we shall certainly proceed with that building. I would have given this explanation even though the member for Queens is not here. We are close personal friends but I would not deny him any information. He is in the same position as many of the members of the house, because even if we did have the plans prepared and had asked for tenders I do not think we could get the steel to erect the building. I do not know how many contracts are being held in the office because we cannot get the steel. I assure the member for Queens that every representation he makes concerning this project will receive serious consideration.

Mr. Black (Cumberland): I know the member for Queens will appreciate the assurance the minister has given. What is the total amount to date disbursed for the property the department had to acquire? I presume the department has expropriated the site, and there is therefore no justification for delay in proceeding with the construction merely because the department has not settled the compensation.

Mr. Fournier (Hull): Perhaps the hon. member is right, but I understood there were some business places on this site before we became the owners. We hesitated throwing people out without due notice. The amount spent on the properties was $266,196.25.

Mr. Black (Cumberland): Have any findings been made on the properties by the exchequer court?

Mr. Fournier (Hull): No hearings have been held on those cases yet.

Mr. Black (Cumberland): May I ask the minister if any plans have been prepared for the building?

Mr. Fournier (Hull): No.

Mr. Black (Cumberland): When is it expected the plans will be completed so the department will be in a position to call for tenders?

Mr. Fournier (Hull): I would hesitate to give a date when the plans will be completed. I would be afraid I would make a mistake.

Item agreed to.

343. Quebec, $7,968,000.

Mr. Harkness: I have a considerable number of questions on this item concerning the details found on page 350, "Hull—national printing bureau (revote $650,000), $1,300,000". I asked a number of questions in connection with this and received a return in sessional paper No. 107-D, dated May 17, 1951. I must say that it is notable for what I can only call its evasiveness so far as the answers are concerned. As a result I should like to ask some further questions in connection with those on the sessional paper to see if we can get a little more definite information.

The first question I asked at that time was:

What was the original estimate of the total cost of the new government printing bureau in Hull, Quebec?

The answer given is $11,300,000. The second question was:

What is the present estimate of what the total cost will be?

The answer given is $11,300,000.

Mr. Fournier (Hull): What date was that?

Mr. Harkness: It is dated May 17, 1951. Will the minister state when this original estimate was made? How long is it since there has been another estimate made, because the answer given to both those questions was the same figure, $11,300,000. In view of the fact that this printing bureau has been on the drawing boards at any rate for some considerable time, and so far as I can see here the original estimate was $11,300,000 there should be a revised estimate now because building costs have certainly risen in the last two years.

Mr. Fournier (Hull): If I gave you that answer in May, 1951, I cannot see that they have gone up that much in a month.

Mr. Harkness: No; what I am getting at is that the answer is quite patently wrong. The first question I asked was, when was this original estimate of the total cost of this structure made?

Mr. Fournier (Hull): I am told that $11,300,000 is the last estimate made.

Mr. Harkness: When was the first estimate made?

Mr. Fournier (Hull): I could give you all kinds of figures when we started off on this project. It is quite difficult to estimate before you have complete plans of the building, or to give the final figure for the work. If you asked me what the cost will be, I would say you will have to wait until all the contracts are given.

Mr. Harkness: The minister has just given two different answers. He said he could not give the original estimate because you could not tell until all the contracts were in. He said the only figure he could give is the $11,300,000. Then he turns round and says he could not tell what it might be until all the contracts are in. That is the trouble with this return. Everything in it is contradictory. If the original estimate was $11,300,000, then the present estimate cannot be $11,300,000. What I want to find out is when the original estimate was made. There must have been a figure when the department first decided to build this building. They must have estimated what the total cost was going to be.

[Mr. Harkness.]

Mr. Fournier (Hull): My friend wants me to say that somebody in my department made an estimate three or four years ago. Well, that is not the way we proceed. We have to start by hiring or taking on the payroll an architect, and having this architect and the departmental architects consult with the department requesting the building. Through consultation they decide what kind of building is required, and the amount of space required. They then start making sketches and plans, and as they go on they make out specifications. In a building like this one they did start some years ago—I have heard so much about the printing bureau in the house that I think it is in my own riding. Probably that is why I hear so much about it. When they started off, they did not have an estimate. I have given an estimate. Probably they did not know any more than you know or I know. My department tells me the architect says the estimated cost will be $11,300,000.

Mr. Harkness: The minister is now trying to tell me, so far as I can make out, that they started the building without any idea of what it was going to cost. They start in to get architects and let contracts, and after they have gone on for a time they finally come up with an estimate. I really cannot accept that as being the way government business should be run. I do not think there is any question but that there is always an estimate in connection with any building I have ever heard about. It seems to me there must have been an estimate made so far as this building is concerned.

In any event, my original point still remains that this return is incorrect. The answer to the first question and the answer to the second question are the same. It is quite evident that they cannot be the same. Before we come to these estimates again—I see it is after eleven o'clock—I would ask the minister to get me an answer to that question.

Mr. Fournier (Hull): Do not make an unfair request. When the hon. member puts a question in the house, it is sent to the officials of the department. They have the files and they have the figures. They give me the answer, and I table it in the house. If the hon. member is going to tell my officials they do not know what they are doing, I really would not like that.

Mr. Harkness: I am going to repeat what I said a while ago, that this return is completely evasive. I cannot say anything more about it. There was no answer anyway to the question, and an effort was made to conceal the answer.

Mr. Fournier (Hull): I would ask the hon. gentleman to withdraw the word "conceal". It would not apply to me because I am over and above that; but I have gentlemen here who have a reputation and I must ask the hon. gentleman to withdraw that remark.

Mr. Harkness: Mr. Chairman, I cannot withdraw it. The return is here for anybody to see; and I will submit it and the rest of these questions.

Some hon. Members: Withdraw.

Mr. Harkness: Before this discussion is over, I will submit all the rest of these questions, and I will leave it for you, Mr. Chairman, or anyone else to say whether the return bears out the statement I have just made.

Mr. Fournier (Hull): Mr. Chairman, I insist that the hon. gentleman who is insulting the officials of my department withdraw that remark.

The Deputy Chairman: I think that the hon. member for Calgary East certainly had no intention of insulting the deputy minister, the officials of the Department of Public Works or the minister himself. He, of course, knows about the citation in Beauchesne at page 105 which refers to high officials. They are covered by standing order 41 which forbids offensive language. I would think that the hon. member would himself realize that it might be advisable for him to modify his remarks or withdraw the words that he has used.

Mr. Harkness: The minister and I get on very well indeed, Mr. Chairman, and I am quite sure that he knows that I had no intention of insulting him and that I had no intention of insulting his officials.

Mr. Fournier (Hull): Thank you.

Item stands.

Progress reported.

VETERANS AFFAIRS

Sixth report of special committee on veterans affairs.—Mr. Mutch.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up the estimates of the Department of Veterans Affairs and the bills concerning veterans affairs. If we get through with those late in the evening, we will take up the estimates of the Department of Agriculture afterwards.

Mr. Knowles: Will the Minister of Public Works (Mr. Fournier) make it clear which come first, the estimates or the bills?

Mr. Fournier (Hull): The estimates. We will start with the estimates.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

255. Departmental administration, $869,901.

National health branch—

Health services—

256. National health branch—administration, $115,726.

257. Administration of the quarantine and leprosy acts, $289,391.

258. Immigration medical services, $736,367.

259. Sick mariners medical services, $584,111.

260. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,600.

Laboratory of hygiene—

261. Operation and maintenance, $368,185.

262. Construction and acquisition of buildings, works, land and new equipment, $75,000.

263. Public health engineering, $147,576.

264. Industrial health, $170,085.

265. Civil service health, $233,247.

266. Epidemiology, $40,832.

267. Administration of the Food and Drugs Act, $815,546.

268. Administration of the Proprietary or Patent Medicines Act, $25,515.

269. Administration of the Opium and Narcotic Drugs Act, $159,914.

Indians and Eskimos health services—

270. Operation and maintenance, $9,875,630.

271. Construction or acquisition of buildings, works, land and new equipment, $1,609,000.

272. Grant to Squamish (B.C.) hospital which cares for Indians and Eskimos, $30,000.

Special technical services—

273. Nutrition, $144,069.

274. Child and maternal health, $87,308.

275. Venereal disease control, $32,218.

276. Dental health, $43,414.

277. Hospital design and consulting service, $24,286.

278. Mental health, $50,610.

279. Blindness control, $32,328.

280. Civil aviation medicine, $29,087.

281. Health insurance studies and administration of general health grants, $72,409.

General health grants—

282. To authorize and provide for general health grants to the provinces upon the terms and in the amounts detailed in the estimates and in accordance with regulations prescribed by the governor in council including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year not to exceed a total amount of $35,302,238, $25,000,000.

Special health grants—

Grants to health organizations—

283. Canadian Mental Health Association, $10,000.

284. Health League of Canada, $10,000.

285. Canadian Public Health Association, $5,000.

286. Canadian National Institute for the Blind, $45,000.

287. L'Association Canadienne Française des Aveugles, $6,000.

288. L'Institut Nazareth de Montréal, $4,050.

289. Montreal Association for the Blind, $4,050.

290. Canadian Tuberculosis Association, $20,250.

291. Victorian Order of Nurses, $13,100.

292. St. John Ambulance Association, $10,000.

293. Canadian Red Cross, $10,000.

294. Canadian Paraplegic Association, $15,000.

Welfare branch—

295. Welfare branch administration, $30,696.

Family allowances —

296. Administration, $2,004,289.

Old age pensions and pensions to the blind—

297. Administration, $83,859.

National physical fitness—

298. Administration, $68,240.

299. Assistance to provinces, $82,214.

300. Assistance to schools of social work, $100,000.

301. Grant to Canadian welfare council $16,000.

DEPARTMENT OF PUBLIC WORKS

335. Departmental administration, $475,765.

Architectural branch—

336. Branch administration, $471,308.

337. Ottawa—maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $500,000, $9,282,534.

338. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $800,000, $15,661,008.

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—

339. Newfoundland, $560,000.

340. Nova Scotia, $278,000.

341. Prince Edward Island, $380,000.

342. New Brunswick, $1,639,000.

HOUSE OF COMMONS

Friday, June 22, 1951

The house met at eleven o'clock.

PRIVATE BILLS

FIRST READING—SENATE BILL

Bill No. 394, for the relief of Marie Elizabeth Rose Ange Cousineau Brousseau. — Mr. Winkler.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION

On the orders of the day:

Mr. Gordon Graydon (Peel): Mr. Speaker, might I ask the Prime Minister whether the order paper as it stands at present contains all the legislation that we shall be asked to deal with during this part of the session?

Right Hon. L. S. St. Laurent (Prime Minister): I think there are still one or two bills which are now before the other place and which may be sent over here in the course of the day. But with that reservation I think that the order paper covers everything that the house will be asked to deal with, and perhaps more, before it is suggested that we adjourn.

Mr. Graydon: There may be a surplus.

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

535. Departmental administration, $2,208,070.

Mr. Brooks: Before this item carries, Mr. Chairman, I should like to make a few remarks on veterans affairs. I am sure that all hon. members realize that the estimates of the Department of Veterans Affairs are probably the most important estimates we have coming before the committee, and the estimates which have most to do with the lives of a great many of our people.

At the outset I should like to say that I was pleased indeed that the veterans affairs committee was set up this session. On many occasions I have advocated that there should be a standing committee on veterans affairs in this house, and I am more convinced than ever that this is necessary. The committee had twelve meetings; many important matters were brought before it, and many suggestions were made for improvements in veterans legislation.

In my opinion the problem of veterans, as it exists today, was just touched on by the committee. Certainly there was a feeling in the committee that our work was not finished. When we came here at the beginning of this session it was obvious to most hon. members that there were certain problems relating to veterans affairs which must have attention, and I am satisfied that many hon. members, and most people in the country, felt that certain matters would be discussed and dealt with. The fact that conditions are changing so rapidly in the country, that the plight of the veteran is changing perhaps more than that of any other class of people, made us realize this fact.

Referring to the desirability of having a permanent veterans affairs committee, I might say that to my knowledge since veterans affairs were first discussed in the house there have been about eighteen veterans affairs committees. Meetings of those committees were held at a time when veterans affairs were perhaps not the serious problem that they are today. Before 1939 and 1940 we had just the veterans of world war I to deal with. Now we have the problem not only of the veterans of world war I—and their problems are becoming more serious every year as they increase in age—but also of the returned veterans of world war II, and added to those we now have the problems of the men who are serving in the Korean theatre of war.

We had hoped that in the veterans affairs committee the two main problems concerning veterans of today, namely, an increase in the basic rate of pension, and an increase in war veterans allowances, would be discussed. Unfortunately that was not the case. We were not placed in a position to deal with these two very important problems.

Canada is becoming very social-conscious in her welfare legislation. Yesterday we dealt with the matter of old age pensions, and I am sure we are all pleased indeed that this problem is receiving so much attention, and that provisions are being made for more adequate treatment of the old people of this country. We have also heard many times in this house requests for an increase in the cost of living bonus for

civil servants and other employees. We realize that the present wages which they receive are not adequate. We have also noted that there have been great increases in wages in different kinds of employment throughout the country. We also realize that our money is greatly depreciated, to the extent that a dollar which ten or twelve years ago would buy a dollar's worth of goods, today will do little better than buy fifty per cent of that amount on the same basis. Therefore I say, Mr. Chairman, that the lot of the pensioner and the veteran in Canada today is not a very pleasant one. For this reason we in the committee felt—at least some of us—that these matters should receive the first consideration of the veterans affairs committee.

I personally was sorry and disappointed that no increase was made in the basic rate of pension this year. I was also sorry and disappointed that the matter of war veterans allowance was not considered by the veterans affairs committee, and that this serious problem was in no way discussed. I might ask, what alternative to this problem is the government offering the veteran? It is this. We have before us item 650 in the supplementary estimates of the Department of Finance. As hon. members know, it was under long discussion in the veterans affairs committee, and received severe criticism. It was also a matter which was severely criticized not only by the veterans of the veterans affairs committees, but by all veterans organizations across Canada. There was not one veterans organization which appeared before the veterans affairs committee which gave its approval of this item as solving the basic problem of the veterans at this time. Perhaps I might just read the item 650 to which I am referring. It is as follows:

650. To provide financial assistance after the thirty-first of May, 1951, in accordance with regulations to be made by the governor in council, to unemployable veterans who are in receipt of pension under the Pension Act for a disability which is a major factor contributing to their unemployability, $2,000,000.

I might say at the outset, Mr. Chairman, that the word "major" was struck out. The item was amended to that extent, and it should read:

. . . for a disability which is a factor contributing to their unemployability.

This was a wise amendment, and received the unanimous approval of the veterans of the committee. When one reads this item it may sound as if it were not very much astray on the face of it, since it purports to be of help to veterans who are unemployable. It gives it to pensioners, single men who have thirty-five per cent disability and who are unemployable, and married pensioners with forty-five per cent disability and unemployable.

According to the deputy minister of veterans affairs, some 6,000 pensioners will be benefited in Canada. I would point out, Mr. Chairman, that this is 6,000 out of 162,000 veterans receiving pensions.

As I said a few moments ago, the different veterans organizations throughout Canada appeared before the veterans committee, and they were in accord in their objection to this unemployable allowance. They did not approve this way of handling their problems. For the benefit of the committee I should like to read some of the statements which were made by the leaders of these different organizations. Group Captain Alfred Watts, president of the Canadian Legion, said at page 78 of the proceedings of the committee:

If the proposed supplementary allowances were to be in addition to an adequate pension, they might be worthy of careful study. As has been pointed out, often times, under certain local conditions where physical fitness is a prerequisite for employment, such as in the coal mines or steel works of Cape Breton, a comparatively minor physical disability may result in unemployability. In such a case the proposed legislation might serve a very real need. But if this legislation is proposed in lieu of an adequate pension, as it is, then it is pernicious in the extreme.

Dr. Lumsden, vice-president of the Canadian Legion, a man who has made a very thorough study of Canadian problems and pension legislation, and who is considered throughout Canada as an authority on this matter, had this to say, as set out at page 83 of our proceedings:

It should be obvious that once you repudiate the cost of living and wage indices as norms and make relief contingent on need, then you have in fact introduced the means test into the pension legislation. That is inescapable. The Minister of D.V.A. insists that this supplementary allowance for unemployable veterans does not introduce a means test in the pension. But we would be false to our responsibility as a veterans organization if we did not emphatically assure him that if the total disability pensioner must establish unemployability before he receives a minimal subsistence allowance then it certainly will be regarded as a means test and resented as such. As you see, this introduces a principle of need into the pension system which has been foreign to the Canadian practice and tradition, but it does seem to reflect the practice of Great Britain and some other commonwealth countries, a practice which fortunately Canada up to the present has had foresight enough to avoid.

One of the other outstanding organizations, as hon. members know, is the National Council of Veterans in Canada. Their president, Major A. J. Wickens, an outstanding lawyer and a man who has given years of study to veterans affairs and problems, said this, in presenting his brief to the veterans affairs committee:

We have enough trouble now making veterans understand the classifications that already exist, and

we can see no reason why the good features of this unemployability proposal cannot be engrafted upon the war veterans allowance and war veterans allowance extended to include those for whom this unemployability proposal has been offered. On behalf of those for whom I am speaking and with whom I am associated I wish to say that we appreciate all the thought and consideration and the intention to do something for the welfare of the veterans which lies behind this scheme, but one cannot always accept good intention for the act, and we firmly believe that a greater amount of good can be obtained by an extension of war veterans allowance rather than by the institution of that new provision of unemployability benefit.

My last quotation will be from the president of the War Amputations Association, Rev. S. E. Lambert, who has appeared before the veterans affairs committees for the last twenty or twenty-five years, and whose record and reputation and sympathy for war veterans is well known throughout the country. Speaking with respect to item 650, he said:

If you want to make them all paupers, go ahead. We do not like it; we are not approving of it anyway. That is how the amps feel about it. We are talking to you about fighting men, about men who have been in contact with the enemy in two wars and now in three wars, and I feel somehow that Canada owes them a great deal more than she thinks she does.

There were other outstanding men who expressed the same view. Among these was Colonel Eddie Baker, who, as we know, is a grand veteran who has looked after the interests of blind veterans throughout Canada since the first war. I believe what I have placed on *Hansard* expresses the views not only of the different veteran organizations, but also of right-thinking people from one end of Canada to the other.

It will be noted that their first point of objection was that a new principle is introduced into pensions in this country, the principle of need instead of right. In the past a pension received has been a pension as of right. There was no question as to financial standing, no question whether a man was employable or unemployable. If he had suffered disability overseas, he received a pension according to the percentage of his disability.

We were told in committee that this principle of unemployable allowance had been introduced in England, New Zealand and Australia. I believe that was said more or less to establish the precedent for introducing it in Canada. My understanding is that the principle is very unpopular in New Zealand today, and unpopular also in England. Time and time again we have boasted that our pension legislation is better than that of England or New Zealand or any other country. We have never held up the veterans legislation of those countries as an example we should follow. It is only in this instance that we take legislation which has proved to be unpopular and offer it as something to be followed in Canada.

We know that after two world wars Great Britain was bled white, and her financial position was at a very low ebb. We know that in the first world war she lost almost a million men, and that her pension bills were tremendous. In the second world war it was the same thing. The revenues of the country had sunk to a very low point. What England perhaps was compelled to do in the circumstances of that time is certainly nothing that should be held up here as an example of what we should do.

Since pensions were first introduced there have been two outstanding principles. First was the matter of entitlement, where there must be proof of disability and proof that the disability was due to war service. The definition as I remember it, given by one of the witnesses, was the loss of will or power to do a normal or physical act. That was the basis for entitlement. After entitlement was established, two norms were set up as the basis for pension. The first was the wages of labour, the wage of the ordinary labourer at the time. The second was the cost of living. It made no difference whether a man was a lawyer, a minister, or a ditch digger; if he was assessed at a certain disability, that disability was based upon the normal average wage of labour at that time.

Pensions were never considered as handouts to veterans. Once entitlement was established, they were considered as an absolute right. It was considered that the veteran had earned his pension, having suffered some disability. The present unemployability allowance does not recognize compensation for suffering as the basis for pension. It does not recognize the loss of enjoyment of life which the original pensions did recognize. If a young man lost an arm or a leg he was unable to join in sports or in the normal activities that are open to an ordinary man. He was given some compensation. It is only the man who is unemployable who is entitled to an increase in allowance. The cost of living has gone up nearly 190 or 200 per cent, and nothing is being done to increase pensions.

There are certain anomalies in this legislation. If a millionaire is unemployable, he would come under this item 650, but a man who was receiving a pension of $35 from some other source would not be eligible. If a veteran is 70 years of age or over and has accepted an old age pension, he would not get the unemployable allowance.

I have spoken to different veterans organizations throughout the country and they tell me that this provision is going to be difficult

to administer. For instance, it will be hard to say whether a farmer who is unable to carry on farm work is unemployable when he might be able to operate an elevator or do other kinds of work if he were in the town. The question may be asked: How can this matter be handled? I think we all realize that something should be done for the many thousands of veterans who are unemployable. It was suggested by the veterans organizations and by members of the committee that there should be an increase in the basic rate of pension. Then it was suggested, in the statements which I quoted, that there should be a supplemental increase in the war veterans allowance. The matter could have been handled in that way with justice to all veterans.

I should like to repeat what I said at the outset, that the terms of reference to the committee were too narrow. We were circumscribed and handicapped from the beginning; we could not consider matters which we felt should be considered. For instance, we could not consider the war veterans allowance. I moved in the house to amend the terms of reference to have this included, but my motion was voted down. During the sittings of the committee we asked repeatedly that the terms of reference be returned to the house and enlarged to include the basic rate of pension.

There are other matters before the committee with which we agreed. We agreed that there should be an increase in the allowances to widows and to children. Those matters were covered by amendments to the Pension Act. Then there are other amendments respecting benefits to members of the Canadian forces which received unanimous support. The amendments suggested to the Veterans Business and Professional Loans Act were agreeable, as were also the amendments suggested to the Veterans Insurance Act and the Returned Soldiers Insurance Act. All these matters were considered as being necessary for the welfare of the veteran and were approved by the committee as good legislation.

I want to conclude by repeating that it was disappointing indeed to the committee not to have an opportunity to deal with the two fundamental matters which are concerning veterans across Canada today. The first was an increase in the basic rate of pension, which is long overdue. It will be recalled that in 1948 there was an increase of twenty-five per cent in the basic rate which was granted because of the increased cost of living. There was no question of unemployability. I remember at that time they came before the committee offering ten per cent, but that was rejected. Then they offered sixteen per cent, but that was unacceptable. Finally we agreed on a twenty-five per cent increase. As I say, nothing was said at that time about unemployability. The committee concentrated on the basis upon which pensions should be increased at that time, as they should now.

The other fundamental problem was that of veterans allowances. This also was not dealt with in the committee, and we did not even have an opportunity to discuss it.

Mr. Herridge: Mr. Chairman, I should like to make a few remarks on this important item concerning the minister and his staff before proceeding with some criticisms which I intend to make. First, I want to express my appreciation of the courtesy extended by the minister on several occasions and his interest in the veterans welfare. I appreciate also the courtesy extended by the parliamentary assistant and his work as chairman of the special committee on veterans affairs. While some of us often question his judgment on certain phases of veterans legislation, I think all members of the committee will say that he means well.

I wish also to express my appreciation of the work done by the senior officials, and their courtesy in attending to everything that was brought to their attention. Reference should be made also to the work of the departmental officials throughout the country. More and more I have had brought to my attention the good work done by the junior officials who travel across the country investigating various cases coming under the Pension Act, and the various pieces of veterans legislation. I have had several difficult cases brought to my attention in my constituency, and the officials have shown unusual patience and have gone to great lengths in attempting to solve, to the advantage of the veterans or dependents concerned, the problems that were brought to their attention.

Having said that, I must now strike a somewhat different note. In 1948 the cost of living index stood at 155·0. It will be remembered that at that time legislation was passed to increase the basic rate of pension twenty-five per cent. That increase was generally acceptable to members of the house and to the veterans of Canada. It was given on the general understanding that the cost of living index was going to level off. Although that twenty-five per cent increase was not sufficient when considered in relation to the wages being paid and the cost of living at that time as against the time when the pension was made permanent, it was considered to be generally satisfactory.

But conditions have changed for the pensioners of Canada. By November of last year the cost of living index had reached 170·7. That increase resulted in representatives of the major veterans organizations making representations to the federal cabinet, and later to the special parliamentary committee on veterans affairs, urging a 33⅓ per cent increase in the basic rate of disability pensions. On any sound calculation no one can deny that that was not a reasonable and sound approach to the whole problem. Even 33⅓ per cent would not completely compensate pensioners for the increased cost of living or bring their pension compensation into proper relationship with the cost of living and the wage structure of the country.

Representations were made by the Canadian Legion to the cabinet on November 10. Representations were also made by the national council of veterans. Both these organizations later made complete proposals to the special parliamentary committee on veterans affairs. I think it was the general opinion of members of the committee that they established a very good case and that the witnesses answered in a most satisfactory manner the questions put to them by members of the committee. I suppose this departure in policy by the government in providing for supplementary unemployability allowance for approximately 6,000 of the 160,000 pensioners has caused more difference of opinion among veteran members of the committee than has ever arisen before in the life of the parliamentary committees on veterans affairs. When the government's proposals were made known there was an immediate reaction from the veterans organizations and veterans generally. That was evidenced by the representations made by their national representatives, and it was evidenced by the letters and telegrams received from branches all across Canada by members of this house.

So far as my constituency is concerned, I received correspondence and telegrams from every Canadian Legion branch in the constituency, supporting their national officers and the national council of veterans in their unified request for an extension of the terms of reference of the committee to permit the committee to give consideration to an increase in the basic rate of pension, and to the needs of those receiving the war veterans allowance. There is no question about that. There is no doubt that there was a Canada-wide demand on the part of the veterans. A good many members of the committee supported the proposals of the veterans organizations, because we considered they were sound and just.

I am sure if government members will review the history of the representations made by veterans organizations in Canada they will admit that their requests have always been temperate, sound, and realistically related to the circumstances of the time. We in this group are very much opposed to this departure from the established practice of pensions in Canada, namely, the proposal to pay an unemployability allowance to certain disability pensioners. That practice was established as a result of legislation, as a result of co-operation between veterans organizations, other persons in Canada interested in veterans problems, and the government. We are very sorry indeed to see the government depart from the basic principle which has been so generally accepted, because it is considered fair by the great majority of the Canadian people.

We in this group oppose the proposal first of all because of the violation of the accepted pension principle established in Canada. Second, we oppose it because this new unemployability allowance—I see the hon. member for Spadina watching me like a hawk—provides a means test. There is no question about that. First of all, the veteran has to pass a medical test. He has to prove that his condition is such that he comes within the ambit of this provision. In addition, he has to pass an unemployability test, some sort of welfare test. He has to prove he cannot obtain employment, or is unable to work. He also has to pass a financial test. There is no question about that, because, as was evidenced by the answers of the officials to questions by members of the committee, everyone who makes application must be asked certain questions.

As the hon. member for Royal said, one man could have a million dollars in the bank and receive the supplementary allowance, and another could be denied it if he was receiving $35 a month by way of superannuation or industrial pension. Therefore every applicant for the allowance must be asked the question: Have you a superannuation allowance, or have you an industrial pension? If he has either of these, then according to the explanation given by the officials the pensioner in question would not receive the unemployability allowance. That is a financial test. We object very strongly to that principle being introduced into the question of assisting disability pensioners.

In the third place, we cannot agree that the war casualties of Canada, who are the responsibility of the dominion government, should be treated in any different manner

from the civilian casualties of Canada. No one ever heard of a workmen's compensation board in any province suggesting that a civilian casualty should be paid a certain rate of pension and then, if he was in difficult circumstances, that he should receive an allowance as the result of a triple means test. All civilian casualties are compensated according to the rate of their disability under the terms of the legislation in effect in the province in question. We believe that our war casualties should receive at least the same treatment by way of compensation for their disabilities as that accorded civilian casualties.

As I said before, there has been strong opposition to this proposal from the veterans organizations. The opposition not only comes from the national officers, but, without doubt, as expressed in recent provincial conventions and through the many telegrams and letters received, I presume, by all members of the house, from the rank and file of the veterans organizations in Canada.

I might say further that I have received evidence from my constituency that there are others not directly connected with veterans organizations who think that the government is taking a wrong step in introducing this new principle. In order to indicate the depth of feeling on this question on the part of members of the Canadian Legion, I wish to quote briefly from the June issue of *The Legionary*. *The Legionary* is the national organ of the Canadian Legion, and no one questions the fact that the editorials written in the monthly issues represent the considered opinion and policy of the Canadian Legion. In the June issue there is the following:

> It now remains to be seen whether the committee, composed entirely of ex-service M.P.'s . . . will accept or reject the government's bill. If they reject it, as the legion hopes they will, the government may reconsider the whole matter . . .

I could go on at greater length, but I think that editorial distinctly reflects the opinion of the Canadian Legion with respect to this legislation, and I think that in this case the government has made a most unfortunate mistake. We believe, as the hon. member for Royal mentioned, that the good features of this proposal should be incorporated in the War Veterans Allowance Act so that there would be an opportunity in that way to assist those who require a special form of assistance. By doing that we would leave intact the principle of paying disability pensioners on a strictly compensation basis.

In addition, Mr. Chairman, we in this group are very sorry that the terms of reference of the committee were so narrow as not to permit the discussion of the amendments to the War Veterans Allowance Act. It is obvious that there are many veterans and their dependents in Canada who are now receiving an allowance under the terms of that excellent act who should receive some consideration. I am sure all members of this committee have met cases in which people on war veterans allowance are finding it most difficult to exist under present circumstances, particularly those who are unable to supplement their earnings in any way, or have, shall I say, no other minor source of income. We in this group regret very much that the terms of reference were not wider. A number of the members of the special committee did try to get the terms broadened, as suggested by the Canadian Legion and the national council of veterans, but we were not successful.

In passing I might say that whether we agreed or disagreed on the special committee, I am quite sure that all the members of that committee, who are all veterans, are concerned about veterans problems and their welfare. There is a keen difference of opinion largely based on inexperience. Some members really believe that this proposal will be satisfactory and will bring some advantage to some pensioners. We who object to the proposal believe it is an unfortunate departure from Canadian practice and will create new difficulties in the administration of Canadian pension legislation.

In conclusion, may I say that we urge the government to give further consideration to the representations of the veterans organizations in Canada concerning this most important question, and to give consideration to their proposal with respect to an increase of 33⅓ per cent in the basic rate of pension, as well as to the various and obvious needs of thousands in Canada who are receiving allowances under the War Veterans Allowance Act.

Mr. Quelch: At the outset I should like to say how much I appreciate the consideration that I have received from the various senior officials of the Department of Veterans Affairs in dealing with cases I have brought before them, especially those concerning the Veterans Land Act, because I am in touch with that very often. I am afraid that I cannot speak with any enthusiasm about the special committee that was set up to study veterans affairs. I was greatly disappointed in the work of that committee. In my opinion the reason the committee failed to execute the kind of work it should have executed is twofold. First of all, the terms of reference were limited to such an extent that it was impossible for the committee to take the action it should have been able to take.

Second, I think the failure was due—I do not want to be misunderstood—in part to the personnel of the committee. By that I mean to say that there was such an overwhelming majority of Liberals on the committee. Unfortunately a large percentage of those Liberals were members who were not familiar with the work of the Department of Veterans Affairs. Had they had more experience with that department, I believe they would have been prepared to take a different attitude on some of the issues that came before the committee.

When the Canadian Legion and the national council of veterans presented their briefs before the committee, they made it very clear that they bitterly resented the fact that the terms of reference had been narrowed in the way they were. In that regard I need only quote one statement. I am quoting a statement by a man whom we all deeply respect, and that is Colonel Lambert, president of the "Amps". He generally speaks quite passionately, and I quote from page 111 of the report of the proceedings before the committee:

> It has been my privilege on previous occasions to come here as dominion president of our organization ever since its inception, and for thirty-two years now, I have been the dominion president of the War Amps of Canada representing the sightless, the armless, the legless veterans of the first war, and of the second war, and now of the third war, for we already have amputations from Korea. I came with mixed feelings today. It is always left to me to sort of make a passionate appeal on their behalf but I have lost heart to come here to talk to people who are supposed to be able to do the things that are necessary and when we come we find you are so restricted in your thinking that it is useless for us to say anything about it.

That feeling was evident throughout the briefs of the Canadian Legion and national council of veterans associations. Early in the deliberations of the committee, the member for Royal made an attempt to get the terms of reference extended. Unfortunately his motion was voted down. It is at that point I think the lack of experience had its effect. Had the members of that committee had more experience in the workings of the department they would have realized the committee should have had the power to deal with all veterans affairs. In the past, even when the terms of reference seemed to be narrow, they were sufficiently wide to enable us to deal with all matters, including war veterans allowance. Today one of the burning issues amongst veterans is the war veterans allowance, yet we could not even discuss it in this special committee.

At the start of the proceedings of this committee the Minister of Veterans Affairs made a statement, and either intentionally or unintentionally in that statement he left a definite inference that item 650 in the supplementary estimates of the Department of Finance had been brought down as an alternative to an increase under the Pension Act. I say "either intentionally or unintentionally", and I am not going to argue that. I am going to read what he said and let everyone judge whether or not that statement is correct. I quote from page 22 of the committee evidence:

> Now, the item that is before you as a supplementary estimate implements the intention of the government to provide supplementary allowances for pensioners who are unemployable and whose pensionable disability is a major factor in their unemployability. As you know, representations were made to the department last autumn by the Canadian Legion and by the national council of veterans associations for an increase across the board in the basic rate of pension, and for various other measures of assistance to pensioners and dependents.
>
> Now, after very careful consideration of the representations by responsible veterans organizations, and having made a survey of the situation ourselves, we came to the conclusion that the most pressing problem, or problems, rather, were those of pensioners who were unable to work and who had to consider their pensions, at whatever rate it might have been, as their sole source of income; and similarly that there was hardship in the cases of widows with small children who because of the care they had to give to their children were unable to supplement their pension income.

Consequently the government brought down item 650 instead of increasing that basic rate of pension as had been requested by the major veterans organizations of this dominion. After the minister had made his speech the veterans organizations, in presenting their briefs, made it very clear that they rejected item 650 as an alternative to an increase in the pension.

Some statements have been quoted from the brief. I want to quote a few more, but I shall be careful not to refer to any that were quoted previously in the discussion.

When the hon. member for Royal spoke, he quoted what the president of the Canadian Legion had stated. I want to carry on from where the hon. member for Royal left off in the statement by Mr. Watts, who is president of the Canadian Legion. I quote from page 78 of the minutes of proceedings and evidence of the committee. The hon. member for Royal quoted Mr. Watts as criticizing item 650. Mr. Watts went on to say:

> Therefore, the Canadian Legion cannot be satisfied with the legislation before this committee. There are no recommendations for improvement in the basic rate of pensions, nor is there any mention at all of war veterans allowance, the two principal problems affecting veterans today. Worse still, the supplementary estimate of $2 million now before you would alter the tried and proven pension policy in a manner not desirable to the veteran nor, we suggest, to the Canadian public.

Then the president of the Army, Navy and Air Force Veterans in Canada, at page 106, had this to say:

> We support, gentlemen, as I have told you, the Canadian Legion protest about the unemployability grant—not entirely for the reasons expressed by the Canadian Legion in their brief.

Then a little later he goes on to say:

> . . . but as far as we are concerned, Mr. Chairman and gentlemen, the practical way to deal with the matter would be to take those good things that are desirable in this scheme and engraft them upon the war veterans allowance scheme and let us have one scheme of war veterans allowances throughout which the test of eligibility will be the same. I am speaking of what is known generally as the means test.

Turning to the next page, we find that he stated:

> We feel that this unemployability grant is a mistake. It is another classification and will only make things worse.

Colonel Lambert, to whom I have already referred, had this to say as reported at page 111 of the minutes of proceedings and evidence of the committee:

> You bring in this supplementary allowance; it is not a bill but it is some kind of estimate, and we consider this as another contribution to the poverty of the veterans, I would say, and we do not like that.

The hon. member for Kootenay West quoted the paragraph preceding the one quoted from *The Legionary*. I want to quote the paragraph preceding the one quoted by the hon. member for Kootenay West. It is contained in an editorial entitled "A Burning Issue," and it reads as follows:

> The Canadian Legion has taken sharp issue with the government. Its brief to the House of Commons committee on veterans affairs termed the proposed legislation "retrograde, alarming, dangerous and pernicious," and offered sound reasons to prove it. Fully documented with a wealth of relevant statistics, no more impressive brief has ever been submitted by the Legion to a parliamentary committee, and it was presented with great conviction and deep sincerity by the two top men of the organization, Alfred Watts, the dominion president, and Dr. Lumsden, the dominion first vice-president.

Then he goes on to say, as quoted by the hon. member for Kootenay West, that they hope that the committee will reject item 650.

I believe these quotations have been sufficient to prove my contention that the veterans organizations not only resent but oppose the introduction of item 650. The Canadian Legion and the national council of veterans organizations presented a brief to the government and the Department of Veterans Affairs, and in that brief they asked for an increase in the basic rate of disability pension, and also an increase in the amount of the war veterans allowance; but as we know now, the government did not take any action at that time. At the start of this session, however, they set up a special committee. Then, strangely enough, after setting up the committee they denied them the right to investigate the very things that the Legion and the national council of veterans organizations had asked for. Those two associations had asked for an increase in the basic rate of disability pension and an increase in the war veterans allowance. The government sets up a committee and then narrows the terms of reference to such a point that the committee cannot even give consideration to the request of these major veterans organizations.

I now want to say a few words with regard to item 650. There are some good things in it. The veterans organizations have therefore suggested that the good things in it should be grafted on to the War Veterans Allowance Act. It provides for an increase in the pension of a disability pensioner whose disability is less than 35 per cent, if he is single and less than 45 per cent if he is married, provided he is unemployable and is not in receipt of the old age pension or any other form of retirement allowance. That being the case, it definitely contains a form of a means test; unless you are going to suggest that a veteran works for the fun of it. After all, when a man works, he does so in order to try to improve his means of livelihood. Yet if a man is working to improve his means of livelihood, he is denied any benefits under item 650. Furthermore, if he is receiving any benefits through the old age pension or through any other form of retirement allowance, he cannot receive any benefit from item 650. So it is definitely a form of a means test. That is a thing that these veterans organizations bitterly resent. They do not want that in any way, shape or form tied in with the idea of an increase in the basic rate of pension.

Furthermore, I would think it is a highly undesirable form of means test, for this reason. As was pointed out by the previous two speakers, a man may be receiving an income of $3,000 a year from investment; yet he can obtain benefits under item 650 so long as he is not employed. But if he is doing some little job for which he is receiving $30 a month, a total of $360 a year, for his work, he is not entitled to any consideration under item 650. The man receiving $3,000 a year from investments can get benefits under that item, but the man who is working and earning a small income like $360 a year is not entitled to any benefits at all. Therefore I say it is a most undesirable form of means test. It is an extremely mean form.

I think that the veterans organizations fear that this is the first step towards the introduction of an employability test in the Pension Act. There again I would say that, when you give consideration to the speech that was made

by the Minister of Veterans Affairs at the opening sitting of the committee, you could easily come to that conclusion. I want to quote what the minister had to say in that regard. This is to be found at page 23 of the minutes of proceedings and evidence of the committee:

> Now, it seems to us there is no question that the present day idea of the working and earning capacity of those who are victims of the most serious disabilities is very different from what it was a few years ago, certainly from what it was ten, twenty and thirty years ago; and it is true that no longer is the man, for instance, who has lost a leg or who has lost an arm considered as being out of the labour market. No longer do people hold the belief that his earning capacity is necessarily circumscribed by his physical disability.

With that idea in mind, one can quite understand why the government brought down item 650, only allowing an increase in the pension provided that a man is unemployable. Naturally the fear is aroused in the minds of the members of the various veterans organizations that in the not too far distant future the government may decide to apply that same test to the whole of the pension legislation and say that any man who is employable and is receiving an income, we will say, of so many thousand dollars a year will not be entitled to a pension under the act because his disability apparently is not depriving him of the ability to earn a living. It is always the first step in an undesirable direction that you have to guard against and try to stop, because once you proceed in a certain direction it is not easy to turn around, and the Canadian Legion makes some caustic remark on that very point.

In 1948 the veterans committee, which in my opinion was one of the best veterans committees we have ever had, dealt with the question of war veterans allowance and with the basic rate of pension. At that time the government had agreed to only a ten per cent increase. Under pressure, they increased it to sixteen per cent, and the Minister of Veterans Affairs told the committee that that was as far as it would go. The committee of that day were men experienced in veterans affairs, and they were not satisfied with the minister's statement that the government would go only as far as sixteen per cent. They continued on for many days and finally the government agreed to increase the basic rate of pension to twenty-five per cent instead of sixteen per cent. That brought the disability pension for one hundred per cent disabled veterans, single, up to $94. The veterans organizations of that day were asking up to $100 a month. I remember that at that time I received many telegrams from boards of trade in my province urging that the basic rate for 100 per cent pensioners be $100 a month. That was in 1948. Since then there has been an increase in the cost of living of another 27 points. That being the case, if it was considered by boards of trade and veterans organizations that the increase at that time was not sufficient to take care of the situation as it was in 1948, how much more is there need for an increase in the basic rate of pension today when the cost of living has risen another 27 points? Instead of that the government brings down an item merely to provide relief—you might call it some form of relief—to those veterans who are unemployable.

Some members of the committee said: Well, after all, we want to help the man who is in the greatest distress. We want to help the man down at the bottom. Item 650 does not provide any help whatsoever for the man who is down at the bottom, because item 650 will not provide any help for a disability pensioner whose pension disability is less than thirty-five per cent if he is single and forty-five per cent if he is married. There are many men today who are one hundred per cent disabled and bedridden, but whose disability classification is perhaps less than thirty-five per cent, because that disability was not due to war services. Therefore that man today is dependent upon the war veterans allowance, and all he is getting is $40 a month, or perhaps he is getting the supplementary $10 which makes it $50. If he is married he gets $70 a month. These are the men who need help today. But the committee was not even allowed to consider their case.

I think the government made a very serious mistake when they denied the committee the right to investigate the position of these married men who are living on a pitiable $70 a month. No one in this house would argue for one minute that a married man with a wife to support could possibly live on $70 a month in any state of decency. I do not think they could even exist. In most cases I think you will find that where a man and wife are living on $70 a month they are getting supplementary help from other directions. It is true they can get the additional $10 from the government in the form of what might be called relief.

I hope I have made it clear why we in the opposition in the committee oppose item 650. We look upon it as a retrograde step. We look upon it as the first step down the road which will make the pensions subject to a means test. If anybody doubts that, let him read once more what the Minister of Veterans Affairs said in the committee, namely, that today there is a change of opinion and change of attitude regarding pensions. We no longer look upon their disability as being such as to prevent them from working. I think we

all realize, Mr. Chairman, that no amount of money can ever compensate a man for the loss of a limb. Men who have lost their arms or legs can never really be compensated with money. But the least we can do is to give them adequate compensation. That is what the pension is. Give them compensation for their loss of ability to do what any other human being can do who has all his limbs. It is not merely a question of earning a living. The pensioner has to live with that disability twenty-four hours a day. Even though he may be able to earn a living in spite of the disability, he cannot enjoy life in the normal way that anybody else does who has not lost limbs. Therefore I think we are taking a backward step when we make any increase in the pension subject to an employability test.

On the question of war veterans allowance, which we have not had the opportunity to discuss, but which no doubt I shall have something more to say about when we come to that item, I should like to say this. There is a means test in the war veterans allowance. The legislation being what it is, I think most of us appreciate that so long as there is a means test in the old age pension legislation, there has to be one on the war veterans allowance, because after all, the war veterans allowance was paid on the principle that the pensioner was pre-aged ten years. We are therefore paying the old age pension at the age of 60 instead of 70. We have modified that, or rather widened it so that we paid the allowance to a veteran who was unable to work and who had seen service in a theatre of war.

That being the case, it is only natural that the means test in the war veterans allowance should be the same as in the old age pension. Now that we are removing the means test from the old age pension legislation, I trust that legislation will be brought down to remove the means test from the war veterans allowance. I do not think it is satisfactory to say that once a veteran reaches the age of 70 he should stop getting war veterans allowance and start getting the old age pension. I think that when a man has been receiving the war veterans allowance for several years he would prefer to continue receiving the war veterans allowance. If the government is going to remove the means test from old age pensions I can see no reason why it should not be prepared to remove it from the war veterans allowance. At the age of 65 you have a different situation. The means test on the war veterans allowance at 65 should also be removed.

It may be argued, of course, that the veteran at 65 can take the old age pension, because I understand the means test is going to be modified. But let us not forget that today the war veterans allowance is paid as a federal responsibility. If you say to the war veteran: You can take the old age pension at 65, you are forcing the provinces to pay fifty per cent of the cost. In other words, the federal government is trying to pass on to the provinces part of its responsibility, and I think that would be a mistake.

But what I really started to say was this. While there is a means test in the war veterans allowance, and in the past there may have been some justification for it, I do think that once a veteran gets to a certain age we should close our eyes to the means test. In my constituency there is a veteran who is over eighty years of age and who is blind. He could not live on the war veterans allowance. He has a farm, and he is getting around $300 a year rent for it—some years he does not get that. His wife does a little bit of work for the treasury branch. She gets paid commission on insurance that she sells, and on the accounts that she handles, and that brings her own income to around $350 a year. When that was reported at the end of the year they stopped that man's allowance and told these people that the allowance would not be granted again until that amount was repaid. To repay it was impossible, because the commissions are small, and on the amount that he is getting he could not possibly pay that indebtedness. So for two years he had no more veterans allowance. Then a further application was made, and they reinstated him in the war veterans allowance but deducted $10 a month for repayment of what he owed. Where the veteran is over eighty years of age, it seems to me that a small income of this kind should be called casual earnings. In this case, however, they were not willing to call it casual earnings—why, I do not know. I have taken the case up, but so far there has been no satisfactory settlement of it.

I hope the government will give consideration to the recommendation of the committee that there be an increase in the basic rate of disability pension. If an increase is made in the basic rate of pension, it would be all right in my opinion to adopt item 650. But it would be better to bring it in in connection with the War Veterans Allowance Act, so that there would not be left in anyone's mind the idea that this proposal was introduced for the purpose of instituting an employability test into pension legislation.

Mr. Cruickshank: Mr. Chairman, I shall not take long, because I do not intend to speak about any individual case. I have been a member of the veterans affairs committee since I first came here. Frankly it

was the only committee upon which I did not enjoy serving, because I do not think we accomplished anything. In my opinion the order of reference was not wide enough in the beginning and definitely it should have been widened at the request of some of us on the committee. However I was not prepared to vote against item 650. I will not go into all the details, because they have been covered by previous speakers, and no doubt will be covered again by others.

Probably the biggest trouble will be administration. I do not think the departmental officials who will be responsible for administration realize what they are up against. I hope every veteran now in receipt of thirty-five or forty-five per cent disability pension immediately puts in his application, because in my opinion it would be eight months before anything would be received. I am not saying that in any critical way, because I have great respect for the officials. However I do not think it is practicable so far as administration is concerned. It might be all right in the big cities, but not in the rural areas.

I do not think it is practicable for us to turn down the item, and I accept responsibility for voting for it, but I do so on the basis that half a loaf is better than no bread. It certainly will help those greatly in need, if it is possible to administer it.

I suggest we should concentrate upon urging the government to have the basic rate of pension increased right across the board. I hope each individual member when he returns to his riding, we hope within the next ten days, will hear from his Legion and from other organizations in his riding, including his political association, advising him to use every influence he may have to bring this about.

I believe $22 million is involved in increasing the basic pension. Surely that does not enter into the picture. I do not believe there is a taxpayer in Canada who begrudges the veteran anything he gets. And $22 million—why, heavens above, we spend $22 million on some monstrosity of a building out here, and nothing is said about it. To say that the people of Canada could not afford $22 million just would not go down with the people in the constituency of Fraser Valley.

I do not think there is anything more we can do about it at this session. However I understand we are to come back in October, and I should hope that by that time members from various parts of the country would have been strongly advised within their own ridings and by their own people to use every possible influence with parliament in this connection—and I have said "with parliament" because, after all, parliament is supreme.

Mr. Hodgson: Where?

Mr. Cruickshank: So long as we have the form of government we now have in Canada, parliament will be supreme—and I hope we always will have that democratic form of government. Whether we put it to work or not is our responsibility. I hope when we come back in October we shall be in a position to impress upon the government the fact that a revised basic rate of pension right across the board should be put into effect, and that a new committee should be set up. Certainly its order of reference should not be as limited as it was at the present session; if it is, then I shall have no desire to serve on it. This year in my opinion the sittings of the committee were ninety per cent a waste of time, in view of the order of reference.

I will vote for the item, because I do not want to accept the responsibility of depriving veterans in the meantime of whatever benefits may accrue to them. However, I am definitely on record that in my opinion the order of reference to the committee this year was not wide enough in the beginning, that it should have been widened, and that the basic rate should have been increased right across the board.

Mr. Green: Mr. Chairman, we are now discussing the departmental administration item of the Department of Veterans Affairs, and in accordance with the practice of the house that permits a wide discussion of policy on this item, I wish to make some comments.

Before I proceed to express my own points of view I should like to concur in some of the remarks just made by my good friend, the hon. member for Fraser Valley. He expressed great disappointment with the government and with the special committee on veterans affairs which has been sitting during this session. Certainly he did not overstate the case.

It has been my privilege to serve on every committee which has considered veterans affairs since I came here in the spring of 1936. In other years, when we have had such a committee, I have gone home with the feeling that, on the whole, the committee has done a good job for our old comrades, the veterans of Canada. But this year many of us go home feeling not only disappointed but also very sad at the failure to get at the roots of the problems now facing Canada's veterans.

There have been two significant features of government policy this year concerning veterans affairs. In the first place a fundamental change has been made in Canadian pension policy by introducing for the first time a handout to a certain group of pensioners, based upon a means test, thus breaking down the principle established for over thirty years that the pension is a payment earned by the disability suffered; that a pension is something paid as of right, and that it is, indeed, the first claim of any group of Canadians on the Canadian government.

The second significant feature of government policy this year in connection with veterans affairs is the continued refusal to face the fact that the war veterans allowance is inadequate. In one session after the other, and once again this year, there has been an absolute refusal on the part of the government to face that fact. Nothing whatever is being done to meet the situation.

The tragedy is that 1951 was to be a year of great importance to the veterans of Canada because they were to have a special committee on veterans affairs. There had been no such committee since 1948, and in the intervening period problems had been accumulating, particularly the two problems which have been discussed today of the need for an increase in the basic rate of pension and in the war veterans allowance.

The two great veterans organizations of this country, the Canadian Legion and the National Council of Veteran Associations in Canada, which includes the Army, Navy and Air Force Veterans in Canada, the Canadian Corps Association, the Canadian Paraplegic Association, the Canadian Pensioners Association of the Great War, the Sir Arthur Pearson Association of War Blinded, and War Amputations of Canada, made detailed representations to the dominion cabinet toward the end of 1950, in which they urged that there should be an increase in the basic rate of pension and in the war veterans allowance. In the Canadian Legion brief they ask that the basic one hundred per cent pension for an unmarried veteran without dependents be increased from $94 to $125 a month, and all other pension awards by corresponding amounts, that is, by approximately 33⅓ per cent. Their recommendation concerning the war veterans allowance was that the basic rate should be increased to $50 per month for single recipients and $100 a month for married recipients. I believe that those figures were also used by the National Council of Veteran Associations in Canada.

The promise was made by the cabinet at that time that a special committee on veterans affairs would be set up during the 1951 session. The branches of these associations from coast to coast, veterans generally, the press and the Canadian people expected that this special committee on veterans affairs would deal with these two main problems during the present session. The record of previous committees on veterans affairs has been splendid. It has never been surpassed by any committee of the house in recent years. Everyone rightly expected that there would be results from the sittings of this committee during the present session.

What happened? There was delay in bringing in the resolution to set up the committee, but when it finally did appear on the order paper we found that the committee was to be hobbled in carrying out its work as it had never been restricted before. The resolution stated in fact that the committee was to consider only such legislation as the government saw fit to place before it. No power was given to deal with war veterans allowances; the lid was snapped on tight so far as that pressing problem was concerned.

The legislation which was introduced and sent to the committee contained some very useful amendments. I do not dispute that at all. However, the main plan of the government has been and is this handout to a small percentage of pensioners based on a means test. Of course protests were made in the house when we debated the resolution to set up the committee, and these protests were on two scores. First, we protested the failure to give the committee sufficiently wide terms of reference, and, second, we protested the nature of this proposal to meet the situation of the pensioners.

When the committee met, it heard representations by the two great veteran organizations which I have just named. Down through the years these important bodies have shown themselves to be thoroughly responsible and statesmanlike in the representations they have made to the special committees. I do not believe there have ever been finer representations made to any committee of this house in modern times than have been made on every occasion by these two associations when there has been a special committee of this house set up to deal with veterans affairs. This year was no exception.

These leaders of Canadian veterans came before the committee and pointed out that the terms of reference were too narrow, and asked that as a first step the committee should request the house to broaden its terms of reference. In spite of the fact that this new policy on pensions involved a vote which was to be paid out to about 6,000 pensioners; in spite of the fact that there was some payment

to go to veterans under that plan, the leaders of the two associations stated they would have nothing to do with it. They refused to accept that handout, and insisted that Canada's pension policy must continue to be the payment of pensions on the basis of right.

These two organizations did not always agree in earlier years. In the committee of 1948 one organization asked for and was satisfied with an increase of 25 per cent, and the other demanded an increase of 33⅓ per cent. But this year, when they were faced with this fundamental change in pension policy, these associations united and stood firmly together. Attempts were made by various members of the committee to break down the request of these leaders, but without any success. These men stood firm, and as an old veteran of Canada I was proud of their attitude throughout.

The suggestion was made that they were only speaking for the top brass, that they did not represent the men in the branches. So far as British Columbia is concerned, I have here a resolution which was passed unanimously by the British Columbia provincial command of the Canadian Legion while the committee was considering the representations being made by the president and first vice president of the Canadian Legion. The telegram reads as follows:

> The British Columbia command of the Canadian Legion, B.E.S.L. in convention assembled at Penticton, B.C., this 21st day of May, A.D. 1951, do hereby unanimously endorse the submissions made by our dominion command to the special parliamentary committee of veterans affairs on the 17th day of May, A.D. 1951, and demand that the dominion government immediately extend the terms of reference of the special committee to allow it to consider all matters relating to the welfare of veterans taken up in the said submissions, including an immediate across the board increase of the basic rates of pensions payable under the Pension Act to veterans and their dependents, and allowances payable under the War Veterans Allowance Act commensurate with the increase in the cost of living. This convention also condemns the proposed procedure covering supplementary grants to disability pensioners as being foreign to the established and accepted principles of awarding disability pensions in that such legislation neglects the need of eighty-five per cent of those receiving disability pensions, and the needs of those receiving aid by such proposed legislation would be more adequately and properly met by the Legion's requested across the board increase on basic rates.

I have also had a submission from a group of veterans who would benefit by this handout, namely, members of the tuberculosis veterans section, branch No. 44 of the Canadian Legion in Vancouver. These men have written demanding that we endorse the submissions made by the Canadian Legion. Therefore it is not only the top brass of these two associations who are complaining of the drastic change in policy.

To some members of this house who are not veterans it may seem strange that so much emphasis is placed on the pension being on a basis of right. I know that in the committee some of the newer members of the house had some difficulty in understanding the importance of this basic factor. They said: Oh well, this vote is going to help some of the veterans who are in need. Why not give them that help? That really shows the great objection to such a plan. These members indicated that they believed the pension should be paid if a man is in need, and that is exactly what the veterans organizations are trying to keep away from.

Hon. members who spoke earlier in this debate have pointed out that the pensions of Canada have been based on a standard which was really the lowest standard that could have been adopted, namely, the amount of wages paid for ordinary labour. The pensions are also supposed to be of a sufficient amount for the recipient, if he is a hundred per cent pensioner, to be able to subsist. They are really based on a mere subsistence level. It has always been Canadian policy that pensioners' earnings were not to be taken into consideration. The pension was given to a man so that he could start on the same footing with civilian Canadians in the race of life. If in spite of his disability he was able to get ahead and earn $10,000 or perhaps more a year, that was his privilege, and he was praised for making that additional effort.

That has been the law of the land ever since 1919. It will be found in section 24, subsection 4 of the Pension Act, which was first enacted in 1919, and reads as follows:

> No deduction shall be made from the pension of any member of the forces owing to his having undertaken work or perfected himself in some form of industry.

Veterans organizations have made a point of urging their disabled comrades to find work, to get out and try to improve their position. That has been done right down through the years since the first war. Naturally, with the pension based on wage standards, the cost of living came into the picture. When there was an increase in the cost of living, obviously the pensioner was entitled to an increase in his pension. That was the basis on which we debated in the veterans affairs committee of 1948, and the only basis. There was never any doubt that was the factor to be taken into consideration. At the present time the need of all these men who will benefit under this vote could have been met by an increase in the basic rate of pension, which of course would have preserved the basis of right in pension legislation. As some other hon. members have indicated, if after that further payments had

to be made for some pensioners, they could very well be made by changes in the War Veterans Allowance Act.

So much for the basis of right. I come now to the stand taken by the Minister of Veterans Affairs. What was his argument? Late in May he admitted in Montreal that if he were to base pensions on the cost of living the claims made by these great veterans organizations could not be contradicted. I have the report of his speech in which he said:

> I cannot dispute that argument. It is a perfectly valid one if—and I want to emphasize this if—pensioners in Canada were compelled to rely on their pensions for their living. The fact is that very very few of them do, and the vast majority—about 90 per cent—are fully employed in competitive employment and enjoying the same high wage and salary rates as are enjoyed by others in the working population.

You see from that statement of government policy, Mr. Chairman, that the pensioners of Canada are being penalized because they have gone out and tried to get work for themselves in spite of their disabilities. The fact that they have, in spite of their handicaps, gone out and found jobs for themselves and carried on is now being used against them when they ask for an increase in the basic rate.

The minister said that ninety per cent are employed. That was a strange figure. We questioned it in the committee, and we found out that the way he arrived at the figure of ninety per cent of the pensioners of Canada having found jobs was that in January and February of this year there were 3,000 out of 35,000 disabled pensioners who were applying for work and were unable to get it. That will be found at page 149, in the deputy minister's statement to the committee. It reads:

> Mr. Burns: 35,000 of the most seriously injured. Now you will recall, possibly, that I said in my evidence that we have not any direct means of finding out how many veterans there are who have, as it were, dropped out of the employment market . . .

Of course that is the answer to this whole percentage—that the government has not the remotest idea how many disabled veterans have dropped out and are not trying to get work.

> . . . but what we did do was to check and find from national employment service during the month of February, I think, or late January, how many they had on their books—how many disabled pensioners they had who were looking for employment. I think the figure was something under 3,000, which of course is much less than the ten per cent I referred to. It indicated that our general view that less than ten per cent of pensioners were unemployed at the present time appeared to be correct.
>
> Mr. Lennard: I would say there are less than ten per cent looking for employment, but I would not say that the other 151,000 are fully employed.
>
> Mr. Burns: Certainly we could not say that.

[Mr. Green.]

In my opinion the figures given by the minister were entirely unreliable, and not figures on which his argument could properly be based. He has approached this whole question of the request for an increase in pensions on a needs basis, and as a result we have this vote of $2 million.

This vote will help only 6,000 out of over 160,000 pensioners in Canada—in other words, between three and four per cent. No pensioner, if single who has less than thirty-five per cent disability or if married who has less than forty-five per cent disability, receives benefits. The payment is $20 a month for a single man and $40 for a married man. The applicant must prove that he is unemployable. He must prove that the fact that he is unemployable is due to his disability. At the moment the vote reads as follows:

> To provide financial assistance after the thirty-first of May, 1951, in accordance with regulations to be made by the governor in council to unemployable veterans who are in receipt of pension under the Pension Act for a disability which is a major factor contributing to their unemployability.

The committee has recommended that the word "major" be deleted.

Mr. Mutch: That has been agreed to.

Mr. Green: I am glad to hear that the government has agreed to the change. There will be a different policy in each district, because this vote is to be administered out in the districts. The argument has been made that there is no means test connected with this vote. I believe that the vote has been set up purposely so that that argument could be made. For example, we are told that a man may have any amount of money in bonds or stocks, and if he is unemployable because of a pensionable disability he will still be eligible to get this handout. At the same time we are told that if a man is on superannuation, he will not be able to get it. Furthermore, anyone over 70 is not going to get it, but must be satisfied with the new old age pension. It will be of no help to the widows or children of veterans.

I believe that in the actual administration of this vote it will be found that there is not only a means test, but a very severe means test. I believe also that it is, in fact, brought in as an alternative to increasing the basic rate of pension. The arguments in the meetings of the committee indicate quite clearly the thought is that this will stop the demand for an increase in the basic rate of pension.

There is no doubt that the policy has been cleverly devised, in just the same way as the war veterans assistance fund was devised back in 1949. There were demands for an increase under the War Veterans Allowance

Act, and instead of meeting those demands the government brought in a vote. It was set out in the following terms:

To authorize under regulations to be approved by the governor general in council the establishment of an assistance fund (war veterans allowance) from which shall be paid supplementary assistance in cases of acute financial distress as may be found to exist from time to time among recipients of benefits under the War Veterans Allowance Act, 1946.

That vote was used to take off the pressure at the top. Recipients of the war veterans' allowance who were having difficulty were given assistance from this special fund, and that let off the steam, so to speak, and stopped a certain amount of the agitation for an increase in the war veterans' allowance. I suggest to this committee that the very same thing is being done by the supplementary allowance to certain pensioners under vote 650. It is designed to prevent further increases in the basic rate of pension. Unfortunately, it throws the Canadian war disabilities pension entirely off any basis; it unhinges the whole basis of the Canadian pension. That is one of the main reasons why the veterans organizations and the opposition members of the committee have opposed it.

The majority in the committee voted down a proposal that the terms of reference should be widened. The proposal was moved in these words by the member for Royal:

I would like to move an amendment:
That item 650 do not now carry but that this committee request the house that it be given instructions to consider the basic rates of pensions and the War Veterans Allowance Act and make recommendations in reference thereto.

Only one Liberal member of the committee voted for that amendment, and that was the member for Fraser Valley. All the rest voted against it and prevented the committee from coming back to the house with a request that its terms of reference be widened.

Mr. Blackmore: The steam roller in action.

Mr. Green: The steam roller in action—that exactly described what happened. The same thing happened when item 650 was voted upon. Again we had the government combining, but in that case without any exception, whereas the members of the opposition voted against it.

Some hon. Members: One o'clock.

Mr. Green: I can finish in about one minute.

Some hon. Members: Go ahead.

Mr. Green: I had a feeling throughout that the members of the government on that committee were greatly embarrassed by government policy. I believe that the stand taken today by the member for Fraser Valley pretty well represents the real feeling of many of the other government members on that committee.

The government's whole approach to the two main problems in veterans affairs in 1951, namely, the need for an increase in the basic rate of pension and an increase in the war veterans allowance, has been unwise and unfair. These Canadians who are involved have earned a decent pension. Those who are in receipt of war veterans allowance have earned the payment of an adequate amount for that allowance. Their fellow Canadians want them to receive adequate benefits. I do not think there would be any objection anywhere in Canada to giving these men what they so justly deserve. Yet this unwise and unfair attitude is being adopted at a time when the government is again calling on young Canadians to volunteer for service.

To me, Mr. Chairman, it is amazing to see the veterans of earlier wars being treated in such a cavalier fashion. I hope that even yet the government will change the policy on veterans affairs which it has been trying to force through during the present session.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Wright: For a number of years since I came to the house I have been a member of the veterans affairs committee, and I must say that this year when the number from our group on that committee was reduced and I found myself not a member of the committee, I was a bit disappointed. But after reading the reference of the committee, and after hearing the remarks of the various members who were on the committee this year, and the frustration which they felt, largely owing to the narrowness of the terms of reference, I have not felt so badly that I was not a member of the committee.

We in Canada are in a fortunate position. Since 1939 we have increased tremendously our ability to produce goods and services. In dollar value our national product has practically tripled. In goods and services we have practically doubled the amount that is available to our people. The various claims that you and I and other people in our economy have on these goods and services are represented by the dollars which we earn in the form of wages or salaries or profits that we make in our businesses. In every sector of our community, practically, except one, these dollars have increased with the value of the national product. Wages have increased; returns to agriculture have

increased; business profits have increased, and every sector in our economy has been able to purchase a fair share of the goods and services that we have been able to produce. But there is one exception to that, namely, the people who are on fixed incomes. Among them we find our people on old age pensions, and our returned men of the first and second wars.

In 1948 the veterans affairs committee did increase the basic pension by twenty-five per cent. In other words we recognized at that time that these people were not able to purchase their share of the goods and services which we were able to produce in Canada, and we gave them twenty-five per cent more purchasing power. Since that time the dollar value of these goods and services has increased, but we have not given to our pensioners the ability to use these goods and services which we are able to produce, or their fair share of these goods and services. Everyone in Canada realizes that.

Our various veterans organizations have been very fair in their demands on the government. They have never asked for everything that the traffic would bear. They have asked for what they thought was a fair share of the goods and services we were producing. They accepted the twenty-five per cent increase under protest, and there were many of us on the veterans affairs committee in 1949 who thought that some more flexible legislation should have been brought in. As a matter of fact, at that time we in this group moved a resolution which in effect would have increased the basic pension to 33⅓ per cent, plus one dollar additional per month on each pension for each point rise in the cost of living index. Had that been accepted, our pensioners now would have been getting enough dollars to purchase their share of the goods and services. That resolution went to a vote in the committee and the committee divided evenly on it. The chairman cast the deciding vote against the resolution, and as a result we find that those on fixed pensions are in a pretty difficult position. It is only natural that they should come to parliament to rectify that situation; but we find the government bringing in item 650. I fail to recognize why they are prepared to give consideration only to those who are unemployable—unemployable because of medical reasons or because of the particular situation in the district in which they live. We find this vote being brought in which will alleviate the position of an estimated 6,000 of our veterans. But it does not affect the great bulk of our veterans. It does not change their position one iota. They are still in exactly the same position as they were before.

[Mr. Wright.]

If hon. members will give consideration to it, they cannot help but recognize the justness of the claims which are being made at this time for some change in the basic pension scheme, some general increase in the basic pension.

The hon. member for Royal moved a resolution asking that war veterans allowances be referred to the committee. He failed. We tried from a different angle, and again we failed to get consideration of that suggestion. Now we find that under the new old age pension scheme, which was introduced yesterday, those receiving the basic pension of $40 a month will be allowed to earn income up to $20 a month. Under the war veterans allowance, war veterans are allowed to earn income of only $10 a month. That means that many of these veterans, when they reach the age of 65, will inevitably transfer to the old age pension scheme. They will then become a fifty per cent responsibility of the provinces. That is a fine way for this government to shift some of its responsibilities to the provinces, but it is not fair to the provinces, because some of them, the wealthier ones, may be able to carry that load, but it is certain that some of them will not be able to carry it.

In discussing old age pension legislation in this house yesterday it was indicated that certain of the provinces were going to find it very difficult to institute the full 65 to 69 old age pension; that they might have to raise the age limit, or they might have to reduce the amount. If we as a government transfer some of our responsibilities with regard to war veterans allowances, which are the responsibility of the dominion, to the provinces, it just means that they are in that much worse position in regard to their responsibilities to our citizens between 65 and 69 years of age. I do not think that is fair. I do not think it is treating the provinces fairly.

Perhaps we have failed at this session to get the government to give more consideration to this basic pension and more consideration to the war veterans allowance. But so far as I am concerned and so far as this group is concerned—indeed, I believe so far as the whole opposition is concerned—we will not let the matter stop there. We are certainly going to come back to parliament at the fall session demanding that the government do something with regard to this matter. I do not believe veterans organizations are prepared to let the matter drop.

This item 650, this supplementary pension we are about to give to the unemployables, will help in certain instances, but must be very difficult to administer. Anyone who

gives a moment's thought to the matter can see the difficulty we are going to run into in the administration of a vote such as this. The regulations will be made in Ottawa, and the administration of those regulations will have to be left to thousands of officials across the dominion. Each of those officials will interpret the regulations in his own way. There will be such a variety of interpretations that, unless some appeal board is set up to pass upon the regulations or upon the judgments of the officials, there will be a totally different administration of the vote in different areas of the dominion.

I can just picture what will happen after this has been in operation for six months or a year: each member of the house will have dozens of cases referred to him for his attention. The department is asking for trouble, and I am afraid it will get it in connection with the administration of a vote such as this. In my opinion it certainly cannot be administered fairly throughout the dominion, because of the entirely different conditions of employment in the different parts of the country, and because of the different interpretations which will be given to any regulations set up under the act.

Therefore I would urge that, if the government is not prepared to do something at this session—and apparently it is not—something should be done at the fall session with regard to the basic pension and the war veterans allowance.

With regard to the treatment of children and widows of war veterans, it is true that under the amendments to the act some alleviation has been given to them; but there is no increase so far as orphans are concerned. It seems to me that we in parliament have a responsibility to the children of deceased veterans, that of making available to them the best educational facilities in the country. Certainly, under the present scale of payments to widows and orphans, those children are not going to be able to have the education to which they are entitled. No one will argue that on $40 a month a child can be educated in high school and in college. Yet in many cases, if the veterans of these children had returned to Canada, we would have been prepared under the veterans charter to give those veterans three or four years of university education. But under the present legislation we refuse to make that education available to the children. That is not good enough, and I do not believe the people of Canada think it is good enough. They would agree with me that the children of those veterans are entitled to every advantage that would have been theirs if their fathers had returned. The fathers, had they returned, would have assumed that responsibility. Unfortunately, however, they did not, and the government, through parliament, has a responsibility to those children to see that they get the best education that they are able to assimilate and use. It is to our advantage as well as that of the children. If we have another war—which God forbid—we shall have to go back to our young men and ask them to make sacrifices, and they are going to consider the treatment we have given to them and the children of the men who served in the last two wars.

It seems impossible that parliament should not give more sympathetic consideration to the position of our veterans and their children. It is only common sense and good business to administer our legislation in such a way that the people whom we are going to ask to serve will feel that they are serving a country that will look after their children and their rights. We are not doing that when we maintain our pension at its present level. As I said at the beginning, it simply means that those veterans are not able to purchase their share of the goods and services we can produce.

Before taking my seat I would urge the minister and the government at the fall session to bring in legislation, and to set up the veterans affairs committee again after placing before it a reference under which it will be in a position to give further consideration to these matters and to make recommendations to meet the needs of the veterans and carry out what I am sure will be the wishes of the people of Canada as a whole.

Mr. McIvor: Mr. Chairman, I have only a brief word. I have had a good deal to do with veterans, but let me say now that I have never written a letter to the pension board to which I have not received a prompt reply. Many cases have come to my attention. I have not always got everything I asked for, because I have asked for some things that were not according to law. I must, however, pay my tribute to the officials for their efficiency and for their judgment tempered with mercy.

One case in particular had reference to a veteran of the first war. At the time I reported it conditions were different, and I was not able to follow it through. The man in question was reported by a local doctor as having shrapnel in his liver. Perhaps I might add in passing that the doctor was a gold medallist. Recently he went to Scotland, and, despite the fact that he is more than forty years of age, took one of the highest possible degrees in surgery.

The person in question could work for only two or three days at a time but, like the independent Scotsman he was, he would not give up. Now we are trying to get a pension for his widow. I pay my tribute to the chairman who, I believe, is doing everything possible to have that pension approved. In my view the wife should have at least $60 a month from the time her husband died. This man had served gallantly in the first war, and gave his life for his God and his country. The best we can do for his widow is none too good.

I believe I have nothing further to add at the moment.

Mr. Harkness: Mr. Chairman, I should like to associate myself with and to endorse the remarks of the hon. members for Royal and Vancouver-Quadra concerning our position so far as veterans affairs are concerned, and the position taken by members of this party in the committee on veterans affairs. That has been discussed in some detail; therefore my observations will be brief.

I regret, in common with I think all others who have spoken here today, that the reference to the committee on veterans affairs this year was so limited, and I regret particularly that it was impossible for us in the committee to discuss, deal with and make recommendations in connection with war veterans allowances. I do not think there is a question in the mind of anyone in this house or throughout the country that the considerable increase which has taken place in the cost of living has placed disability pensioners and the recipients of war veterans allowances in an extraordinarily difficult position. As far as war veterans allowance recipients who have no other means of livelihood are concerned, I just cannot see how they can live. It seems to me it must be almost impossible for them to keep body and soul together on that allowance at the present time with the prices that prevail.

There is no question that the basic need at the present time is an increase in disability pensions across the board and also in the war veterans allowance. This is the last place in which any attempt at saving within the government service should be made. Therefore I do not think anyone need apologize for asking for an increase of expenditures in connection with disability pensions and war veterans allowances.

I think the least that could be done in connection with war veterans allowances—if it is not done now, I would hope it will be done immediately at the commencement of the fall session—is to increase the amount of allowable extra income which a recipient may have. Considering the increased cost of living it seems most unreasonable that these recipients should be held down to the same limits of extra income which have prevailed since the war. Such a move would not cost the government a nickel and it would greatly ease the position of a large number of these war veterans allowance recipients. It would encourage many of these people to take on casual work which under the present circumstances they usually do not do because their earnings will cut down their allowance and in addition they get into all sorts of difficulties with the department.

A considerable number of the most difficult cases I have had to deal with and bring to the attention of the officials of the department have been cases where war veterans allowance recipients have taken extra work and as a result have earned more than the allowable income. This was taken away from them later on and in many cases they were left in most pitiful circumstances. As I say, this would not cost anything to put into effect and it is something I hope will be done immediately.

I think it has been amply demonstrated that this unemployability supplement is contrary to our basic concept of a disability pension. Up to the present time that concept has been that this pension is given as of right. There was no means or any other test connected with it. Whether the test which is now going to be imposed is a means test or an unemployability test, it comes to the same thing—it is a compromise with the basic idea of our pension system. I opposed it in the committee and I propose to continue to oppose it. I think the Canadian Legion and the dominion veterans council were right and justified in the opposition they showed to this unemployability supplement. I do not think the arguments they put forward have been refuted.

It was suggested by Major Wickens who put forward the views of the Canadian council that if any such thing as this unemployability supplement was going to be put into effect it should be in conjunction with the war veterans allowance and not in conjunction with the disability pension. I urged that in the committee and I still think that that is the proper course to follow. Even at this late date I hope the government will take this action and try to tie this in with the war veterans allowance rather than to do it in the way it is being done.

Mr. Laing: Mr. Chairman, this is the first occasion upon which I have spoken on veterans affairs. I am not a veteran and I have the idea that in some fields there may be some feeling of presumption when those who are not veterans essay to speak on veterans

affairs. At the present time there are in the House of Commons 98 members who are veterans of either the first or the second world war. They have approached this subject of veterans problems without any regard to politics. I think the most enjoyable part of the debate so far is due to the fact that these problems have been approached without any regard to politics. I hope that spirit will always exist. If they are approached from any other point of view, the only loser will be the veteran.

I have always been struck with the treatment that is given the veteran of the second world war as compared to that given to the veteran of the first world war. I was just a youngster at the time, but if my memory serves me correctly the boys who came back in 1918 got $70 for six months with a clothing allowance of some $50 and the country more or less said to them "Goodbye, and good luck." I often felt that any improvement that was made in their position was brought about only as a result of the greatest pressure being exerted.

I had the good fortune to be a guest in the galleries of this house in 1945 when the thirteen bills that made up the so-called veterans charter were enacted. They made up a particularly generous piece of legislation and I think we are realizing now how wise it was for the veterans of the second world war. I can remember many people saying in connection with the educational grants, "What are we going to do with all these university graduates?" This year the corporations in Canada are grabbing the graduates from our universities at such a rate that it is to be regretted that we have not twice as many. The wisdom shown by that legislation which arose out of the work of a committee of some 60 members of all parties who tried to do the best they could for the veterans of Canada should be an indication of what can be done in the future.

I want to bring one thing to the attention of the committee, the position of the old, sick and broken veteran who in many hundreds of cases is living in abject circumstances in many of our cities. I think the other Vancouver members will agree with me when I say that every week we see six or seven obituary notices in the paper with the little maple leaf up in the corner. The padres have to go around and arrange burials for these men. That is not much of a tribute to men who were considered to be heroes in 1919. I suggest to the minister that this particular situation cannot be taken care of by increasing the pension. We must go beyond that. I contend that there will have to be a greater extension of institutional care for these men.

I think the veteran organizations are in the best position of any organization to give advice to the minister regarding veterans affairs. They know their present conditions and present needs. I hope the minister will keep closely in touch with veteran organizations in all parts of the country and consider their representations on behalf of their own groups as well as their individual members.

Mr. Ferguson: Mr. Chairman, when we hear the word "veterans" mentioned in this house today we must dismiss from our minds such men as myself. Although a veteran of the first war, I have had the great privilege of being able to make a livelihood, and fortunately most of the men who served in the first great war find themselves in a similar position. When we speak of veterans today we are speaking on behalf of men whom, if we will recollect, we saw leave Canada during the years 1914 to 1918. They were not men in those days. They were men in the sense that they were soldiers, but they were boys. Everybody in the Dominion of Canada and all our allies were delighted to see them pulling out from the hamlets, villages, towns and cities of the Dominion of Canada to board transport ships to go across to a foreign land to offer their lives. If it had not been for those men and the men of the last war from all countries who volunteered to protect those who were not as fortunate, who did not have the privilege of offering their lives or their services in the defence of their homes, there would not be such a thing as a veteran.

If these men had not gone as freely and willingly as they went there would be no House of Commons, and we who are sitting here would not have the privilege of voting a sum of money to see that men who cannot look after themselves are taken care of in the manner that they should be. We must bear in mind how delighted we were to see them boarding the trains, boats and ships of the navy during the first war. We must remember that they were standing there when the first gas attack took place at Ypres in 1915, that they were the men who went over the top at Vimy Ridge and captured it for the first time from the enemy. We must remember the men of the second war who jumped into water over their depth on the beaches of Normandy with full equipment. These are the men who have made it possible for us to debate and decide in this House of Commons how those who were not so fortunate as I was are going to be compensated for the sacrifices they made on our behalf.

We must always bear in mind the bands, the bugles, the boys marching in the streets, the sailors, the airmen, the soldiers. These are the people we are considering today, and

I am sure that members of the House of Commons do not want to express their appreciation in any slighting manner. I say to members of all parties that here is one group of men and women who must receive our first consideration. They are men who, because of their services to the country, now find themselves in not as good a position as we are. They are men who are handicapped through the hardships of war. Those who served to some degree, and some to a greater degree than others, are familiar with the events of the first war. Let us not lay our heads on our pillows at night and sleep with any degree of satisfaction if any man who is incapacitated through service to his country is in need. When men of the medical profession have announced that a man is in need of a certain pension, and that man has a little more energy and ability than some other fellow and is able to earn some extra income, his pension has been set by, we hope, a competent medical board and they have decided that he is entitled to so much money for the sacrifices he has made for us. That should stand. His added energy and his added willingness to work and earn a few extra shekels are none of our business. We should never forget as long as we live that it is such sacrifices that make it possible for us to sleep at nights in our homes. It is because of such sacrifices that we do not have German hordes overrunning and enslaving the people of the Dominion of Canada, every man, woman and child on the North American continent.

Today it is the ideals of the veteran and his sacrifices that make the Russian hordes stand still and realize that they will have that type of man to contend with. Let us hope that members of the House of Commons are the kind of people who will not forget the type of men who have stemmed the tide of the enemy and made it possible for us to sit in the House of Commons and give a justifiable reward to these people. Never forget the sacrifices they have made. There is hardly a day that I do not thank God that I am able to make a living, that I am able to sit in the House of Commons, and that I have not been incapacitated to any great extent through my service in the first great war. The least I can do is to say to members of the House of Commons, as a veteran of the first war who is very fortunate in not having been incapacitated, Let us not forget. Let us bend backward, a little too far if necessary, in behalf of the defenders of our homes and our land.

Mr. Fair: I feel compelled to say a few words in support of the veterans and those dependent upon them. I was quite interested in the speeches delivered so far today. I listened to the hon. member for Royal, the hon. member for Kootenay West, the hon. member for Acadia, the hon. member for Fraser Valley, the hon. member for Vancouver-Quadra and many others whom I will not take time to enumerate. One of the last was my good friend from Vancouver South who is in the same boat as I am inasmuch as we did not take part in any of the wars. I feel I am compelled to say a few words in support of the pleas of the veterans organizations because I am a comparatively able-bodied Canadian citizen, and while I have complained about paying certain taxes I am not going to complain about paying any taxes that are necessary to take care of our veterans and their families.

I have been able to compliment veterans affairs committees that have been set up in the past. They have done a really good job, and I am quite satisfied that the veterans who sat on the committee this year would have done an equally good job if they had not been fettered by the terms of reference laid down by the government. Their position reminds me of the old maid who had a cat. They both lived in an apartment together, and on one occasion when the old maid was going away she brought a tin of canned milk for the cat but did not leave a can opener, and the poor cat starved to death.

The veterans affairs committee was set up this year for the first time since 1948, but the terms of reference were not broad enough to permit them to look after the needs of the veterans and their dependents. I have read the speech of the minister, and I am not very well satisfied with it. At page 22 of the report of the proceedings of the special committee the minister said:

> Now, the item that is before you as a supplementary estimate implements the intention of the government to provide supplementary allowances for pensioners who are unemployable and whose pensionable disability is a major factor in their unemployability.

I feel all veterans receiving pensions are entitled to consideration under this measure and not only those who are unemployable. The minister gave consideration to these fellows later because at page 23 he said:

> Now, a pensioner lives with his disability twenty-four hours a day and not only during his working hours, and therefore it seems we should consider a pension in terms broader than that of a subsistence allowance.

I am glad the minister has the good sense to recognize that. I only wish he had followed along the right path, because that is the basis upon which this compensation should be dealt with and not for the purpose of giving these people a very slim standard of living. He said on page 22:

> As you know, representations were made to the department last autumn by the Canadian Legion and by the national council of veterans associations

for an increase across the board in the basic rate of pension, and for various other measures of assistance to pensioners and dependents.

I feel that the government should have paid a little more attention to the request of these organizations, because these organizations are made up, as we all know, of men who have done their bit in the past to look out for our safety and prosperity. Again I say that while I have complained bitterly of certain taxation no one will ever hear me complain about paying taxes to look after our veterans and their dependents.

Then the minister went on to say:

Now, after very careful consideration of the representations by responsible veterans organizations and after having made a survey of the situation ourselves we came to the conclusion that the most pressing problem or problems, rather, were those of pensioners who were unable to work and who had to consider their pensions, at whatever rate it might have been, as their sole source of income; and similarly that there was hardship in the cases of widows with small children who because of the care they had to give to their children were unable to supplement their pension income.

The Minister of Veterans Affairs had his finger right on the trouble spot, but apparently the government or the treasury board—I am not sure from whom he got his instructions—were not willing to take care of those cases of hardship that should be taken care of by a prosperous Canada.

After dealing with what I spoke of a moment ago, the pensioner having to live with his disability for twenty-four hours a day, the minister said at page 23:

This change in the concept of disability which has taken place in the last few years is certainly due in great part to the courage and the determination of the disabled persons themselves who have been the greatest single contributing factor to this change in our thinking because they have refused to be retired, they have refused to be in sheltered employment, they have insisted they can be completely self-supporting in the competitive field of business and industry, and the success which their tenacity has achieved has certainly taught us a great deal of how little in some cases the most serious disabilities may interfere with every day earning of a living.

Again I think the minister is straying off the track. While these men suffer every day of the week, and in many cases twenty-four hours of the day, they have that tenacity that has been mentioned by the minister. Had they not had this tenacity perhaps they would not have done the fighting that they have, and which has been the cause of their disabilities. I feel that instead of dealing with their pensions as a means of giving them a slim standard of living, they should have been dealt with as a compensation for the disabilities they have and the suffering they are enduring from one year to the other.

I am not going to take up too much time, but I should like to quote this portion of the minister's statement before the special committee. It appears on page 24.

Now, to give the result of these investigations in very general terms we found that over ninety per cent of pensioners were employed and that their income as a whole compared favourably with their incomes before their enlistment.

I believe everyone realizes that wages and cost of living were entirely different at the time these men enlisted from what they were during the period in which the department was giving consideration to the incomes received by these men. I say that should not be the basis of their compensation. At the bottom of page 24 he had this to say:

Might I add, Mr. Chairman, that, as hon. members of the committee know, besides the provisions for this unemployability supplement, bills will shortly be laid before you to amend the Pension Act so as to increase the amount payable in respect of children of widows to assist in the education of the children of men who have died in the country's service and to extend the limiting date for world war I veteran marriages.

Again I point out that those children have to have food, clothing and shelter as well as education. Those things should certainly be taken care of by the people of this country.

In speaking a while ago the member for Vancouver South mentioned the $70 a month for six months and the clothing allowance of $50 given to the men who were discharged after the first great war. Over the years we have been trying in this house, and in the veterans affairs committees, to do something to rectify many of the wrongs that have been done to these veterans of world war I. I believe that those who came back from world war II have received better treatment because of the manner in which the members showed up the treatment that had been accorded the men who came back from the first war. We have with us still many of the wrongs that have been done to veterans of the first world war. Our old soldier settlers are an example. We have done a little bit from time to time at the instance of members of the opposition, and some on the other side, including the parliamentary assistant to the minister, who has been right out in the open in his defence of these men, the member for Fraser Valley and some others I should name; but we have not been able to settle all the injustices these men have received. It is not too late yet.

We are never too old to improve our ways or to lessen the suffering of those of our fellow men who have had disabilities imposed upon them while discharging their duty towards their country. I would urge, as many other members have urged, that the war veterans allowance and the basic pension

for disabled veterans be increased. Today we are appealing to young men and women to enlist for service in Korea, and in the forces we are gathering in support of the North Atlantic pact. Many of them are able to look back and see the treatment that has been meted out to their fathers, and in some cases their mothers, so I feel that this is a poor time for us to treat the veterans as this legislation is doing. Item 650 is quite all right, but it does not go far enough. The suggestions that have been made by the many members who have spoken in support of better treatment for the war veterans receiving war veterans allowance and disability pension should be heeded, even at this late date. The act could be amended, so let us get busy and do something about it.

Mr. Gibson: I, too, have been very much impressed by the obvious sincerity of the speeches that have been made by hon. members here today. I would not want to be unfair and not pay a tribute to the Minister of Veterans Affairs and to his parliamentary assistant, because I appreciate that they have been doing what they believe to be right. Of the officials of the Department of Veterans Affairs and of the officials of the pensions branch I can say that they have certainly always demonstrated to me since I have been here that they are men of broad sympathies for the veterans, and are men of real capacity and integrity. I should like to congratulate them upon the excellent work that they have been doing. On behalf of my constituents and on behalf of the sixteen Canadian Legions and ladies auxiliaries to those legions in the riding of Comox-Alberni, I should like to express appreciation to the members of the veterans affairs committee. I do not think that the public generally in Canada have an appreciation of the tremendous amount of work and study that the members of that committee have put into the discharge of their duties. I must thank them and congratulate them on the work that they have done.

Unfortunately, I myself cannot claim the honour of being a veteran, and I was therefore ineligible to act on that committee. But as a civilian, I should just like to say that I feel that civilians generally in Canada did fairly well out of both the first and second great war. We had opportunities of making financial gains at a time when others in this country were wasting the best years of their youth and were taking great chances on our behalf.

As a civilian I should like to say this. The government will never find me complaining about any tax that it sees fit to impose upon me and on other civilians in Canada in order to meet our just obligations to the veterans. It seems to me that the government, in saying that they will not institute a system of price control—in which view I have concurred—have done the right thing. I believe they have been wise so far in resisting the pressure to institute over-all price controls in Canada. At the same time I feel that they have an obligation to see that certain segments of our population are protected from the ravages of inflation. Now that we have passed legislation to take care of our senior citizens by means of this universal old age pension at 70, it seems to me that we should do our utmost to see that the veterans in this country are given generous treatment.

As I have said before in this chamber, the large surpluses this government has accumulated since 1945 have not been the result of anything startling in the way of management. They have been the result of the depreciated value of the dollar. We have built up a surplus of $2 billion here since the end of the war. Just last year a dramatic surplus was announced in our budget. The last two months have shown that our revenues are running high because of the fact that inflation is still continuing in this country. This $2 million that we have offered here, compared with our general budget, is such a niggardly sum that I feel almost ashamed that that is all we are going to offer the veterans this year in order to compensate them for the decreased purchasing power of the dollar since 1948, the last time we readjusted their pensions. As I say, I feel almost ashamed that all we can offer them this year is $2 million.

The supplementary estimates have not been brought down yet. I should like the government to consider perhaps doubling this sum that is going to be made available. I should also appreciate it greatly if the minister could say to us that he will undertake to have this matter opened up again in the fall so that we may consider it in the light of the circumstances that may be before us and before the pensioners themselves.

Mr. Blair: Mr. Chairman, I shall not take up the time of the committee for long. I was a member of the veterans affairs committee in this last parliament. I was also a member of the veterans affairs committee which sat for four years and which was responsible for the veterans charter. But since this matter has come into the house, I have heard various viewpoints advanced, and I am glad to say that the feeling of the house in general and, I think, of every member, has been one of sympathy for the veteran.

There are certain things that we should consider when we think of veterans of both

the first and the second great wars. Some of those things were mentioned by the last two or three hon. members who have spoken. The veterans of the first war were in a position different from that of veterans of the second war. In the first war we accepted men in the army from the ages of 18 to 50. In the second war we had more mechanical equipment, the type of warfare was different, and it was a war for which only younger men were fitted. But in the period between the first war and the second one we came through the period of the depression in the thirties. Many of our older veterans, during the ten years from 1930 to the beginning of the last war in 1939, in common with many other people in this country, had little or no opportunity to put by any backlog of savings.

I do not like the term that is sometimes used: burnt-out veterans pension. I do not like the word "pension" at any time. I should like to see it called not a war veterans pension but a war disability compensation. To me that seems better than calling it a pension. But the people who are receiving war veterans allowance are now becoming older and they are feeling the effects of age. They are also feeling the effects of the high cost of living. I know that some of these men are in want. I know that some of them need help.

When item 650 came before the veterans affairs committee, I felt that it was not broad enough. I also felt that the terms of reference to the committee should have been broadened. I should like to have seen that committee review completely the position of veterans of both the first and the second war.

I also found out—I was not aware of it at the time—when I heard the brief of the Canadian Legion and also the brief of the national council, that the Canadian Legion had made representations to the government last fall. The national council has some 350,000 members and the Canadian Legion has a large membership. Those two bodies together, in their membership, represent practically all the returned men in the Dominion of Canada. When they brought in a brief suggesting the position they were in and that certain amendments should be made to this bill, and when I heard the witnesses who appeared before the veterans affairs committee, I felt that there was something decidedly wrong. As I said, I did not like the terms of reference. If I needed anything more to make me feel as I did, it was supplied when I saw the witnesses before the committee and heard the briefs presented.

Something new has been brought out in the way of legislation. We formerly passed our legislation on the question of disability. This provision seems to accommodate a certain few of the pensioners, a matter of 6,000. When we have made this departure from the existing legislation, I feel that we have made a mistake. I still feel that pension or war disability compensation should be based on disability, and that that is the only way in which we can do a right and proper job of assessing the amount of compensation necessary.

The other point which bothered me a great deal in the committee was the fact that out of the total number of pensioners numbering about 162,000—and I use the short term now—we are singling out 6,000 to receive additional compensation. I feel that the amount should be increased across the board both for pensioners and for people on war veterans allowance. Age has entered into this matter. Age has been added sometimes to disability, especially with regard to the pensioner of the first war.

That raises the question of the term "unemployability". I opposed that term in the committee and I say again to the minister that the question of proving unemployability is going to be difficult when it comes to the matter of administration, as well as the matter of the disability of the pensioner. As I explained at the time when this question was before the committee, when you get age added to a war disability you have something which it is difficult to assess. The veterans of the first war are becoming older. The matter of age is becoming something that we have to recognize. We have to recognize it by making it possible for these men to live in some degree of comfort. The two wars were different. That is admitted. One was stationary. The line did not change so very much. But there were hardships. That was realized by the government of the time that brought in war veterans allowance. They recognized that that period did take from a man some of the strength of his physique that he might have in later years. If it was true at that time, it is truer at the present time. When you add to that the fact that there is possibly a hidden disability, which adds to the disability of age, you can see that these men are finding it very difficult to get along in the world at the present time. For that reason I feel that the amount which is set forth in this vote is entirely inadequate to deal with the situation at the present time for the veterans of the first war, the second war and also those on war veterans allowance.

Mr. Croll: I just have a few words to say, which arise as a result of some observations by hon. members across the way. They have indicated that there were a great number of

young members on the committee, particularly from the Liberal side of the house. I think the inference was left that they were not able to cope with this problem. It was a younger committee, and it was composed of veterans.

Let me say this to begin with. The opposition certainly threw in their first team, and it is fair to say that the committee, from their point of view, was studded with political giants. In so far as we were concerned, we had a nucleus of our first team on there, but we were rather in the fortunate position of having a great number of able young men, who are veterans. They are capable. We gave them a bit of seasoning on the committee so that they in turn will become as experienced as we have turned out to be.

One thing must be said for our men on the committee. They applied themselves. They were very energetic and they attended to their duties. There is no doubt that if we had had a wider term of reference we would have done a better job than we did, but do not forget, the house gave us the terms of reference.

Some hon. Members: No.

Mr. Croll: The people's representatives gave us the terms of reference. Just before the house rose for lunch the hon. member for Vancouver-Quadra said something that I thought was a little unnecessary. He said that hon. members were embarrassed with government policy.

Mr. Green: Were you not?

Mr. Croll: Let me say to him that not half or quarter as much were they embarrassed by government policy as my hon. friend embarrassed the Conservative party by voting against the $2 million supplement. I hope the hon. member for Comox-Alberni is here, because he is carrying away a wrong impression. I do not like that. He is too intelligent a member to walk out of here with the wrong impression. A great number of hon. members are in the same position. They talk about the $2 million supplement. It is a $2 million vote. The government may very well spend not $2 million but $10 million, if in their opinion it is required.

Mr. Gibson: That is good.

Mr. Croll: The government estimates that 6,000 or more veterans will need supplemental assistance. It may turn out that 10,000, 12,000 or 15,000 veterans will need this assistance. I do not know. They really do not know themselves. We on this side of the house have an interest in this legislation as great as the interest in any part of the house. We are firmly of the opinion that there has not been any departure from the principle of pensions. If there were we would not have supported this measure—none of us would have supported it.

There is no denying that the veterans made a formidable case for an increase. We recognize that. There has been a 27 point increase in the cost of living since the last increase in pensions. I am sure the difficulty that was facing the government and the committee was to know just exactly how much of an increase to recommend. I am sure that none of us was in a position to say what that increase should be. I am sure that the government found itself in the same position.

When the original brief was presented in 1950, asking for an increase in pension the cost of living was moving up. No one could say where it would end. I am sure the government was faced at that time with this problem: How much should we increase this pension? If we increase it now will it remain at that level for a while? Can we stabilize it in some way? I think they took the sensible course in first trying to stabilize the cost of living—and they have had some success in that regard. Last month was a very good month. This month will probably not be so good, but August and September will prove a great deal. These months will indicate to us whether we have been able to arrest the climb in the cost of living.

The government was faced with this problem. If they increased the basic pension at that particular time, without having stabilized the cost of living, they would have had to put in an escalator clause permitting them at some time or other to have a downward revision. But no Liberal government I am sure will under any circumstances reduce the amount of money that the pensioners will receive. In the face of that, having come to this twilight zone between the cost of living and the pension increase, they decided that they would deal with the problem on the basis of need and spend $2 million, $3 million, $5 million, or whatever they required, until such time as they were able to judge what would be required by way of a basic increase in pension so that it would stay fixed for some time. They came to the conclusion that this was the way of meeting this problem in the interval. It seems to me it is a sensible approach to it.

The committee recommended that the government should reconsider the Legion brief. We did that with much honesty and in the fervent hope that the government would study the brief in the face of all the circumstances and would come to the conclusion to grant increases across the board.

There was absolute agreement in the committee on that. On the other hand, we felt that at the present time it was urgent, it was

important to help that small group of veterans who, for some reason or other, particularly because of unemployability, and physical deterioration, are in need of assistance. To meet that need, vote 650 for $2 million was introduced, to be administered in the same liberalized fashion as other veterans' legislation has been administered, in the hope that this will carry them over until such time as the government is able to take a good look at the brief and make its decision.

Mr. Pearkes: I do not want to delay the committee for more than a minute in passing these estimates, because I know that the veterans of the country require the money which will be voted to them in the course of the next hour or two. But I did want to record my disappointment that the terms of reference of the committee had not been extended, and to express the hope that a committee would be set up at the next session of parliament and be granted wider terms.

Reference has just been made by the hon. member for Spadina to possible embarrassment on the part of members of the opposition because they may express their disapproval of a principle which they believe introduces the means test into pension legislation by the only means at their disposal, namely by voting against this item in the supplementary estimates. I hope the hon. member for Spadina is correct in the assurance he gave that that was not the intention of introducing the means test into pension legislation. So far as I am concerned I must admit that it does appear to me as the thin edge of the wedge.

I repeat the hope that there will be a veterans committee set up at the next session of parliament and that it will have wide terms of reference so that it may inquire into the relationship of the disability pension and war veterans allowances to the cost of living. I suggest one other field which in my opinion the committee should investigate and that is the position in which, unfortunately, veterans of the Canadian merchant marine still find themselves in matters of rehabilitation, pensions and hospitalization. I am impressed by the importance of raising that question again. I know it has been discussed in previous committees, but I for one was never satisfied with the decisions reached. And in the light of discussions which have taken place in the house in the last week where we have learned that ships flying the Canadian flag are manned entirely by foreigners, I think we should review the position of veterans in the Canadian merchant marine.

Mr. Gillis: Mr. Chairman, as a member of the committee I should like to make a few remarks. The hon. member for Spadina indicated that other members had provoked him. It is largely because of the position he has just taken that I am provoked to the point of speaking in this debate.

When the terms of reference were set out in the resolution I strongly protested on the ground that we were not going to be a veterans affairs committee, as we had been in previous years, but that we were going to be merely a legislation examining committee. Our only scope was to discuss whatever the government put in the terms of a bill or in a vote. I know most members supporting the government disagreed with that interpretation, and a similar view was taken by several members on this side.

I was particularly concerned because the veterans affairs committee had always been one in which no political lines were drawn, and in which discussions were open and free. We could discuss all phases of veterans legislation. I think the thin edge of the wedge was driven in by the government through the wording of the resolution. We were placed in a position where lines could be drawn—and they were drawn.

That committee was not the free and easy non-political committee in which I had served for several years. The terms of reference were the source of our difficulties. Very early in our deliberations the hon. member for Royal asked support of a motion stating that the terms of reference were not broad enough, and hon. members had the opportunity to vote for that amendment. It stated, in effect, that item 650 be not reported now, but that the committee recommend to the government the broadening of our terms of reference. Any hon. member who rises in his place today and says he thought the terms of reference were too narrow had at that time the opportunity, without disturbing any of the machinery of the committee, to support the amendment and to test the government as to whether it would permit the broadening of the terms of reference so that we could decide on a basic increase in pensions and war veterans allowances, and other items that greatly needed amendment. The amendment was not accepted, although I thought it made a fair and reasonable request.

This item 650 is disturbing to the Legion. Every member of the committee will have to admit that the executive heads of that organization were not only critical but that, this time, they were in a bad mood. The language of their brief so indicated, as did the evidence of the witnesses who appeared before us.

It is a mistake for any body in Canada, whether it be a provincial or a federal government or any other organization having to do with veterans, to antagonize the Legion to the extent they were antagonized. I did not think item 650 should have been placed before the committee. If the government intended to supplement pensions of unemployable veterans it should have done so through a regular bill in the house which could have been discussed here and passed. When it placed the vote before the committee it definitely sowed the seed in the mind of veterans organizations that such procedure was to become part of veterans legislation and that it was going to take the place of over-all increases in basic pension. I do not think it should have gone to the committee.

I believe that even at this stage the government would be well advised to consider increasing the basic pension. We do not have to have a lot of experts with maps and figures and all that sort of thing. The government has that information at its fingertips. I listened to a report from the welfare organization, and I believe it was one of the best analyses I have ever heard. It was airtight and factual, and indicated clearly that they are doing a good job—something which was not generally known.

The government is not in a position to say, "We will consider the matter at the fall session." The fact is we have been considering it for two months and all we have succeeded in doing is to get ourselves in a worse tangle. I strongly suggest to the minister not to leave the combat veteran in that state of mind. The executive of the Canadian Legion are pretty reasonable and fair people and they should not be left in the state of mind in which they are today. The government has the briefs they submitted and must have gone over them. That is what convinces the Legion that this supplement is going to take the place of an over-all increase in the pension.

This vote of $2 million is for payments to unemployable veterans who can relate their unemployability to their pensionable disability. I said in the house on several occasions, as I did in the committee, that there is a place for this kind of legislation. Then, with regard to the test that is to be made, it is not right to say that it is a means test because that is over-simplification. Everyone in this country understands a means test to mean that some inspector comes in, takes a look at your kitchen and asks whether you have enough to eat, or whether you have enough income. That is not what happens with these unemployability supplements. You have to get a medical certificate and so on.

[Mr. Gillis.]

I have a picture of what is going to happen in my end of the country. First, the applicant will have to get in touch with someone in the Halifax office to get an application form. That will be sent up and the welfare branch in Sydney will be told to look up Jim Smith. The inspector will go and take a look at Jim Smith and will tell him that he must get a medical certificate showing that he is totally unemployable. In my part of the country a man could be receiving a ten per cent disability pension and be one hundred per cent unemployable as far as working in the coal mines or steel plant is concerned. You cannot get employment there unless you are able to pass a medical test. That man is a ten per cent disability pensioner but he is totally unemployable as far as those plants are concerned.

I have heard the hon. member for Lanark talk about this problem and he is quite right. The same would apply to many others in the heavy industry sections of the country. They are going to be handicapped under this legislation which starts at 35 per cent disability. Instead of this supplementary allowance beginning at 35 per cent and working up to 100 per cent, it should be applied to the five, ten or fifteen per cent disability, the man who cannot be employed in these different areas because of his service disability.

The government has had sufficient time to consider the Legion's briefs since last fall, and the one that was presented to the committee. They used pretty tough language in the last one. It is not so much a brief as a straight accusation of manipulation behind the scenes to have this small supplement take the place of an over-all increase. That may not be correct, but the minister should get up and say that it is not the intention of the government to do that. That is the frame of mind in which the Legion representatives are at the present time. I have received a number of strongly worded telegrams from my part of the country demanding that we oppose these supplemental benefits and go after an over-all increase in pension as requested by the Legion.

It is a perfectly reasonable request. If the government pay what the Legion asks by way of basic increase in pension the pensioner will just be left in the position in which he was in 1948. Inflation is still wiping out what was done for the pensioner in 1948. Practically every industry in this country has recognized the inflationary trend during the last two years and in many cases have signed agreements with their employees containing escalator clauses which provide that wages will go up with the cost of living.

Surely the government is just as interested in the veterans who fought to maintain our institutions in two world wars as General Motors are interested in the men on the assembly line, or as the steel plants are interested in their employees. If it is reasonable to have an escalator clause in those industrial agreements, it is just as reasonable for the government to wipe out the present deficit in the pension cheque which was created, not by the veteran but by the government refusing to institute proper controls to maintain reasonable price levels. The basis of everything we are discussing at the present time lies in the fact that proper price controls were not instituted. Unless something is done to control prices the upward spiral will continue and this argument will still be presented. That will be the result unless steps are taken to curb inflation.

I talked so much in the committee that I became allergic to this matter and I would not be talking this afternoon except that I was provoked by the hon. member for Spadina. I ask the minister to take another look at war veterans allowances. When a recipient of war veterans allowances reaches the age of 70 years he is not permitted to have the same income as could be received by an old age pensioner. He receives $840 a year as veterans allowance, but an old age pensioner could receive up to $1,080 per year with his permissible earnings. I took up a case of this kind with the department and was told that this man could not receive any old age pension because the act provided that that could not be done. Why not allow such a man to have as much of the old age pension as would bring him up to the total permissible earnings and pension of an old age pensioner? I think the minister will agree that that kind of thing should be changed.

There is another rank piece of discrimination in the War Veterans Allowance Act that affects the widows of imperial veterans. The provision is that a widow must have twenty years' residence in this country, but it may happen that an imperial veteran may die after having spent only nineteen years in the country. His widow would not be entitled to an allowance under the act. There are not many cases like that and not much money is involved, but it is discrimination. The widow of John Jones may live next door to the widow of Jim Smith; one receives a pension and the other does not because her husband died before he had been living in the country twenty years. Little irritations like that should be ironed out.

I am leaving these thoughts with the minister and strongly suggest that he have another look at his department to see what can be done. If the money cannot be provided by this vote, he could bring in a supplementary estimate.

Mr. Adamson: I merely want to add my voice to the protest that has been made by hon. members of this party with respect to the war veterans allowance and other matters. I was not a member of the committee this year, and I do not propose to repeat in any way what has been said by the hon. member for Royal, the hon. member for Lanark, the hon. member for Calgary East, the hon. member for Vancouver-Quadra and others who have spoken. I also wish to agree with a considerable portion of what has been said by the hon. member for Cape Breton South, especially his remarks with respect to heavy industries. So far as heavy industry is concerned today, steel mills and heavy industries particularly cannot employ people with disabilities because of the speed at which modern machinery runs, and the heavy and intensive work which has to be done.

As I said, I want to add my voice to the protest with regard to the subsidiary earnings allowed under the War Veterans Allowance Act, and I do so for two reasons. The first reason has to do with the matter of justice to the recipients of these allowances who are being seriously squeezed by the inflationary pressure they have to bear. Second, I do so for the economic good of the country. If there ever was a time when every bit of useful work that anybody can do should be done to assist the economy of Canada in these inflationary days, now is that time. We see the Minister of Finance going around asking people to work forty minutes more a day. Here we have people who are willing to work not only for forty minutes but for a great deal more per day, and they are precluded from doing so because of the regulations of the act.

There is a great shortage of what used to be called casual labour. In our present modern economy casual labour is a most important part of the economic life of the country, not only in agriculture but also in industry and in the ordinary life of our major cities. I think it is not only a great injustice that these men are not allowed to earn more than they are but it is doing a great disservice to the country as a whole.

Mr. Jones: I should not like this item to pass without some mention of the plight of at least 12,000 pensioners in this country who, so far as the speakers this afternoon are concerned, have been more or less overlooked. I refer to the plight of the imperial veterans which is quite serious. When these people came here they never anticipated the drastic devaluation that took place in the pound

sterling. Neither did they anticipate the difficulty of getting money from the old country, particularly those who have inherited capital, small sums of money, or possibly in some cases large sums. Neither did they anticipate the present high cost of living with relation to the imperial pension that they receive.

Naturally the difficulties they are faced with are beyond their control, and therefore they look to the Canadian government to do something for them. While we call these veterans imperials they are Canadian citizens, and to my mind they are entitled to all the benefits accruing to all other Canadian citizens whether they be veterans or civilians. This point of view is maintained by the members of the Canadian Legion or, in other words, by all Canadian veterans. They believe that the imperial veterans should be treated in the same way that they are. Many of these veterans were encouraged by the government to come out to Canada as immigrants in the early days. They were actually invited to take part in the development of land under the Soldier Settlement Act, and some of them did. I claim that the record of the imperial veterans in Canada is a good one both from the standpoint of their contribution toward the national economy through their skill and labour and in their contribution to our social and cultural life through their homes and their participation in our community welfare.

Many of them came to Canada in 1920 when the value of the pound was about $4.86. As I mentioned, they had no reason to anticipate any drastic change taking place. They felt that up to that time the pound had been fairly stable and would continue to be stable. Naturally they find themselves in this plight today. Not only do I wish to emphasize the fact that they are good Canadian citizens and are entitled to the same treatment as Canadian veterans, but many of them had sons fighting in the last war. I should like to place before the house what the imperial veterans seek from the government, and I shall refer mainly to the brief prepared by the imperial veterans action committee in Vancouver. First of all they ask for the establishment of a standing parliamentary committee on veterans affairs to include, if possible, members of the imperial forces or at least someone on that committee conversant with the problems facing imperial veterans. They also submit that power should be given to the committee to deal with matters affecting imperial veterans and to recommend to the British and Canadian governments solutions for their problems.

[Mr. Jones.]

Then they recommend that consideration be given to the widows of imperial veterans, particularly those referred to by the hon. member for Cape Breton South, whose husbands died before the qualifying period. Then there are three other requests that I should like to mention, and the first has to do with income tax. In their brief they say:

> Service pensions, other than disability pensions, are taxed in Britain, and if such pension is supplemented by earnings in Canada, the pensioner takes a double blow due to devaluation of the pound. Firstly he receives less dollar pension, and also the income tax deducted in Britain from his pension, which is assessed on his total earnings from Canada as well as his pension income, makes his tax the greater owing to an exaggerated sterling income when for purposes of assessment his Canadian income is converted to sterling.

This situation has been relieved between Great Britain and New Zealand and Great Britain and Australia. They have arranged for the imperial to be given the choice of paying his income tax either on the British basis or on the Canadian basis. Naturally imperials who live in Canada are Canadian citizens and they would prefer to pay taxes in the country in which they are residing. Another point they raise has to do with an appeal tribunal. They say that an appeal tribunal should be set up to deal with the 11,177 imperial pensioners living in Canada. In their brief they say:

> In the United Kingdom an appeals division has been set up for such pensioners resident in Britain. The staff of this is lay and medical. This division has both entitlement and assessment tribunals. It is urged that such tribunals should be set up in Canada to hear such appeals of disability pensioners resident in Canada in co-operation with the Department of Veterans Affairs.

Then they also refer to hospitalization and say:

> It is urged that authority should be vested in the British ministry representative in Ottawa, so that he can deal with the matter of admittance to hospital of Canadian born veterans who served with the imperials, and imperials resident in Canada before world war I, and that they should be on the same footing as regards treatment in D.V.A. hospitals as veterans who served in the Canadian forces. Also reciprocal treatment to be given as between Canadians resident in Britain and imperials resident in Canada.

Briefly that sets forth what the imperial veterans would like to have. They would like to be on the same basis as Canadian veterans. If a standing committee is not to be set up to look after all veterans affairs, I would urge that at least a special committee be set up immediately to investigate the claims made by the imperial veterans and to try to bring about some remedy. I know the word "imperial" suggests someone alien to the country, but that is not the case. In many instances these men are Canadians who joined the imperial forces. Many of them

were young men who became impatient with the progress made in Canada and joined the air force in Britain in both the first and second world wars. They are actually Canadian, although we call them imperial veterans. Others entered this country in good faith to help develop the country, after contributing their services in the first war. They have been good citizens; they are your neighbours and my neighbours. They are entitled to the same respect, the same treatment and the same courteous service that the Canadian veteran receives from the Department of Veterans Affairs.

I would urge the minister to give consideration to the setting up of a committee to ascertain what can be done to relieve the tense situation in which these men find themselves owing to the nature of the currency difficulties between the two countries.

Mr. Stewart (Yorkton): I had not intended to speak on this matter, but in view of some of the remarks made which left the impression that the committee on veterans affairs was made up of youthful members who did not know anything, were simply hoodwinked and led by the older members of the committee, I felt I must make some reply. Many of the older members on that committee were members of the opposition. The member for Acadia particularly stressed his experience on the committee, as did the member for Vancouver-Quadra. Some of us who were the youthful members of the committee, Mr. Chairman, were in veterans organizations before they ever got into the committee. In the days of the old army and navy veterans there was not even a great war veterans association like the Legion. Some of us were in all of those organizations, and have studied this matter of pensions. It is a reflection on some of the older veterans who were in France with the first outfit to say that we sat in the veterans affairs committee and cheerfully acquiesced in everything that was done.

As a matter of fact I was greatly surprised to see the committee divide on party lines. I did not think they would divide at all, but we found the Conservatives blocking things by introducing motion after motion. I intend to be very brief in dealing with this matter. Members have mentioned certain telegrams that they received from their constituencies. Although there are eight branches of the Legion in my constituency I have not received one telegram or one letter protesting the actions of that committee or the government. I have spoken to dozens of returned men in this house who have given me the same answer, that they have not received any telegrams. But they said we had better not mention it or we will get some telegrams. I think the minister should know that. I did receive one telegram from the secretary of the Saskatchewan Legion command in Regina. It reads:

> Saskatchewan command Canadian Legion requests your support of brief presented to parliamentary committee on veterans affairs provided such increase will assure adequate standard of living for unemployed pensioners.

That is all it said. It was sent on June 8, and that is the only telegram I received from the province of Saskatchewan. Now, that telegram is diametrically opposite to the submission that was finally made to us by the Legion representative. I do not know what has come over the Canadian Legion dominion command. I am not going to quote the editorial appearing in *The Legionary* because most of the members have seen it. It casts reflection upon members of the government, many of whom have had brilliant service overseas. The article is nothing more or less than a scathing, incorrect and unfair article which is below the prestige of the former Canadian Legion paper. I have taken it ever since it started. But if party politics enters the Canadian Legion I am going to tell you, as one of the most experienced men in the life of veterans organizations in the Dominion of Canada, the Legion will be smashed as quickly as that happens. We do not want politics in it at all.

The statement has been made here, in connection with the submissions made to the committee, that these organizations were unanimously behind everything the Legion representatives said, and were against the action of the government in voting this $2 million or more as the nature of the case may require. In connection with the $2 million vote I would point out, as has been pointed out by the member for Spadina, that whatever more is required under that vote can be provided. Under that vote a veteran who actually needs help is the one who is going to get it. He is going to get more help than if the pensions were increased right across the board in accordance with the increased cost of living. The man who actually needs the help is going to get more under the government proposal than he would if we had followed out the suggestion of the Conservative members of that committee. Remember that their motion was not moved until June 7, and that motion would have referred this whole thing back to the house. If we had argued in here as long as we did in committee, the needy veterans who will get more under this government proposal would never have received anything. The session would have closed before we finished the argument.

These other eight organizations, other than the Canadian Legion, did not express dissatisfaction with the government's attitude on this particular vote. Here is what the head of the organization, Major Wickens, said. He has been well-known to me for many years, and is a splendid gentleman even if he is a Conservative. This is what he said:

Mr. Lennard: He is a Liberal.

Mr. Stewart (Yorkton): Excuse me, I know Saskatchewan politics better than you ever did. I know that Mr. Wickens is a Conservative, and always has been. You had better check up your own party; that is why you do not win seats.

Mr. Lennard: Just wait until the next time.

Mr. Stewart (Yorkton): We have always been waiting for the next time. This is what appears at page 114 of the committee evidence:

Mr. McMillan: I understand it has been the feeling of the meeting that they support in the most part the submissions in the Canadian Legion brief?

The Witness: That is right.

Mr. McMillan: Except they differ in some details. What are the details?

That is the detail on which these eight organizations disagreed with the Canadian Legion.

The Witness: Well, the detail we have not considered extensively Mr. Chairman, and Doctor McMillan. There were some observations about means test applicable to this unemployability allowance, but the chairman of the pension commission and the deputy minister were kind enough to place themselves at our disposal for the best part of an hour this morning, and, in discussing the matter, they gave us a very informative illustration of how the unemployability allowance is going to operate. We came to the conclusion that the observations which the Legion made about this being in effect the introduction of a means test in pensions were not tenable. There were other minor details of that kind.

Then again at the same session of the committee, page 119 of the proceedings, the chairman asked the representative of the eight veterans organizations this question:

Are there any other questions, gentlemen? I shall now take the liberty since we have our officials here, of turning the tables on the committee, and saying that particularly in view of the hitherto lack of specific knowledge revolving around this $2 million supplement, that if any of the members of the delegation have any uncertainty in their minds respecting what is set forth in this, that it would be acceptable to the committee that they should ask questions of them.

Major Wickens has told us that they had the advantage of a consultation this morning with the senior officers of the department. We have a few minutes left and if the committee concurs, I think it would be in order. It should be helpful, and some points might be clarified.

The Witness: Mr. Chairman, practically every member of our delegation was present at that conference this morning. We are very much indebted to the two officers for the very frank session we had with them.

The Chairman: If you are satisfied, I am.

[Mr. Stewart (Yorkton).]

Apparently that committee was satisfied. I would judge so from those remarks. I think most of us can understand English, and you can put any construction you like on that. But I would judge that that committee representing eight organizations, after hearing officers of the department, were satisfied that this was not an introduction of the means test and that they were satisfied that the needy veterans were going to get $2 million or whatever amount would be needed.

Mr. Harkness: They were not satisfied.

Mr. Stewart (Yorkton): You were not on the committee and you do not speak for the committee.

Mr. Harkness: I was on the committee.

Mr. Stewart (Yorkton): You do not speak for that committee representing those veterans. In addition to that, you are very much biased. That is something which is more important.

Then we met again, Mr. Chairman, on June 6; and it was not until June 6 that there was any motion by the Conservative opposition to refer this matter back to the house.

Mr. Green: On a question of privilege, Mr. Chairman, may I point out that if the hon. member will refer to the proceedings of May 31, he will find that a motion was made in that meeting of the committee by the hon. member for Royal.

Mr. Stewart (Yorkton): Yes. I am going to point out to my hon. friend that they moved, on June 6, a motion referring the matter back to this house. That motion was made on June 6, as I said, and it was amended by the hon. member for Kingston City, a Liberal. He added to the motion these words:

With the recommendation that the government give further consideration to the representations submitted to the government and to the committee, that the basic rate of pensions for all pensioners under the Pension Act should be increased;

That was his motion. The Liberal members on that committee were then in this position. They said: We are going to accept the government proposal of $2 million or whatever amount is needed to take care of these veterans who, through disability, cannot work at all and who will get more under the government proposal than they would get through an increase of pension based on the increased cost of living in the last few years. They will get more. In turn we are suggesting to the government that, as to increasing pensions clean across the board, the government should give the matter further consideration. Obviously at this session of parliament, and at that late date, no other procedure could be taken, and the government could not possibly deal with the

situation, having regard to the arguments that go on in this chamber on matters of minor importance and which take day after day to settle. That was the attitude of the so-called young Liberal members sitting on this committee who apparently did not know anything about veterans affairs.

I am going to suggest, Mr. Chairman, that no doubt the government will give consideration to that committee's report. But I am going to point out that the opposition, all of them, voted against that motion. If the opposition had carried the motion they introduced on June 6, these veterans who need this $2 million or whatever they get—the really needy veterans—would not get anything until the next session of parliament. The Liberal members on that committee, by their action, are ensuring that the veterans who actually need assistance will get it. Those of us who are veterans of long standing and are able to earn enough to get along are not complaining much about the situation. As I have stated, in the constituency that I represent, with eight branches of the Legion in it, unless you go out and stir them up politically, there is no complaint. I have not received one wire or one communication from them; and there are many other hon. members in the committee who are in the same position. The job of the members of this committee and of the veterans in this committee is to take care of these veterans. Some of us were badly wounded but are still able to earn a living. But let us take care of these fellows—and that is what this provision does—who cannot work at all and who were wounded. We take care of them until next session. As to what happens at the next session, we will deal with that matter then.

Mr. Green: The hon. member for Yorkton has left the inference with the committee that the national council of veterans had approved this vote of $2 million.

Mr. Stewart (Yorkton): I read what was said.

Mr. Green: I should like to read to the committee from the evidence given by a famous Canadian padre; I refer to Colonel the Reverend S. E. Lambert, who has been president of War Amputations of Canada for thirty-two years.

Mr. Stewart (Yorkton): Will the hon. member permit a question?

Mr. Green: The padre was one of the leaders of this delegation from the national council and his statement will show how much accuracy there is in and how much dependence can be placed upon the statement made by the hon. member for Yorkton.

Mr. Stewart (Yorkton): I rise on a question of privilege, Mr. Chairman, and I should like to deal with the matter now. This is not contradicting a statement made by me, because the statement I read was after this statement was made and completely after—

The Deputy Chairman: Order. This is not a question of privilege. The hon. member will realize that if he wants to explain a part of his speech which has been misunderstood by another hon. member, or if he wants to correct what he has said, he must not do so by interrupting the hon. member who has the floor.

Mr. Stewart (Yorkton): All right.

Mr. Green: I think the impression left by the hon. member for Yorkton is entirely out of accord with the facts. What I am about to read is from the statement of Padre Lambert who could not be accused of partisanship in any way, shape or form, and who, right through the years, has been one of the most responsible leaders of Canadian veterans. He himself was badly wounded. As reported at page 111 of the minutes of proceedings and evidence of the committee, Padre Lambert said:

> You bring in this supplementary allowance; it is not a bill but it is some kind of an estimate, and we consider this as another contribution to the poverty of the veterans, I would say, and we do not like that. We like to have things by right, and pensions are by right.

Then further down on the page he said:

> After all we were given the job, in co-operation with the government and the Department of Veterans Affairs, to take these disabled fellows as they came back from two wars and try and fit them in some place, and that is what we have tried to do. Our job in our organization has been to fit them—fragments from the wars—into places where they can still continue their service and be able to do a little job. Now, that is what we have tried to do and have tried to do it well, and most of them by luck and by the kindness of the dominion government and the provincial governments and civic governments and by the graces of good firms, have been fitted into places where they can maintain a very high standard of self-respect at least. I do not know what you want to make them. If you want to make them all paupers, go ahead. We do not like it; we are not approving of it anyway. That is how the amps feel about it. We are talking to you about fighting men, about men who have been in contact with the enemy in two wars and now in three wars, and I feel somehow that Canada owes them a great deal more than she thinks she does. We are trying to get them out of the poverty class. We are trying to keep them sweet and kindly in this country and this suggestion is something that makes me see red, and I hate to see red, I really do. I consider myself one of the patriots of the country and I try to perpetuate the patriotism that made these veterans go to war. I feel we have been let down pretty badly.

Then further on he said:

> We do not want any handouts. As far as I am concerned you can keep it, but make the basic

rate what it should be and then we will know where we stand. That is how we feel about it. If you base the thing on the cost of living and we find that the cost of living is away up then the proper thing to do is to raise it in accordance with the cost of living figure.

Then one other point made by the hon. member for Yorkton. He tried to prove that the members of the official opposition had acted too late for anything to be done at this session. As he knows, the members of all parties in the opposition acted together in their protest against this government policy. It was not a matter of only one opposition party. On May 31 the hon. member for Royal moved an amendment to the effect:

That item 650 do not now carry but that this committee request the house that it be given instructions to consider the basic rates of pensions and the War Veterans Allowance Act and make recommendations in reference thereto.

That amendment was voted down on the same day, May 31, with all of the opposition members voting for the amendment, together with the hon. member for Fraser Valley.

Then, at the next meeting, which was on June 5, there was an amendment by the hon. member for Kingston City, with the recommendation that the government consider the briefs of veterans bodies again; and rather than delay matters, the hon. member for Nanaimo moved an amendment to the amendment of the hon. member for Kingston City to the effect that:

The government give consideration to introducing legislation during the present session of parliament which will give effect to the representations submitted to the government and to the committee that the basic rate of pensions for all pensioners under the Pension Act should be increased.

That amendment, which was urging speed, and would have forced action by the government at this present session on the question of the basic pension, was voted down by the government members at the next sitting of the committee.

Mr. Stewart (Yorkton): I have to correct my hon. friend again. He has quoted from the Reverend Mr. Lambert at page 111 of the proceedings, but following what he said the head dominion president of the army, navy and air force veterans in Canada, Major A. J. Wickens, at page 114, and following the statement that my hon. friend has read, made the statement that I quoted to the committee in which he said in effect that they were more or less satisfied that this was not a means test, and that the needy would be taken care of.

Mr. Quelch: Just to keep the record straight I should like to correct the statement made by the hon. member for Yorkton. He referred to the evidence of Mr. Wickens. He said he knew him quite well, and stated that he was a Conservative. He tried to leave the impression that politics was being played. I want to quote from the statement of Mr. Wickens, as found at page 326 of the evidence of April 23, 1948, I quote:

There is a danger of a division, perhaps not in this committee, but on the floor of the house, being made on straight party lines. Perhaps I should not say this, but I am going to say it. I, for one, am not a politician. I have been a supporter of the present government.

Mr. Stewart (Yorkton): He was not, a few years ago.

Mr. Quelch: That shows that he was not a Conservative but a Liberal.

Mr. Higgins: I will be very brief. I wish to read a telegram which I have received from the Newfoundland command of the Canadian Legion. I believe all other Newfoundland members have received the same telegram. It reads as follows:

Newfoundland command Canadian Legion would greatly appreciate your favourable consideration at present session of recommendation of special parliamentary committee on veterans affairs that further consideration be given to possibility of granting increase in basic rate of war pensions. Also strongly urge support of Legion's request for increase in war veterans allowance.

Mr. Stewart (Yorkton): What is the date of that?

Mr. Higgins: It is dated June 9, and signed by Mr. W. R. Martin, provincial secretary.

I am not going to add to that except to say that I endorse it very strongly, and I do wish to associate myself with all that has been said by previous speakers of the opposition party.

Mr. Pouliot: Before the item carries I want to draw the attention of the minister to a few files of disabled returned men who have written to me after I complained about the pension commission in this house. They are from various parts of the country. Each case is authentic. I understand that the pension commission has the right of life and death over the veterans.

I want to bring the attention of the minister to these cases. I am in full sympathy with him, and I know very well that he will understand the problems of these returned men whom he knew in a theatre of war during the last war. There is the case of Jean-Paul F. Guay, Civic hospital, veterans' pavilion, pension No. 804,477. He is thirty years of age. He is a law student. His service was from August 28, 1939, to June, 1946. He was wounded in the right ankle. He had a five per cent pension, $4.70 a month. In August, 1948, heart trouble developed. He has been in hospital since. Three applications for pension were turned down. I do not

belong to the Canadian Legion, but I am in full sympathy with these men, and when I submitted their grievances to the house this is one gentleman who wrote me. He is thirty years of age, and is in hospital probably for the rest of his life. I give the file to the minister so that he can have a look at it.

Now there is P. L. Hyde of 619 Bidwell Street, Vancouver, a veteran of both wars; eight years' active service, 75 per cent incapacitated. He wants to know the details of class "V" medical treatment. This is personal correspondence. I cannot read the whole letter of the gentleman to the house, but I have no objection to showing it to the minister, and I hope that in due course he will answer the questions which are in the letter, and I will be satisfied with a private answer.

Now, this is a case in which I have been very much interested for a long time. It is the case of Arthur Villeneuve, 1736 East 32nd Avenue, Vancouver, British Columbia. His letter too is of a personal character, but I have no objection to giving a copy to the minister. After a long struggle he succeeded in having 100 per cent pension, which was a peculiar case. I have another one from Mr. Keane, Victoria branch, Canadian Pensioners Association of the Great Wars Incorporated, 131 Pemberton Building, Victoria, British Columbia:

J. F. Pouliot, Esq., M.P. for Temiscouata,
The House of Commons,
Ottawa,

Dear Sir,

Your remarks as made in the House of Commons at Ottawa and appearing on page 1939 of *Hansard*, concerning veterans affairs, are shared by all of us here.

We know only too well as we have been doing this work since 1922 that you have spoken the blind truth, and am very glad that you have done so.

Excuse typewritten errors as I seem to always do them.

Members of this association send you their kindest regards.

I am very glad to see that there is a real champion of their interests in the house. We thank you.

Yours sincerely,
Canadian Pensioners Association
R. C. Keane,
Honorary Secretary

Then there is the case of Mr. Frank Leary, 898,048, ward 3, north, Westminster hospital, London, Ontario; served overseas; crippled; seven years in different veterans hospitals. Veterans are the guinea pigs of the medical profession. Very unfortunate—but I do not say it, I just repeat it.

Now we have Rev. Roy MacDonald, Marine and Taylor, White Rock, British Columbia. He sent me a clipping from the Vancouver *Province* repeating what I had said years ago, that a pension is a right and not a charity, and that an allowance is a charity and does not come from a right. And the hon. member for Vancouver-Quadra must remember I have said it many times in the house.

Mr. Green: I agree.

Mr. Pouliot: He has also said it. That is the tenor of the article of the Vancouver *Province* which was sent to me by the Rev. Roy MacDonald. It is a personal letter which I give to the minister for his information.

Now, here is a letter from Mr. H. A. Ross, veteran, Fleming, Saskatchewan; ex-Princess Pat. He is a veteran of both wars; chairman of grievance and pension committee, taking his case as a test case. He received a bill for $33.50 for medical services, although called and instructed by D.V.A. to get treatment. There are many cases like that, and I will come to them later.

Now there is the case of Mr. John M. Pringle, L-12934, Froude, Saskatchewan; accepted as A-1 April, 1940; proceeded overseas, June 1941; went to hospital overseas with bronchial pneumonia and arthritis of the spine; the fall of 1941 placed in category C-2; 1944 returned to Canada and discharged unfit for service; pension refused; C.P.C. says, "Arthritis condition pre-existing and not aggravated."

There are so many cases like that; but perhaps members of the committee would not listen to me if I quoted only cases from the province of Quebec. That is why I brought their attention to cases mostly outside of Quebec from veterans who are not satisfied with the way they have been treated by the C.P.C., otherwise known as the Canadian pension commission.

Now there is the case of Herbert Button, 639871-D, Ottawa; veteran, world war I; died from war injury. Mrs. Button, semi-paralysed, received no pension. Evidence was here classified by C.P.C. as contradictory because one man stated Mr. Button had been hit on the head with a hand grenade and another that he had been blown up and buried. He could have sustained both injuries; but because they did not agree on the injury that caused his death, the widow has no pension. It is a very bad case, apparently. I worked on the case with the previous minister, and I did not succeed on account of the hard-headed commission.

Now there is the case of Ralph Jones, New Brunswick—and I take them as they come. This is G-52067, Cork Station, York county, New Brunswick; served overseas from May, 1944, to October, 1945, and escaped form Ste. Anne de Bellevue hospital February 9,

1948. His wife has not heard from him since. Is he dead or alive? Mrs. Jones does not believe the information she has had about her husband is accurate. Could she claim a pension if he is dead? No one knows.

Then there is the case of Charles Bohan, 335807, Bath, New Brunswick; medically unfit for hard work. Enlisted April 16, 1916; discharged March, 1919; served in England and France; two years overseas; six months in hospital; received $12 a month pension. Wants question put on the order paper about the pension tribunal, 1930-33. For a long time they had some trouble with the pension tribunal.

Then there is the case of P. M. Tamlyn, Lancaster hospital, Saint John, New Brunswick; wants a series of questions asked of the government. The letter is here and I will pass it over to the minister who will read it in due course—and I hope he will answer those letters, privately, to me, so I can forward his answers to that gentleman.

Then, Mrs. H. M. Hayward, Blackville, New Brunswick, who wrote me on May 28,—

> As I said in my former letter, I had no axe to grind in writing you—

She received a pension of $75 a month. Then she says:

> But your opinion of many of the doctors at the veterans hospitals was so right and so exactly described the case of my husband that I felt I just had to write and let you know.

Then there is the case of Roy Clyde, 59172, Peninsula, Gaspe county; B.P.C. No. 141424; fifty-five years of age; lost right eye in a theatre of war; forty per cent pension; buried three times by enemy shells; fifteen per cent shock. C.P.C. says he is not entitled to automatic raise for 55-year-old 50 per cent pensioners, because his pension is 40 per cent for direct action and 15 per cent for other conditions. His shock is due to the fact that he was buried three times by enemy shells. They say it was not direct action. This is a case I would like to have redressed.

Then there is the case of P. Roberge, 1169 St. Georges, Montreal. Up to April 5, he received $40 a month veterans allowance for services rendered in an actual theatre of war. This is not a loan, according to the law. He has been working since April 6; has been informed that the surplus of $600 a year that he earns will be deducted from future allowance. He expects to earn $1,800 this year; will owe the allowance board $1,200, which means he will be penalized for thirty months at $40 a month. A few beneficiaries of this allowance who have worked have been prosecuted and even imprisoned for such reimbursement. Mr. Roberge would like this law changed to correct such an anomaly.

[Mr. Pouliot.]

The next is the case of Edouard Simard, D-110853, Montreal. He suffered from arteriosclerosis of the heart with angina pectoris. He was treated in hospital—up until now unsuccessful in his application for a pension.

Then there is the case of P. A. Levert, D-114821; St. Aime sur Richelieu. This man is a son of a veteran, he has five dependents and is a total invalid. He receives $36.50 from D.V.A. Report of Dr. H. Martel of Sorel is corroborated by many well known doctors that Levert is suffering from: 1. Painful umbilical hernia; 2. Chronic bronchitis with emphysema and enlarged heart; 3. Sciatica, right side; 4. Chronic arthritis of the right knee. He says his case has been aggravated by the D.V.A. doctors. He wants the law changed to permit veterans to choose their own doctors and hospitals and have them paid by the D.V.A.

Then the next is J. M. Fontaine, of 52A Fournier, Drummondville, Quebec. He complains about the Hopital de la Reine Marie, Montreal, in which he spent three months. He says that the veterans are used as guinea pigs of the medical profession.

I know this medical officer very well and I knew him when he was in charge of the soldiers at Quebec city. He was the son-in-law of a former mayor. He knew what the war was because he went to England on a Cook's tour that lasted one, two or three months. He was then qualified for overseas preference. The troubles I had with him during the war were something awful and I cannot understand how he has been successful in pulling the strings to get his promotion to Montreal. The soldiers suffered at his hands.

This soldier complains about the Queen Mary hospital, Montreal, because they are using the veterans as guinea pigs for the medical profession. I do not blame all the doctors, but hon. members who are here today must remember the case I made against the army doctors who treated the soldiers like cattle during the last war. They used to put men who were completely disabled in category A.

I asked Colonel Desrosiers, the former deputy minister of national defence, to look after these cases. Everyone knows that the actual Minister of Veterans Affairs did a lot to help the soldiers when he was parliamentary assistant to the minister of national defence. I must pay a tribute to him and to Bill Macdonald of Halifax who did so much to help those soldiers whose cases were brought before the army doctors at the time.

Fontaine entered the hospital with a disjointed foot; he had three operations and now has a permanently incapacitated foot, knee

and hip. He was told at 35 McGill street that he will never receive help from them because he had written to the minister of pensions about the treatment he received at the said hospital. I know that the minister is broad-minded and will not refuse to study the cases of these men that I am bringing to his attention. We have a minister to whom we can speak and we must speak to him because the pension commission is doing nothing to help these soldiers who are in distress.

An hon. Member: Carried.

Mr. Pouliot: I will ask the hon. gentleman to keep quiet. I am not speaking for myself, I am speaking on behalf of men I have never met. I am speaking on behalf of men who have been in the army and who deserve the consideration of this committee as well as of the Department of Veterans Affairs. I do not say that with any antagonistic disposition. I say that because I cannot understand when there is an organization to protect men who have been disabled in a theatre of war, whether all these facts are correct or not, whether there are shades of difference, when they deserve the sympathy of everyone, why these cases cannot be remedied. I took the trouble to come here today from the most beautiful country in the world in order to defend their cases. I want to be listened to and those who are not interested may go out. If someone says "Order" I will speak for hours more. I am not going to be terrorized by anyone. There is no one who will terrorize me. The other day I gave evidence that the minister of external affairs could not succeed in terrorizing me, nor could his deputy minister succeed in terrorizing me by having me called an isolationist by a picayune journalist of Ottawa. I am not going to be terrorized by anyone because these cases deserve the utmost consideration.

An hon. Member: Hear, hear.

Mr. Pouliot: I am going to argue these cases here in the committee.

An hon. Member: Order.

Mr. Pouliot: I know there are generals and brigadiers all over the country, but I am not speaking for them. I speak for those who are forgotten. I speak for the poor devils who must have someone to defend their cases. I do not want to see the injustices of the last war committed again, otherwise no one will enlist. I want everyone's case redressed. I am presenting these cases because I have confidence in the minister. I have no confidence in the pension commission or in the veterans allowance board. I have said so before, and I repeat it. I will say that again in my own part of the country and everywhere I have an opportunity to speak. I think they should be fired. But I have confidence in the minister and that is why I am laying these cases before him. There is not one good man on the pension commission; there is not one good man on the veterans allowance board. They pay no attention to the sufferings of these men who deserve every consideration possible.

The next is Lieutenant J. O. Girard PSN 696-J, CCP 219381, Mat. 11, 417253, 520184 ASC. I suggest that a man with such numbers on his file should be entitled to something because there must have been many bureaucrats who have put their signatures on the different pages. His file must be extensive. This man was a veteran of both wars and is too old to get a job. His pension is inadequate. It was established at 20 per cent in 1943 and should have been 100 per cent. He had had six sicknesses. The C.P.C. says that his state of health was bad when he enlisted for the second time. He is asking for an allowance.

If his state of health was bad when he enlisted for the second time the fact remains that he was accepted by the army doctors. Probably he was one of those who were put in category A when suffering from disabilities which should have kept them out of the service.

The next is Alcide Cimon, E-62603, Despinassy, Abitibi East, formerly of Temiscouata. When this man was in the army he tried to be discharged on account of his health but the army always insisted that he was A-1. When he was discharged he was classified as category E. He complains about not receiving any replies to his letters to D.V.A. He wants a pension.

These men think they are gods. We cannot write to them. We cannot speak to them. They are there and they never make mistakes. The same thing is true of all bureaucrats in Ottawa. They will never admit that they make errors. They are infallible. They are like justice with scales in her hands, but they never give justice to anyone. They simply look powerful and astonished.

The next is Jean Rioux, C-76187, St. Medard. This man is an invalid and unable to work. He earned $97 in 1950 and received $27.90 in April to buy clothing. He was fortunate in getting something, as very few do.

Then there is E-621901. I hope this name will not be mentioned. I will give the note to the minister because it is a very sad case. I will describe him by the reference "E-621-901". He was called under the N.R.M.A. He did not report, was arrested and spent one month in prison at Riviere du Loup. He was accepted in the army and sent overseas without the knowledge of his family.

He was two years overseas and was discharged for insanity in 1943 at 23 years of age. In 1933 he was treated by Dr. Alphonse Couturier of Riviere du Loup for dementia praecox. He was ill until May, 1934, and had frequent relapses from 1933 to 1943. Here is a man who did not have his mind. Yet he was accepted and classified grade A by doctors who should have been sent to the asylum in his place. He was in the war for two years, and now they say that he suffers from dementia praecox. It is impossible to get anything for him. The almighties of the pension board have decided that he should not have anything.

I come now to a very sad case that I know very well. It is the case of a man who was in the Chaudiere regiment. His name is Paul Desbiens, E-6133, of Riviere du Loup. He was awarded the military medal and was wounded in the spine. He went from hospital to hospital while overseas and is still suffering. He has a small pension. I have a file about two inches thick concerning him. I tried to submit his case to the department but without success. He is one of the most meritorious cases in the department. He is an active fellow. He was wounded and was suffering but he wanted to earn his livelihood. I had him appointed to the Canadian National Railways for a time but he was set back because of the decrease in the number of personnel. He went to Montreal and worked in a baker's shop. He was injured there and then he came back. What I say is that the amount he gets as a consequence of the wounds that he received in action deserves special consideration, and on his behalf I insist that the department do something for him. My file is quite considerable, and I will give it to the minister in the hope that he will see to it that justice is done.

Now, what is the situation? There are some members in the house who want the bureaucrats to be free, without any control, but so far as such cases are concerned we need parliamentary control to redress the grievances of those who suffer. There is not a member in the house who will say that disabled returned men are not worthy of our consideration. If they are not worthy of the consideration of the pension commission or the allowance board—period, it ends there, thirty, as the journalists write at the end of their articles. Nothing more can be said. Thirty, it is finished. There is no appeal from the almighties, and I cry my contempt of them in the house today because there are so many pitiful and unsettled cases that deserve the consideration of everybody.

Why can we not do anything? It is because a government of a former day listened to those who did not want any parliamentary control over the doings of the bureaucrats in Ottawa. That is it. I believe in parliamentary control. I am ready to assume my responsibility, and I am sure the majority of members of the house feel the same about it. It is time for us to awake and to decide that every deserving case should be brought to the attention of the minister in the first place and then to the attention of the house. Let me repeat that there are no indispensable men anywhere. If there is a place where there are men who could be more easily dispensed with it is on the pension commission and the allowance board. Everybody knows it.

An hon. Member: Smile.

Mr. Pouliot: I have plenty but I summarize. What is wrong with that? Who disagrees with me on that?

Mr. Cardiff: Go ahead.

Mr. Pouliot: Those who disagree with me only have to say so. I am here to answer them and I am not afraid to do so. I travelled 400 miles today to come here to present the cases of these men.

Mr. Hansell: If the hon. member is asking whether anyone disagrees with him I do not mind replying to that. So far as I am personally concerned, I do disagree at least partially with him. I believe he is focusing the blame in the wrong place. He has brought a number of cases to our attention. I felt that when he was through I might ask that the item be delayed until I had sent a couple of messengers to my office with a couple of trucks to bring down all my files so that I might present the cases one at a time, but I am not going to do so. I believe that my hon. friend, together with many others, fail to realize that even the minister himself, as well as the pension board, has to work within the confines of certain rules and regulations, and they would be fired overnight if they went beyond those bounds. We have known the minister for a good many years. He has his assistant with him, and they appear to be kind-hearted men.

Mr. Pouliot: They are. I do not deny that.

Mr. Hansell: All right. Let us ask whether the minister feels—

Mr. Pouliot: At least the minister is.

Mr. Hansell:—that something should be done for these cases. I am quite certain he does not have a heart of stone. I am quite certain he would rise and say: Yes, something should be done. We might say: Why are you not doing it? We may as well come to the point. The fact of the matter is that the minister, the pension commission and the

veterans allowance board are not the authorities who impose restrictions of wider application to the Pension Act or the War Veterans Allowance Act. Behind them again is a higher authority. Treasury board says: You can only have so much money. To widen the act would cost so much more. We are sorry but you will have to work within the present act.

The hon. member for Temiscouata has referred to a previous government bringing in certain rules and regulations. Let him point his finger at his own government that he supports for permitting the regulations and the acts to remain as they now stand. That is the position. I could speak the same way that he does, spread it on *Hansard*, and appear to be putting up a great fight for these cases. So could anyone else. But nevertheless I am confident that the minister and his department, the pension commission and the veterans allowance board would, if they obeyed the dictates of their own consciences and hearts, help every deserving case. But when one realizes that the regulations and the statute are so restrictive in their application one has to look behind the minister to find the joker in the pile. That is the situation as I see it, and I am not coming to the defence of the government. I am simply saying it all boils down to the monetary policy the government has which restricts them in being able to adequately provide for these very deserving people.

Mr. Pouliot: Mr. Chairman, the only thing to do if the pension commissioners cannot use their powers to give a pension to anyone is to dispense with them.

Mr. Hansell: Change the act; persuade your own government to change the act.

Mr. Pouliot: We come to the same conclusion.

Mr. MacInnis: I think the remarks made by the member for Macleod very timely. It is too bad he rather spoiled them by the last few sentences. I believe, however, that what he said should have been said by the minister. He is the one who ought to reply to the tirade which has for the past half hour been directed against the pension commission and the war veterans allowance board. The member for Temiscouata has said that he wants parliamentary control. I take it that we have parliamentary control, that the pension commission itself is the result of parliamentary action and, consequently, parliamentary control. It has been established by this parliament. If that is not parliamentary control, the only other parliamentary control of which I can conceive would be to have parliament set itself up as a committee to hear all those cases and make decisions on them individually. It is obvious that such a method of dealing with those matters is out of the question.

As a result of a bill introduced by the government and approved by parliament, parliament has laid down the rules by which the pension commission and the war veterans allowance board deal with the cases that come before them. I am not always satisfied with the decisions I receive on the cases I present to them.

Mr. Pouliot: Hear, hear.

Mr. MacInnis: I said I am not satisfied, and I should like them to see things as I see them. But I am in this position. When they show me they have dealt with those cases according to the statute governing their work, I cannot tell them I think they should depart from that statute. Once they depart from the letter and spirit of law disposition of cases becomes arbitrary. I presume they were all sworn to administer the law as we give it to them. The moment they depart from that there is really no control whatever. They can deal with this man in this way, and they can deal with that man in that way. They have, as I see it, a statute that lays down exactly how they are to deal with each case that comes before them. So long as they do that we have no case against the commission. We have a case against parliament and against the government, but no case against the commission.

It is regrettable that there are those cases that cannot, by a strict interpretation of the act, be dealt with. But that does not say, or it should not say, that there should be no assistance or no redress for those people. We should have enough intelligence, and enough compassion, to provide other means by which every person in this country who is not able to look after himself is provided for.

An hon. Member: National dividend.

Mr. MacInnis: I do not care whether you call it a national dividend or what you call it. I am sure the person receiving it would not care what it is called so long as it is sufficient to provide him with the necessities of life, and some of the comforts as well. I believe we can do that. But I think we should get away from this tirade against boards that we have set up that are carrying out the law as we have laid it down.

Mr. Pouliot: The hon. member for Vancouver East has not only defended the pension commission and the allowance board, but he has once more expounded the socialist doctrine of irresponsibility. Just a moment ago the hon. member for Macleod said that

he was in partial disagreement with me. I wonder if those are his words, but that is the idea they conveyed to me. If he is in partial disagreement with me, I thank him for being in partial agreement with me. He will not make me believe that the policy of the treasury board has been to refuse to honour the rulings of the pension commission or of the allowance board with regard to pitiful and deserving cases. If we discuss abstractions in the house, and nothing else, if we do not bring cases to illustrate our complaints then the speeches made by any hon. gentlemen will be purely academic. No result will come from them.

If we want to bring the attention of the minister, of the house and of the country, to these cases to prevent a repetition of such errors, why not do it right here in the house before men who are well disposed towards the veterans and their associations? I shall tell the member for Vancouver East how I understand parliamentary control over crown companies, over boards, etc. It is very easy to understand it. That parliamentary control would be quite unnecessary if we did not find in those boards that attitude of infallibility and smugness that so often exists. A decision is made. No one will reconsider it, because the first decision must be right. If it is wrong they are humiliated. They feel depressed. They feel dishonoured. They do not admit the old Latin saying *errare humanum est,* it is human to err. They decide something, and there is no appeal from that. The minister cannot force them to change their decision.

If I have brought so many cases to the kind attention of the house, it is to make the house understand that there must be a change of mind in the minds of these "almighties," whether of the pension commission or of the allowance board. I am sick and tired of writing and giving evidence about complaints that are well founded concerning men who are suffering injustices. There is always a reason to refuse to reconsider the case, and to show the same determination of infallibility. The other day an hon. member asked the minister to express himself about it. He did so. Today the same thing happened. Here we are, as rubber stamps. We have to bow to all the boards, crown companies and bureaucrats that we have in Ottawa.

Mr. Ferguson: Rubbish.

Mr. Pouliot: We have to say: You are almighties. You are the great of the world. You cannot make any mistakes. We members of parliament are here as rubber stamps to approve everything that you do. When you say "yes", we must thank you. When you say "no", we must say that you are always right.

[Mr. Pouliot.]

Mr. Ferguson: On a question of privilege, Mr. Chairman, may I say that I do not think the hon. gentleman now speaking has the right to describe members of parliament as rubber stamps. Let him speak for himself. I will speak for myself. I am no rubber stamp, and he knows it; and I will never be a rubber stamp. If I was, I would not admit it and belong to the party.

Mr. Pouliot: The hon. member has said that he is not a rubber stamp. I take his word for that, but with great reluctance.

Mr. Chairman, I want to make progress with what has been said this afternoon, and I have some other cases that I should like to put on record. After I do so I shall leave it to the wisdom of the minister to see to it that, in due course, the act is changed. I have not taken the trouble to prepare an amendment to the act. This is not the place for that, and I did not want to interfere with the sittings of the veterans affairs committee.

I may tell you, Mr. Chairman, that I am not indulging in political partisanship in defending these cases because most of them are in connection with men whom I have never met and whom I shall probably never meet. But they wrote to me in all confidence and I think that they deserve the consideration of all members of parliament.

There is the case of Raoul Turbide, E-10543, St. Hyacinthe, P.Q.: enlisted June 11, 1941; Chaudiere regiment; three years and nine months overseas; 26 May, 1945, discharged for ill health; 25 April, 1947, pleurisy; 17 April, 1950, t.b. of the two lungs. Dr. Gauthier, a specialist, in examining X-rays taken at the time of discharge notices the presence of a lesion at the upper part of the right lung. Dr. Tremblay, radiologist, expresses the opinion that the X-ray taken recently is negative, and that the one taken at the moment of his discharge reveals cloudiness at the upper part of the right lung. Dr. Edwards declares: You have been a t.b. since you were discharged from the army. His corporal of section, François Pelletier, until his departure from the regiment because of tuberculosis, shared the same room, the same tent and the same hut with him. Pelletier is being treated and pensioned. Appeals unfavourable decision on pension application. Married and three children.

One of them has a pension. They were in the same tent; and unfortunately they are suffering from the same disease. One has a pension, the other has none. Why, I do not know.

Then there is the case of Wilfrid Auclair, E-57823, St. Arsene: enlisted April 15, 1942;

discharged March, 1945; an invalid, stomach operation; receives no pension. Would he be entitled to an allowance?

This is an important point. These allowances are supposed to adjust what is overlooked by the pension commission. If a man cannot have a pension by virtue of the act, he may be given an allowance; and sometimes an allowance is given supplementary to a pension in order to permit a veteran to subsist until a better decision is given.

On many occasions I brought cases to the attention of the former minister of veterans affairs and of the great Walter Tucker of Saskatchewan, his most able parliamentary assistant. He saw to the matter. He worked hard and he succeeded in doing something. But now I cannot ask anything of the parliamentary assistant to the minister. I do not want to bother the minister, but I know that the minister is willing to do something. It is because of that fact that I bring these cases to the attention of the committee today. If I had no confidence in the minister, I would not do so. But I am bringing them to the attention of the committee. I am not interested in his parliamentary assistant. I know that it would take a long time to get as parliamentary assistant to the minister a man of the calibre of Walter Tucker. The good that he did for the veterans of the whole country cannot be told in one sitting of parliament.

Then there is the case of Theodule Berube, 666828, 864, Ste. Therese, Quebec: Veteran of both wars; in ill health; receives an allowance of $70 a month for himself and his two children; has been drawing it for two years; has asked for a pension for two years. He thanks the minister for what he has done for him. I appreciate that.

Then there is the case of Odina Blanchette, E-42230, Squatteck; five years in the army, from 1941 to 1946, and wounded twice at the front; enlarged heart; chokes when tired; stomach trouble; wants to be hospitalized and treated, and that his wife and family receive allocation; wants a pension. Until now he has received nothing. I am not surprised but I beg hon. members of the committee—whether they agree with me or whether they disagree with me—to give me their support in a case like that. The veterans of their constituencies will appreciate it, and the matter will be settled once and for all. I am not going to say any more about the matter.

I take this matter seriously; when I do a thing like that, I do it because I consider it to be my duty, and there is no joke about it. I will not stand for any joke from anybody. If there is someone who is not satisfied, I will go to his constituency and I will tell his constituents how he behaved when I was arguing the case of disabled men here in this chamber. I have done so in western Ontario. I can do it anywhere.

Mr. Quelch: Will the hon. member permit a question?

Mr. Pouliot: Yes.

Mr. Quelch: Has he not already brought these cases to the attention of the minister? Surely he has not waited until now to do that. If he has done so, has the minister refused to take any action with regard to them?

Mr. Pouliot: No.

Mr. Quelch: Why bring them before the committee now?

Mr. Pouliot: Most of them are new cases that were referred to me after I complained of the pension commission and the allowance board in the house. These are men whom I have never met in my life, and whom I shall probably never meet unless I am appointed inspector of the military hospitals of the country, something which I doubt will occur. I will never meet most of them. But I ask for consideration of their cases, because I respect the army, and because I think that the country owes a great deal to the men who have been wounded in a theatre of war. They deserve every consideration and I am sure that they will have the full support of the House of Commons of Canada.

Mr. Fair: It is six o'clock, Mr. Chairman, but before you leave the chair may I suggest that we should take one or two more minutes in order to give the minister an opportunity to discharge his responsibility to the officials who sit before him.

The Chairman: It is six o'clock.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

The house in committee on Bills Nos. 200 to 231, 233 to 266, 270 to 283, 297 to 320, 323 to 331, 339 to 342, 345 to 350, inclusive—Mr. Winkler—Mr. Beaudoin in the chair.

Bill No. 200, for the relief of Ellen Agnes Evans Boisvert.—Mr. Winkler.

Private Bills—Divorce

Bill No. 201, for the relief of Muriel Bruce Higgins Greenleaf.—Mr. Winkler.

Bill No. 202, for the relief of Real Levesque. —Mr. Winkler.

Bill No. 203, for the relief of Mary Ruth Langlois Michael.—Mr. Winkler.

Bill No. 204, for the relief of Betty Roseman Feigelman.—Mr. Winkler.

Bill No. 205, for the relief of Rachel Aizer Forman.—Mr. Winkler.

Bill No. 206, for the relief of Romeo Paradis. —Mr. Winkler.

Bill No. 207, for the relief of Joseph Arthur Neveu.—Mr. Winkler.

Bill No. 208, for the relief of Kathleen Harrington Courcy.—Mr. Winkler.

Bill No. 209, for the relief of Anna Goralczyk Jurewicz.—Mr. Winkler.

Bill No. 210, for the relief of Colette Clement Carrieres.—Mr. Winkler.

Bill No. 211, for the relief of Bertha Barbara Bishop Wheatley.—Mr. Winkler.

Bill No. 212, for the relief of Carl Marius Nielsen.—Mr. Winkler.

Bill No. 213, for the relief of Doris Eileen Rowe Brenan Stavert.—Mr. Winkler.

Bill No. 214, for the relief of Gertrude Job Fraser.—Mr. Winkler.

Bill No. 215, for the relief of Ruth Fishman Wynn.—Mr. Winkler.

Bill No. 216, for the relief of Beatrice Vida Harriett Hunnisett Glenday.—Mr. Winkler.

Bill No. 217, for the relief of Salfeda Busko Williams.—Mr. Winkler.

Bill No. 218, for the relief of Margaret Isobel Barnett.—Mr. Winkler.

Bill No. 219, for the relief of Thelma Rosenberg Schwarz Bard.—Mr. Winkler.

Bill No. 220, for the relief of Rollande Cecile Larocque Duquette.—Mr. Winkler.

Bill No. 221, for the relief of Etta Smolkin Shapiro.—Mr. Winkler.

Bill No. 222, for the relief of Jeanne Wigdor Millman.—Mr. Winkler.

Bill No. 223, for the relief of Capitola Jodoin Ranger.—Mr. Winkler.

Bill No. 224, for the relief of Gaston Deguire.—Mr. Winkler.

Bill No. 225, for the relief of Jean Troster Fink.—Mr. Winkler.

Bill No. 226, for the relief of Rae Goldstein White.—Mr. Winkler.

Bill No. 227, for the relief of Phyllis Eileen Paris Gibson.—Mr. Winkler.

Bill No. 228, for the relief of Lorraine Colville Watson Anderson.—Mr. Winkler.

Bill No. 229, for the relief of Edward Stanley Darby.—Mr. Winkler.

Bill No. 230, for the relief of Bernard Kenneth McCormack.—Mr. Winkler.

Bill No. 231, for the relief of Mansell Reginald Jacques.—Mr. Winkler.

[The Chairman.]

Bill No. 233, for the relief of Julia Starr Melnick.—Mr. Winkler.

Bill No. 234, for the relief of William Alfred Jameson.—Mr. Weir.

Bill No. 235, for the relief of Jean Camille Antoine Coutu.—Mr. Weir.

Bill No. 236, for the relief of Mary Jenner Watkins.—Mr. Weir.

Bill No. 237, for the relief of Geraldine Mae Cuffe Kennedy.—Mr. Winkler.

Bill No. 238, for the relief of Lucille Ida Fenlon Ashmore.—Mr. Winkler.

Bill No. 239, for the relief of Ela Raizman. —Mr. Winkler.

Bill No. 240, for the relief of Julia Saad Shagory.—Mr. Winkler.

Bill No. 241, for the relief of Lottie Aileen Wright Robinson.—Mr. Winkler.

Bill No. 242, for the relief of Arthur David Prosser.—Mr. Winkler.

Bill No. 243, for the relief of Edmund Vaughan Stewart.—Mr. Winkler.

Bill No. 244, for the relief of Marie Madeleine Clemence McKenzie Caron.—Mr. Winkler.

Bill No. 245, for the relief of Meinerth Aage Arsvold Wick.—Mr. Winkler.

Bill No. 246, for the relief of Myrtle Louise Vassell Evans.—Mr. Winkler.

Bill No. 247, for the relief of Margo Clare McManus McKeown.—Mr. Winkler.

Bill No. 248, for the relief of Eli Wilson Jewer.—Mr. Winkler.

Bill No. 249, for the relief of Beulah Nellie Elliott.—Mr. Winkler.

Bill No. 250, for the relief of Terez Baranyai Jekkel, otherwise known as Therese Baranyai Jekkel.—Mr. Winkler.

Bill No. 251, for the relief of Andrew Krilyk.—Mr. Winkler.

Bill No. 252, for the relief of Harold Dimond Parsons.—Mr. Winkler.

Bill No. 253, for the relief of Peter Seniw. —Mr. Winkler.

Bill No. 254, for the relief of Dorothy Agnes Bell Bissonnette.—Mr. Winkler.

Bill No. 255, for the relief of Gertrude Banner Jones.—Mr. Winkler.

Bill No. 256, for the relief of Selma Schenker Wyler.—Mr. Winkler.

Bill No. 257, for the relief of Frances Helen Shulman Cohen.—Mr. Winkler.

Bill No. 258, for the relief of Agnes Mary Binnie Bullock.—Mr. Winkler.

Bill No. 259, for the relief of Marie Rose Berthe Bernard Greco.—Mr. Winkler.

Bill No. 260, for the relief of Paul Emile Le Blanc.—Mr Winkler.

Bill No. 261, for the relief of Taras Pieluch. —Mr. Winkler.

Bill No. 262, for the relief of Joyce Margaret Wright Roxburgh.—Mr. Weir.

Bill No. 263, for the relief of Elsie Mary Harrop Cameron.—Mr. Winkler.

Bill No. 264, for the relief of Anna Kirk Rosborough Finlayson.—Mr. Winkler.

Bill No. 265, for the relief of Marie Madeleine Pauline Parent Bjarnason.—Mr. Winkler.

Bill No. 266, for the relief of Mona Patricia Kiddie Heaney.—Mr. Winkler.

Bill No. 270, for the relief of Irmgard Magdalena Hetzel Lichtenstein.—Mr. Winkler.

Bill No. 271, for the relief of Anna Boronow Walter.—Mr. Winkler.

Bill No. 272, for the relief of Ann Smith Couldrey.—Mr. Weir.

Bill No. 273, for the relief of Phoebe Ross Kidd.—Mr. Winkler.

Bill No. 274, for the relief of Alice Ann Gordon Lewis.—Mr. Winkler.

Bill No. 275, for the relief of Evelyn Serchuk Desjardins.—Mr. Winkler.

Bill No. 276, for the relief of Vivian June Pomeroy Walker.—Mr. Winkler.

Bill No. 277, for the relief of Vivian Edna Bartlett Tribe.—Mr. Winkler.

Bill No. 278, for the relief of Jeannine Lafleur Leatherdale.—Mr. Winkler.

Bill No. 279, for the relief of Bertram Kenneth Kidman.—Mr. Winkler.

Bill No. 280, for the relief of Louis Elie Yon.—Mr. Winkler.

Bill No. 281, for the relief of Doris Mary Thompson Lummis.—Mr. Winkler.

Bill No. 282, for the relief of Estelle Tetreau Latour.—Mr. Winkler.

Bill No. 283, for the relief of Mona Fern Barton Kirkman.—Mr. Winkler.

Bill No. 297, for the relief of Addie Jane Monica Wright Brock.—Mr. Winkler.

Bill No. 298, for the relief of Evelyn Maria Bianchi Lippiatt.—Mr. Winkler.

Bill No. 299, for the relief of Leon Simon Marchand.—Mr. Winkler.

Bill No. 300, for the relief of Ruth Helen Findlay Paterson Priestman.—Mr. Winkler.

Bill No. 301, for the relief of Ilse Helen Kneutgen Jorgensen.—Mr. Winkler.

Bill No. 302, for the relief of Howard Wesley Bartlett.—Mr. Winkler.

Bill No. 303, for the relief of Stephanos Katinoglou.—Mr. Winkler.

Bill No. 304, for the relief of Yetta Handler Meller.—Mr. Winkler.

Bill No. 305, for the relief of Raymond Landry.—Mr. Winkler.

Bill No. 306, for the relief of Lloyd William Lane.—Mr. Winkler.

Bill No. 307, for the relief of Lovannez Chartrand Dinelle.—Mr. Winkler.

Bill No. 308, for the relief of Sophie Kotsos Moscoutis.—Mr. Winkler.

Bill No. 309, for the relief of Mae Kert Sigman.—Mr. Winkler.

Bill No. 310, for the relief of Sarah Jane Greeley Smith.—Mr. Winkler.

Bill No. 311, for the relief of John Cook Donaldson.—Mr. Winkler.

Bill No. 312, for the relief of Cecily Chandler Troop.—Mr. Winkler.

Bill No. 313, for the relief of Doris May Thompson Ewaldt.—Mr. Winkler.

Bill No. 314, for the relief of Laurette Trudel Charland.—Mr. Winkler.

Bill No. 315, for the relief of William Stevenson Greenshields.—Mr. Winkler.

Bill No. 316, for the relief of Clare Kent Gerrie Jorgensen.—Mr. Winkler.

Bill No. 317, for the relief of Beatrice Watson Bell.—Mr. Winkler.

Bill No. 318, for the relief of Marion Cruickshank MacArthur.—Mr. Winkler.

Bill No. 319, for the relief of Annie Mendelson Teitelbaum.—Mr. Winkler.

Bill No. 320, for the relief of Gwendoline Mary Teresa Sullivan Duddridge.—Mr. Winkler.

Bill No. 323, for the relief of Jane Stirling Stephens.—Mr. Winkler.

Bill No. 324, for the relief of Mavis Elizabeth Thomas Wrathall.—Mr. Winkler.

Bill No. 325, for the relief of Ida Courland Rubin Flesch.—Mr. Winkler.

Bill No. 326, for the relief of Yvonne Winifred Kathleen Walker Andrews.—Mr. Winkler.

Bill No. 327, for the relief of Elizabeth Cochrane Aitchison Lalonde.—Mr. Winkler.

Bill No. 328, for the relief of Violet Taylor Carey.—Mr. Winkler.

Bill No. 329, for the relief of Julia Saykaly Hajaly.—Mr. Winkler.

Bill No. 330, for the relief of Doris Auclair Gingras.—Mr. Winkler.

Bill No. 331, for the relief of Georges Paquin.—Mr. Winkler.

Bill No. 339, for the relief of Marie Laure Jacqueline Patenaude Racine.—Mr. Winkler.

Bill No. 340, for the relief of Muriel Edna Glass Fryer.—Mr. Winkler.

Bill No. 341, for the relief of Emma Laronde Bell, sometimes known as Emma DeLaronde Bell.—Mr. Winkler.

Bill No. 342, for the relief of Birute Elena Vaitkunaite Akstinas.—Mr. Winkler.

Bill No. 345, for the relief of Joseph Alfred Sabourin.—Mr. Winkler.

Bill No. 346, for the relief of Sarah Kamichik Coviensky.—Mr. Winkler.

Bill No. 347, for the relief of Yvette Marsan Valiquette, otherwise known as Marie Fernande Yvette Marsan Valiquette.—Mr. Winkler.

Bill No. 348, for the relief of Margaret Elizabeth McIntyre Williams.—Mr. Winkler.

Bill No. 349, for the relief of Mildred Ann Sinclair Allen.—Mr. Winkler.

Bill No. 350, for the relief of Gabrielle Robert Mallette.—Mr. Winkler.

The Deputy Chairman: Shall clause 1 of these bills carry?

Mr. Knowles: The motion you have just put is for clause 1 of some 124 divorce bills. These are bills that have been referred to the standing committee on miscellaneous private bills and reported back for consideration by the committee of the whole house. Obviously, if one exercised his right to ask that these bills be called one at a time, and gave even half a minute's consideration to each, we would not finish the 124 of them in the hour allotted to private bills. It is not my purpose to exercise that right tonight; but I do hope that hon. members generally will recognize the point that I have been trying to make for several weeks, to the effect that it is utterly impossible for us in parliament to give the kind of consideration that should be given to these bills. Along with that point I insist that we should consider having these divorce cases dealt with somewhere else, and as hon. members know, my proposal is that they should be referred to the Exchequer Court of Canada sitting here in Ottawa. However, Mr. Chairman, perhaps you would permit me to ask a question with respect to a few of these bills.

In the absence of the chairman of the miscellaneous private bills committee, I shall address my question to the acting sponsor of these bills, the hon. member for Spadina. When some of these bills were before the house for second reading I asked in certain particular cases that they be given close consideration by the committee on miscellaneous private bills. I made that request with respect to order No. 41, which is Bill No. 206. I made a similar request with respect to order No. 129, which is Bill No. 311. I made comments which called for consideration by the committee of orders Nos. 140 to 151 inclusive, and I drew particular attention to order No. 147, Bill No. 331. Can the hon. member for Spadina tell me whether the committee on miscellaneous private bills gave particular consideration to these bills, as was requested on the floor of the house?

Mr. Croll: I cannot give the assurance. I know that the chairman of the committee did look into these bills, and he did pass around the evidence to the various members and indicated that these bills were questioned, but I cannot give him any assurance beyond that. His remarks were noted, and we had occasion to re-read the evidence—those of us who wanted to. That is as far as I can go.

[The Chairman.]

Mr. Knowles: Do I understand that all 124 of these bills were passed in the committee on miscellaneous private bills on one motion?

Mr. Croll: No; I do not think they were passed at one sitting. I do not know how many of them were actually passed at one sitting, but I would not say they were all passed. At the last meeting we passed only eight, as a matter of fact.

Mr. Knowles: As a matter of fact, all of the 124 are listed on the order paper now in our hands under date of June 14. That is the date they were reported back to the house from the committee. From discussing the matter with some members of the committee my information is that although time was spent on two particular cases that were contested no attention was given by the committee as such to any of these 124, and it follows that no particular attention was given to the several to which I had drawn special attention. I will say no more, Mr. Chairman. In drawing attention to what has been done I register my protest at the insufficiency of the way in which we are dealing with these cases.

The Deputy Chairman: Shall clause 1 of these bills carry?

Mr. Cruickshank: I do not intend to withhold unanimous consent, because I realize that, as the previous speaker has said, if we asked that these bills be read as they should be, Mr. Chairman, in my opinion, and if we were carrying on the business of this committee in a proper manner, we would probably take up the full hour allotted at this time. There are on the order paper several bills that I should like to see passed. There is one in particular that I know hon. members are very anxious to see passed, but I do not see the sponsor of it here tonight.

I just want to put myself on record again, Mr. Chairman, very briefly. I do not want to take any more time than is necessary in this hour. In 1940 I registered my objection to these bills coming before the house and I still have the same objection to the bills. I had never heard of them before I was elected in 1940, and I do not think that 98 per cent of the members had ever heard of their coming before the houses of parliament. I believe there is a proper place for them, and I am not entering into the merits or demerits of any individual case. I am merely putting myself on record that I strenuously oppose these bills being brought before parliament at any time. I believe it is not the proper place for them, and I reiterate my opinion that it makes a farce

out of parliament when we are asked to pass 100 or 150 bills, without having the slightest consideration of them.

I know the sponsor of one bill seems to have the ill-informed idea that I oppose his bill. I have no intention of doing that. But I must express my opinion through you, Mr. Chairman, that these bills should not be before the House of Commons at all. They should be heard before some other forum where there would be judicial settlement of them without wasting our time and without placing on *Hansard* the details of the private lives of people who, unfortunately, are unable to live happily together.

Mr. George: Mr. Chairman, I am a member of the committee. I am sure the hon. member for Winnipeg North Centre does not wish to leave the impression I gained from his remarks. Every opportunity has been given members of the committee, and others, to question any of these bills or the evidence supporting them. This has just been explained by the hon. member for Spadina. While the bills were not called by number, I do know there was one contested bill at the last meeting. Each bill that has been contested has been subjected to further study. I am sure the hon. member for Winnipeg North Centre did not mean to leave the impression that the bills were passed without opportunity being given for their study in committee.

Mr. Knight: May I ask one question which calls for a direct answer. How many of these 124 bills were studied at the last committee meeting?

Mr. George: I am not chairman of the committee, but the hon. member knows as well as I do that there was only one—

Mr. Knight: There was not any, sir—none of these.

Mr. George: One bill was studied, the bill which was protested. But there was nothing to stop any member of the committee from bringing up the subject matter of any bill. As a member of the committee I think that in all fairness that should be stated here.

Mr. Knowles: The hon. member for Westmorland is entitled to make the statement he has just given, but it does not alter the fact that the committee passed 124 bills without discussing or dealing with any one of them in any way.

The Deputy Chairman: Shall the bills carry?

Mr. Knowles: Does not anyone shout "on division" any more?

An hon. Member: On division.

The Deputy Chairman: Shall I report the bills?

Bills reported.

Mr. H. W. Winkler (Lisgar) moved the third reading of Bills Nos. 200 to 231, 233 to 266, 270 to 283, 297 to 320, 323 to 331, 339 to 342, 345 to 350 inclusive.

Motion agreed to and bills read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 366, to incorporate the Missisquoi and Rouville Insurance Company—Mr. Gosselin.

Bill No. 367, to incorporate Co-operative Fire and Casualty Company—Mr. Larson.

INDUSTRIAL LOAN AND FINANCE CORPORATION

The house in committee on Bill No. 335, respecting Industrial Loan and Finance Corporation—Mr. Macnaughton—Mr. Beaudoin in the chair.

On section 1—*Change of name.*

Mr. Cruickshank: May we have an explanation of this?

Mr. Lesage: The hon. member for Mount Royal gave a full explanation of the bill, I believe, on second reading.

The Deputy Chairman: As the hon. member for Fraser Valley is aware, it is the practice to give an explanation at that time. I remember that that was done. If the hon. member will look at the bill he will see that there is only one section, dealing with the change of name.

Section agreed to.

Bill reported, read the third time and passed.

CANADIAN PACIFIC RAILWAY COMPANY

The house in committee on Bill No. 356, respecting Canadian Pacific Railway Company—Mr. Decore—Mr. Beaudoin in the chair.

On section 1—*Company authorized to purchase Alberta Coal Company Limited.*

Mr. Cruickshank: I should like to speak on section 1—and it has been suggested that I be answered in French. However, in connection with this matter I should like to have some of the answers in both French and English because I think the whole of Canada is interested—and particularly some of the members from my own province should be interested.

Canadian Pacific Railway Company

This is a private bill respecting the Canadian Pacific Railway Company in connection with certain railway undertakings in Alberta. I have no objection to the railway company making the purchase, but I am particularly interested in knowing what steps the railway is taking to protect the people who reside in locations adjacent to the railway. I have had a little experience with the operations of the Canadian Pacific Railway in my province. Hon. members representing ridings which have greater economic possibilities at stake than my riding should be interested in this matter. Incidentally, the Canadian Pacific Railway has done a magnificent job in developing Canada, although they have always been subsidized by the people of Canada in doing it.

This bill gives me an opportunity to ask for some information which so far I have not been able to get. I inquired of the Department of Public Works, but they told me that this did not come under that department. I inquired of the Department of Transport, and they said it was not their department. Surely there must be some department of government which is responsible in this connection and able to give information when a franchise is granted to a railway company to erect or extend a main line or branch line.

In British Columbia there is the great Fraser river about which a magnificent book was written by Bruce Hutchison. He describes that river in language which I could never use. It is a peaceful river and a productive one as a rule but sometimes it is most destructive. I want hon. members to note the difference between "productive" and "destructive." For many years a section of British Columbia endeavoured to have the Canadian Pacific Railway assume its fair share of responsibility in protecting a branch line similar to this branch line, the Huntingdon-Mission line. When this matter was before the board of transport commissioners at a hearing in Victoria the chairman stated that if he had the authority he would not hesitate for one minute to have them assume their fair share of responsibility in protecting their own line.

To bring things up to date, in 1948 we had unfortunate flood conditions in British Columbia which finally resulted in considerable monetary, physical and other damage. The people of Canada through this parliament contributed generously to providing protection in that area so there would not be a repetition of those floods. Just about three weeks before that flood this same railroad company which now asks permission to obtain another branch line said that they would not give one dollar toward strengthening the dikes, toward the upkeep of the dikes which protected their property. They said that they were not interested because the Huntingdon-Mission line was not affected by high water. That information was tabled here by the Minister of Transport in the form of a copy of a letter from the then president of the company.

Mr. Lesage: Is he in order?

Mr. Cruickshank: I am told that I am out of order. I am not out of order because I am simply trying to protect the people about whom I know something.

Mr. Lesage: On a point of order, I just asked my seatmate if the hon. member was out of order. I put the question for obvious reasons.

Mr. Cruickshank: I accept the apology of my hon. friend to my left. I got this by airmail yesterday from my constituency. I am simply taking advantage of this opportunity to ask protection for the people who elected me, rightly or wrongly.

An hon. Member: Rightly.

Mr. Cruickshank: Someone says "rightly." I want to know if the people adjacent to this branch line are going to be placed in the same position. In the other case the railroad company said they would assume no responsibility. The taxpayers of this country were generous enough in 1948 to provide about $10 million to rehabilitate and protect this area. Those facts are on record.

The Deputy Chairman: May I point out to the hon. member that this bill is to grant the Canadian Pacific Railway Company legislative authority to purchase the railway undertaking of Alberta Coal Company Limited. The remarks of the hon. member should be strictly relevant to the section. He would be in order in discussing the advisability of authorizing the Canadian Pacific Railway Company to purchase the railway undertaking of Alberta Coal Company Limited.

Mr. Cruickshank: That is exactly what I was leading up to and you are absolutely correct. I am trying to follow the section in its entirety. I want to know if the people in this particular area are to be treated in the same manner that the people on the branch line in British Columbia were not protected. My question is based on a return which was brought down by the Minister of Transport and the Minister of Public Works. It was shown that the Fraser river was obstructed above the Mission bridge with the result that in 1938 a section of the bridge was torn out as well as a section of the dike. That dike

cost the people of Canada over $50,000, which included $25,000 for rock. That amount was given to me by Mr. J. B. Carswell.

The Deputy Chairman: In speaking to this section the hon. member, if he desires to, may ask if the people living in the territory adjacent to this line will be protected in a manner different from the case about which he now is speaking. After having given the illustration I think he should ask the sponsor to answer the question and not elaborate on an explanation of what happened in the other case.

Mr. Cruickshank: I have never been out of order since I have been here—

Some hon. Members: Oh, oh.

Mr. Cruickshank: —and I do not like being declared out of order now.

An hon. Member: You are in a tough place.

Mr. Cruickshank: It is not very tough. You come from British Columbia and you know the Mission bridge. Mr. Chairman, you have put the matter more clearly and concisely than I could. I just want to know if the people on this new railroad—it is new in so far as ownership by the Canadian Pacific is concerned—will be protected in a different manner from the people in the Fraser valley and from the people in Victoria, a city which depends for its very existence upon the rest of Canada. Are we to permit this to go on exactly as it is? I defy any member to say that it is not serious when within ten days—

The Deputy Chairman: Order. I have already asked the hon. member to direct his remarks to the clause under consideration. He goes back to it after he is called to order and a few sentences later he goes back to these other cases. This is not the place to talk about these other cases. This is merely a bill to authorize the Canadian Pacific Railway Company to purchase the Alberta Coal Company railway and that is all. I hope the hon. member will limit his remarks to the clause from now on.

Mr. Cruickshank: That is just the point I was coming to, Mr. Chairman. In order to ensure that there will not be any repetition, can the sponsor of the bill tell me the cost of the purchase of this railway, how many miles are involved, and what assurances will be given the people adjacent to the railway that they will secure protection?

Mr. Decore: I am not clear as to what protection the hon. member is referring to, but the number of miles is fourteen. It is a spur line which was built by the Alberta Coal Company. I do not know what the exact figure is with regard to the purchase price, but that was all discussed in the standing committee on railways, canals and telegraph lines. I believe the hon. member is a member of that committee and probably has the information already, or had access to it.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

MARION AGNES KELSCH CLEGHORN

The house in committee on Bill No. 332, for the relief of Marion Agnes Kelsch Cleghorn—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, I want to say with respect to this bill that I understand it was given consideration at some length by the members of the committee on miscellaneous private bills. I do not agree with the decision that they came to. In fact further study and further material I have collected since objecting to this bill at second reading make me feel that this divorce should not be granted, but in view of the fact that the committee has recommended to the house that it should be granted apparently there is no other course for me to take but simply to register my opposition.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

The Deputy Chairman: Shall the title carry?

Mr. Knowles: On division.

Title agreed to on division.

Bill reported.

Mr. Croll (for Mr. Winkler) moved the third reading of the bill.

Mr. Knowles: On division.

Bill read the third time and passed on division.

GEORGE KEITH HENDERSON

The house in committee on Bill No. 343, for the relief of George Keith Henderson—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, when we were on second reading of this bill, as recorded in *Hansard* for June 12 at page 4001, I drew

attention to the fact that this was a contested case. I gave a few of the particulars, noting that the wife, who contested this divorce, is now residing in the United States, but that she came up here to contest the divorce and brought with her a United States lawyer as well as having a Canadian counsel. I do not intend to go into further detail now, but I should like to ask whether my request that the committee give close consideration to this case was met by the committee.

Mr. Croll: Mr. Chairman, I do not want to mislead the hon. member. The evidence was before the committee. The chairman asked me to read the case in order to be ready to deal with it before the committee. I read the case. Later it came before the committee and as a matter of fact there were no questions on it.

Mr. Knowles: I accept the hon. member's report as to what went on in the committee. May I point out how unsatisfactory this is. When on second reading some of us take the trouble to read these cases and draw attention to cases that call for particular scrutiny, objection is taken to the time we take. It is said that these bills go to a committee, so let the committee consider them. I feel if we are going to handle these divorces in parliament—a course to which I object—we have a right to expect the committee on its own initiative to pay a little more attention to individual cases than seems to be the fact from the reports that we get. I think the experience we have had in this session of parliament makes it crystal clear that this is no place to be dealing with divorce cases at all. In another session it is pretty clear that it will be felt by some of us that it is our responsibility right from the start to pay closer attention to these divorce cases until such time as parliament decides to transfer them to some other jurisdiction.

Section agreed to.

Section 2 agreed to.

The Deputy Chairman: Shall the preamble carry?

Mr. Knowles: On division.

Preamble agreed to on division.

Title agreed to.

Bill reported.

Mr. Croll (for Mr. Winkler) moved the third reading of the bill.

Mr. Knowles: On division.

Bill read the third time and passed on division.

[Mr. Knowles.]

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 351, for the relief of Archibald Kenneth MacLean.—Mr. Winkler.

Bill No. 358, for the relief of Marion Evelyn Peak Collins.—Mr. Winkler.

Bill No. 361, for the relief of Eugenie Marjorie Ross Finley.—Mr. Winkler.

Bill No. 363, for the relief of Ruth Mary Halsey Shaw.—Mr. Winkler.

Bill No. 370, for the relief of Ivy Grace Barnsdale Moore.—Mr. Winkler.

JOHN ATHERTON CRITCHLEY

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 232, for the relief of John Atherton Critchley.

Mr. Knight: If I could have the consent of the sponsor and the house would agree, I would like this bill to stand. I wish to say a word or two in regard to it, and I thought perhaps we might be able to consider some of the private bills other than divorce bills tonight.

Mr. Croll: That is agreeable.

Some hon. Members: Stand.

Some hon. Members: No.

Mr. Knowles: It does not require unanimous consent. If the sponsor of the bill does not wish to go ahead he does not have to.

Mr. Croll: I am quite satisfied to have it stand.

Motion stands.

SECOND READINGS

Bill No. 359, for the relief of John Brock Short.—Mr. Winkler.

Bill No. 360, for the relief of Joseph Duchesne.—Mr. Winkler

Bill No. 362, for the relief of Helen Marion Peacock Rondeau.—Mr. Winkler.

Bill No. 364, for the relief of Rodolphe Boisjoly.—Mr. Winkler.

Bill No. 368, for the relief of Theresa Verna Brisson Humphreys.—Mr. Winkler.

Bill No. 369, for the relief of Dorothy Shapiro Ram.—Mr. Winkler.

Bill No. 371, for the relief of Dorothy Chaffee Caduc.—Mr. Winkler.

CANADIAN SLOVAK BENEFIT SOCIETY

Mr. E. T. Applewhaite (for Mr. Brown, Essex West) moved the second reading of Bill No. 365, respecting Canadian Slovak Benefit Society.

Mr. Green: Could we have an explanation of this bill?

Mr. Applewhaite: This bill is simply intended to correct a technicality. This society was

incorporated by act of parliament assented to December 18, 1945. Among the powers given the society are those of insurance as to its members. Under section 4 (2) of the Canadian and British Insurance Companies Act, if such a company has not filed an actuarial certificate within two years from the coming into force of the act the act ceases to be effective except for the purpose of winding up the company.

This society did fail to file an actuarial certificate. In 1948 by statute parliament extended the life of the company for that purpose to December 18, 1948. An actuary was employed to prepare the certificate, but when only part through the job he became ill and was unable to continue. Another actuary was employed who, very shortly before the expiration of the time limit, informed the society that he would not be able to find time to complete the work. Since then the time limit has expired. An actuarial certificate has been prepared and, I am told, lodged with the superintendent of insurance; but there is no forum to which the society can come, except this parliament, for an extension of the time for the filing of the certificate. It cannot be done, as in most company cases, by application to a judge. Therefore this society is asking that the time be extended to December 18, 1952.

Motion agreed to and bill read the second time.

Mr. Applewhaite: Mr. Speaker, it was held when a similar bill was before us on May 18, 1948, that it was appropriate to refer the bill direct to committee of the whole, since it is not a matter of incorporation but merely one of extending the time. So if you will accept such a motion I will move that you do now leave the chair and that the bill be referred to the committee of the whole.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. W. A. Robinson (Simcoe East): Mr. Speaker, if I might have the unanimous consent of the house, I should like to move, seconded by the hon. member for Skeena (Mr. Applewhaite):

That items Nos. 179, 180, 181 and 182, precede item 178 on the order paper this day, so that said items shall be called in the following order: 179, 180, 181, 182, 178.

My reason for introducing this motion, Mr. Speaker, is that the bill which has been called and which I am sponsoring—although I am convinced that a great majority of the members would like to vote on it—has been delayed for a certain length of time, and should it again be delayed tonight I should not like to see the bills after it on the order paper also delayed. I therefore hope that my motion will commend itself to the house.

Motion agreed to.

MOTION FOR SECOND READING

Mr. David A. Croll (for Mr. Winkler) moved that the following bills be read the second time:

Bill No. 382, for the relief of Flora Muriel Crane Keane.—Mr. Winkler.

Bill No. 383, for the relief of Opal Jean Ellis Pike.—Mr. Winkler.

Bill No. 384, for the relief of Elphege Fournier.—Mr. Winkler.

Mr. Knowles: Mr. Speaker, may I just point out that this will make 142 divorce bills that we have processed this evening.

Motion agreed to and bills read the second time.

UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF SASKATCHEWAN

The house resumed, from Tuesday, June 19, consideration in committee of Bill No. 337, to incorporate the Ukrainian Catholic Episcopal Corporation of Saskatchewan—Mr. Knight—Mr. Beaudoin in the chair.

Section 11 agreed to.

Sections 12 to 14 inclusive agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

BORDER PIPELINE CORPORATION

The house resumed, from Tuesday, June 12, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation, and the proposed amendment thereto of Mr. Herridge.

Mr. Solon E. Low (Peace River): Mr. Speaker, for quite a long time now the house has had before it one or more pipe line bills and a good many divorce bills. Some of the hon. members of the house have asked what the official Alberta position is with respect to the various bills that have been put before the house for the building of pipe lines to one place or another. I think that it would be wise for me to take a short time to place on record the position which the Alberta government takes, as well as my own position, with regard to this particular Bill No. 118, letter N-1 of the Senate.

There are some people who think that the Alberta government has made a choice as between pipe line lines and that it has been prepared to grant a licence to one or the other of the pipe line companies that have been incorporated through the action of this house. In order to set the record straight, Mr. Speaker, I should like to put on *Hansard* a statement made by the premier of Alberta to a group of pressmen in the city of Edmonton not long ago. Mr. Manning said:

It has come to my attention that the impression prevails in some quarters that the government of Alberta has made certain commitments concerning the approval of a proposed route for an oil pipe line to the Pacific coast.

In the interests of all concerned, I wish to state emphatically that the government of Alberta has made no commitments whatsoever either expressed or implied to any prospective builder or other individual or group interested in construction of such a pipe line.

The necessity and importance of an oil pipe line to the Pacific coast to assure the continuation and a further expansion of our oil development is widely recognized, and surveys currently under way to determine the economic and engineering factors which must be taken into account in determining the feasibility of such a project are being followed with much interest.

The provincial government's responsibility in this matter is that of a trustee for the citizens of Alberta. Accordingly, the government is not concerned with the matter of routes from the standpoint of the interests of any company or group seeking to promote one particular route in preference to another.

Representing the interests of the people of Alberta as a whole, the government takes the position that a pipe line for the export of Alberta oil to the Pacific coast should follow a route determined by a competent authority as the most economic and otherwise advantageous.

Then, Mr. Speaker, the premier of Alberta concluded with these words; I should just like to put these few lines on the record, and it will complete this part of what I have to say. He concluded by saying:

It should be a route that will ensure the maximum possible well-head price to Alberta oil producers and the minimum cost of fuel oil products to Alberta citizens, with the assurance of long-term supply, first to the citizens of Alberta, secondly to other Canadians, and thirdly to our neighbours in the United States.

The Acting Speaker (Mr. Beaudoin): The hour for private and public bills having expired, the house will resume consideration of the matter under discussion at six o'clock.

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

535. Departmental administration, $2,208,070.

Hon. Hugues Lapointe (Minister of Veterans Affairs): Just before the afternoon sitting was over, Mr. Chairman, the hon.

[Mr. Low.]

member for Temiscouata had been speaking. I regret to see that he is not in his seat, as I do not like to make any references to any hon. member when he is absent from the chamber. The hon. member, in the course of his speech, evidently intended to bring to my personal attention the cases of certain veterans who had corresponded with him, and he saw fit to criticize very bitterly the work performed by the Canadian pension commission and by the war veterans allowance board. He also saw fit to denounce personally the members of that commission and of that board.

I appreciate the interest which the hon. member has shown in the welfare of the veterans whose cases he referred to me this afternoon. I also realize that it is his privilege, as a member of parliament, to criticize the work of the Canadian pension commission, and to criticize the work of the war veterans allowance board, two bodies set up under authority of this parliament, and who are responsible to this parliament through the Minister of Veterans Affairs. But, Mr. Chairman, I cannot ignore the unwarranted personal attacks which the hon. member chose to launch on individual members of the commission and of the war veterans allowance board. I must say with much regret that I am surprised that one who has as much parliamentary experience and background as the hon. member should take advantage of such an occasion to voice his personal likes or dislikes of senior officials of my department who, because of the very function and of the responsibilities which have been entrusted to them, cannot defend themselves against such personal attacks.

As was pointed out this afternoon, and as was pointed out on many occasions before, these men are performing duties within the scope of the legislation voted on by the parliament of Canada and through regulations approved by the governor in council, that is, by the government. The parliament of Canada has also decided that they should have exclusive jurisdiction in the matters referred to them.

The hon. member, in his denunciation of the work of these two bodies, referred to the bureaucratic attitude of the members of these bodies. Well, Mr. Chairman, both the Canadian pension commission and the war veterans allowance board were given exclusive jurisdiction in the matters referred to them by acts of parliament, and that was done many years ago. It was done before I ever entered parliament, and it was done before the words "bureaucrat" and "bureaucratic" became so popular in the political language of this country. Unless

parliament is willing to set itself up as an appeal court, or to set up the Minister of Veterans Affairs as a reviewing authority to pass judgment upon the rulings of these two bodies—a course which I for one would oppose very strongly—then the two bodies must assume the responsibility of rendering final judgment. It is the ungrateful lot of those entrusted with such responsibilities, particularly when these responsibilities carry with them the administration and the awarding of public funds, that they must discharge their duties within the framework of the acts and of the regulations which govern them.

I regret personally, as I said before, that the hon. member should have seen fit to speak as he did concerning senior officers of my department, but his remarks provided me with the occasion to put on record the fact that since I took over the portfolio of veterans affairs, nearly a year ago, I have had the opportunity to appreciate fully the work which these gentlemen have performed on behalf of the veterans of Canada from one end of the country to the other. I would like to say this, as regards the Canadian pension commission itself, and I know that I express the views of veterans generally throughout the country, that we are extremely fortunate to have had for the last eight years the services of the present chairman who, since world war I, has served the interests of the veterans of Canada, and under whose leadership a succession of commissioners have rendered faithful service to this country.

The Deputy Chairman: Shall the item carry?

Mr. Pouliot: No sir. I have listened with a great deal of attention to the remarks of the minister. He has overlooked one point. It is that I have established in good English the distinction between himself and those that he calls the high officials of his department. Well, in what the minister has said there is only one point in which I do not agree with him. In the first place, I must say that I believe opinions are free. He is satisfied with his officials—so much the better. Some people like onions in the soup; others do not. It is a matter of personal opinion, and I respect his views. I do not like the onions in the Department of Veterans Affairs. I may say that. I do not appreciate them as much as others do. There is no question of likes and dislikes. It is a matter which is much more serious than that. If it were only a matter of likes and dislikes I would not have risen in my place this afternoon to bring some meritorious cases to the attention of the committee and of the country.

What the minister has said confirms exactly what I have said about the authority vested in these officials of the Department of Veterans Affairs. I stated this afternoon that they have the right of life and death over disabled men; the minister said a moment ago that they have exclusive jurisdiction, and that they assume the responsibility of rendering final judgment. When they were praised many members applauded. They may have been satisfied with the way they have fulfilled their office. It is their right. I have no objection to that at all, but what I say is that I have submitted to them countless cases of veterans. The wrongs have not been redressed. That is what I regret. There are reform clubs throughout the country. It has been the policy of the Liberal party to practise reforms, and not to use the word "reform" in vain. We have reform clubs here and there, especially in the province of Quebec. What is the purpose of those clubs? It is to give an opportunity to those who call themselves reformers —and that was the name of the old Liberals; they were called reformers—to see what is wrong in the administration of this country, to try to remedy it, to try to improve conditions for the benefit of the many.

It is a question of opinion. And when an hon. member of the Social Credit group rose the other day and asked the minister if he approved of what I said, I knew what the answer would be. But what does it change? Does it prove cases? Perhaps the hon. member is right; perhaps he is satisfied with the way the soldiers in his constituency have been dealt with by the two organizations I mentioned this afternoon. But I am not satisfied. I do not say that for myself; I say it on behalf of those who write to me and whose cases I have defended in the House of Commons.

Unquestionably I have the right as a member of parliament to lay grievances before the Chair in a sitting of this committee. I regret nothing. I am not humiliated. I am not angry with the minister because he disagrees with me, not at all. There was a silly journalist who wrote in a daily newspaper that the minister frowned at me because he disagreed with me. We can disagree and be good friends, just the same; otherwise life would be unbearable.

I have my opinion, which I have justified before the house. So the house cannot say I speak through my hat. I have brought many cases to the attention of the house, cases which cannot be denied, cases which can be argued at greater length.

I have one case here, a real volume which I shall put before the minister. This man

was in his own regiment, the Chaudiere, when they invaded Normandy and captured a town. I have sympathy for this man, as I am sure the minister has. I do not say that by way of criticism. I want to have the minister fully informed, and as soon as he is he will say, "Pouliot is right".

Mr. Fair: Since I have been dragged into this discussion—

Mr. Pouliot: Mildly.

Mr. Fair: —all I wish to say is that I believe the Canadian pension commission and the war veterans allowance board are doing their job within the framework of the legislation that has been passed by the House of Commons. I am not satisfied with all the decisions that have been made in connection with some of the cases I have taken up. But I do believe the officials referred to have gone as far as they can within the framework of the law. Instead of attacking men who cannot defend themselves here, I think our job should be to attack the legislation that is not as it should be. By that method we will widen the power of the two boards referred to and give our veterans better protection and better satisfaction.

Mr. Pouliot: Opinions are free.

Mr. Adamson: I rise to agree with the hon. member for Battle River in what he has just said.

Item agreed to.

Treatment services—

538. Operation of hospitals and administration, $36,249,295.

Mr. Knight: I have been in communication with the minister, as many other people have, in regard to the veterans hospital at Airport No. 4, Saskatoon. The minister announced that he and the Minister of National Defence were reconsidering the matter of breaking up that hospital at that point. I took up the matter, and put on the record the argument which my friends and I thought should be advanced. My purpose is merely to ask the minister if a definite decision has been reached.

Mr. Lapointe: I am surprised the hon. member should bring up the matter because I was under the impression I had signed a letter a day or two ago addressed to him, telling him of the decision to maintain the veterans hospital at Saskatoon.

Mr. Knowles: The post office service is slow at times.

Mr. Knight: On behalf of the people of Saskatoon, on my own behalf, and speaking particularly for those veterans may I say that we are very grateful to the minister and the government for this decision.

Item agreed to.

544. War veterans allowance board, administration, $187,268.

Mr. Graydon: Would it be possible to abolish the means test in connection with war veterans allowances? Many of us have had representations to this effect from time to time, and it seems to me that veterans of that age should not be put into a strait-jacket in respect of their outside earnings. There are not many of them. It seems to me the minister might well consider the matter, particularly when we are abolishing the means test for civilians, as we are in legislation now before parliament. In view of that fact I think we ought to be able to abolish it in connection with war veterans allowances as well.

Mr. Lapointe: Mr. Chairman, as the hon. member for Peel knows, there is a close relationship between war veterans allowances and old age pensions. The original basis of the war veterans allowance was that the veteran who had seen active service in a theatre of operation, and who because of his service was pre-aged, should be admitted to old age pension at least ten years before the ordinary civilian citizen. It was on that basis that the war veterans allowances were created, with the means test as it exists in old age pensions.

At the present time we are considering the whole question of war veterans allowances and reviewing the act in the light of the new old age security legislation to be put into force by next January, as announced by the government.

Mr. Graydon: I hope the minister's consideration will bring favourable results.

Mr. Hansell: Mr. Chairman, is any provision made in connection with war veterans allowances to unfortunate veterans who have suffered financial reverses? A case of this kind came to my attention the other day. The minister and his assistants have been most kind in looking over any cases I have presented to them, and I am wondering if they would look into the details of this one. I understand that the army benevolent fund is sometimes used for such purposes. Can the minister state whether there is any other way in which a veteran who has suffered financial reverses through no fault of his own, through unforeseen circumstances of one kind and another, could be helped?

Mr. Lapointe: It would be rather difficult to answer a hypothetical question. There

are other funds, such as the disablement fund, which could be used, and then I understand in some districts the administration is entrusted with certain funds which are used for such purposes. If the hon. member will let me have the particulars of the case I shall be glad to give him a definite answer.

Mr. Knowles: Mr. Chairman, on Friday, June 15, the minister answered a question of mine with regard to the relationship between the War Veterans Allowance Act and the new old age pension legislation, and I quote from his answer as recorded on page 4136 of *Hansard*:

> The matter referred to in the question asked on Tuesday by my hon. friend is being reviewed and considered at the present time.

I rise to express the hope that that review and consideration may result in a decision by the government to bring in an amendment to the War Veterans Allowance Act at the fall session of parliament. In my view it is urgent that it be done not later than that so that any changes made in the War Veterans Allowance Act can be made effective at the same time as the changes to be made with respect to old age pensions. As the minister knows, there are a number of problems that will arise out of this change affecting veterans, on the one hand, and so far as those from 65 to 69 years are concerned, affecting also the provinces.

It is not sufficient simply to say to a veteran that he has a choice between the War Veterans Allowance Act and the old age pension. In many cases the veteran feels that he would rather be under the War Veterans Allowance Act, particularly if he is between the ages of 65 and 69, because he feels there is a measure of entitlement under that act which he has earned through his war service and which does not exist under the other act. That is one aspect that I need not go into any further, but it does call for consideration. From the standpoint of the provinces, there is the feeling that veterans, who are a federal government responsibility, should not simply be pushed over on to them even if it is only to the extent of 50 per cent of the cost entailed.

There is also the matter of treatment and hospitalization rights which are enjoyed by veterans who qualify for the war veterans allowance. There may be cases where the monetary benefits would seem to be to the advantage of the veteran who transferred to the old age pension, but he will be in quite a dilemma if that means the loss of his treatment and hospitalization benefits. That is another aspect of the problem that will have to be gone into.

Then there is the question of the older veteran with the younger wife. At the present time a married veteran who qualifies for the war veterans allowance gets the married rate regardless of the age of his wife. If a veteran were over 70 with a wife 63 or 64 years of age, or of any younger years, and he went over to the old age pension, there would be nothing for his wife, as matters now stand. These are problems that have to be looked at even if one only takes the position that the war veterans allowance recipient must not be allowed to suffer any loss by reason of the change that is taking place.

The minister assured me of that in the answer he gave on June 15, and I know that that is a matter of concern to the government, as it is to all of us. But I do emphasize the fact that there should not be any gap, that any changes to be made in the War Veterans Allowance Act should be made so that they can come into effect on January 1. If they are not dealt with now they should be dealt with in the fall session, without fail.

Having said that, may I point out that there are many who feel, as I do, that it is not sufficient just to make amendments to the War Veterans Allowance Act that will protect the position of the veteran and keep it at what it now is. The fact of the matter is, and this is one of the exceptionally good things about the changes being made in our old age pension legislation, that after January 1 a great many Canadians, in fact some 72 per cent of all those 70 years of age and over will have an improvement in their financial position. Sixty per cent of those 70 years and over are not getting any old age pensions now and they will get $40 per month. Another 12 per cent of those 70 years of age and over are now getting old age pensions but at reduced rates and they will draw the full amount of $40 per month. Those who will benefit will include retired judges, retired civil servants and so on, because for all those 70 years of age and over the old age pension legislation will have no means test attached to it.

But if all these others are to gain from the changes being made, so should our burnt-out pensioners. Although there is no means test in the old age pension legislation for those 70 years and over, many of those receiving the burnt-out pension will be affected by the fact that there is a means test under the War Veterans Allowance Act. Unless some change is made many of these war veterans allowance recipients 70 years of age and over will not have their position improved by the enactment of the old age pension legislation.

Not only should there be the necessary amendments to make sure that the veteran does not lose his treatment or hospitalization

rights; we should make sure that the older veteran with the younger wife does not suffer any loss and particular consideration should be given to making it possible for the burnt-out pensioner to be treated in the same way as most older Canadians will be treated after January 1.

I hope these matters will be looked into very closely. They call for some broad and thorough research into the War Veterans Allowance Act. I again stress the point that whatever amendments are made should be made in the fall session, without fail.

Item agreed to.

Pensions and other benefits—

547. Newfoundland special awards, $30,000.

Mr. Higgins: Will the minister explain this item?

Mr. Lapointe: This is to cover certain awards made under legislation enacted by Newfoundland before union and for which there were no similar provisions in our legislation. We are carrying on the payment of these awards.

Item agreed to.

549. Assistance fund (war veterans allowances), $850,000.

Mr. Green: When this vote was first introduced about two years ago we were led to believe that it was more or less a trial measure and that eventually it would be covered by legislation. As the minister knows, there is considerable uncertainty in basing any measure on an annual vote rather than on legislation. Is it the intention to continue this in the form of an annual vote or will legislation be brought down eventually?

Mr. Lapointe: At the present time it is the intention to continue it by an annual vote, and it is being increased this year compared with the previous year. I believe that a further supplementary estimate will be introduced to cover greater expenditure under this item.

Mr. Green: We have certain complaints that there has been adopted an administrative policy of cutting down on the amount of assistance given in each case in order to build up a reserve for that particular veteran which would be used in the event of any extraordinary need arising. Is it a fact that this new policy has been adopted by the department in administering this vote?

Mr. Lapointe: No, there is no set policy from that point of view. Individual cases are handled on their merits. There are some cases where it is known that greater need for this additional fund will take place in the winter, and for that reason increased payments are made at that particular time of the year, but it is handled with the idea of serving the best interests of the veteran recipient.

Mr. Green: There is still a definite limit on the total amount that any one veteran may receive in the course of a year?

Mr. Lapointe: Yes, $120 is the limit for a single man.

Item agreed to.

552. Gallantry awards—world war II, $18,000.

Mr. Green: This vote covers gallantry awards for world war II. Is there any way in which similar payments can be made to the men who were decorated in world war I?

Mr. Pouliot: Before the minister answers, may I recall the case of Captain Edward Bellew of Chase in Kamloops constituency, who was completely destitute? I drew the attention of the then minister, the late Ian Mackenzie, to the case, and through Walter Tucker he took advantage of a provision of the Pension Act for special meritorious service and granted a special award to Captain Bellew who distinguished himself during the first war. Therefore such a provision existed in the act before the second world war.

Mr. Green: The assistance to which the hon. member for Temiscouata is referring is, I think, under section 21 of the Pension Act.

Mr. Pouliot: I do not know.

Mr. Green: It is called the meritorious pension. The point I am asking about is entirely different. It has to do with a payment that is made to those veterans who received awards for gallantry. Apparently the Canadian government pays all these men from world war II. What I am inquiring about is the position of the men who were decorated with the Victoria Cross, the distinguished conduct medal or the military medal during the first world war.

Mr. Lapointe: In the case of world war I awards, those are paid by the United Kingdom government but no payment is made for the military medal. It was not done at the time, and it is not done by any British country. For world war II we have assumed payment of these awards since 1943.

Mr. Green: Has any consideration been given to making payments to the men of the first war who received the military medal?

Mr. Mutch: It has been a matter of discussion, but none of the countries of the

commonwealth have assumed that responsibility. The British have for world war II but not for world war I, and that has been uniform throughout the commonwealth.

Mr. Green: There cannot be very many men living who won the military medal in world war I. Can the parliamentary assistant say how much would be involved?

Mr. Mutch: No. It is not a large sum individually but no estimate has been made of it because so far there has been no agreement to do it. I think there would be difficulties in breaking it up since all the awards were made by the British in world war I. To initiate a different practice in different sections presents difficulties.

Mr. Ferguson: Surely we awarded the military medal to these men because they won it and not because some person in another part of the commonwealth is making an award. Surely we awarded it because these men were the recipients of a very outstanding reward for valour, the military medal. There can be no difference in the valour of the men who won it in the first war, and I believe that the people of Canada would be more than willing to reward them for the winning of this decoration for valour and would wish it to be payable to every man. Surely it does not make any difference in a man's contribution to his country whether it was made between 1914 and 1918 or between 1939 and 1945. Talk about making flesh of one and fowl of the other! We are now practising that on the men of the armed forces. I do not think it would cost a great deal to remind the taxpayers that, according to the feeling of the government, they owe these men this recognition.

The award was not made to these men because of the fact that any other part of the British empire does or does not make this payment. Surely that was not the motive. The men in the last war won it for what they did in that war, and the men in the first war won it for the same reason. I think it should be applicable to all winners of the military medal who are Canadians and fought in the Canadian forces, irrespective of what may be done in any other part of the commonwealth. We should certainly stop making flesh of one and fowl of the other.

Mr. Cardiff: I should like to ask the minister a question with respect to recipients of the Victoria Cross in the first world war. These men are paid in United Kingdom funds and they are Canadians. They have been in Canada for some years. They feel that they are being discriminated against because of the fact that, as I believe, we pay veterans of the last war in Canadian funds. These men are paid in U.K. funds and they lose a considerable amount of money.

Mr. Mutch: If I may interject, the British award is paid at the rate of five Canadian dollars for the British pound, and as you know the British pound is not worth $5 now.

Mr. Cardiff: I was talking to one of these men the other day and he made that complaint. As a matter of fact he made representations to me because he thought that perhaps I could bring it up. He said he was losing some amount each year which I have forgotten because of the fact that he is paid in U.K. funds.

Mr. Mutch: Probably the gentleman to whom the hon. member refers earned his V.C. when he was serving with the British army and not with the Canadian army.

Mr. Cardiff: That is true.

Mr. Mutch: That is a British award to British soldiers, and what I said a moment ago would not apply. But Canadians who won the Victoria Cross with the Canadian services are paid at the rate of five Canadian dollars for each British pound in the award.

Mr. Cardiff: Is there any way the situation of that man could be corrected and he could be paid on a par with others in Canada?

Mr. Mutch: We have nothing to do with awards to British soldiers.

Mr. Cardiff: But he is still a Canadian who served in the British army. He was a Canadian to start with, and still is.

Mr. Pouliot: I should like to know whether the amount in British money that goes with the award is deducted from the pension of any war veteran; and I will illustrate my point. Some years ago I was informed that at Christie Street hospital in Toronto there was a disabled veteran who had been awarded the Victoria Cross who was receiving a pension of $40 a month. He had to pay for his board $30, which left him $10 a month for pocket money. According to what I heard the pension commission took from his pension the amount of $40 that he was receiving at the time for his Victoria Cross, so there were four months for which he had no pocket money just because he was the recipient of the highest decoration within the commonwealth. I told the minister of the time, who was the late Ian Mackenzie, that I did not know if it was true but to check it and deny it if it was not true. He never denied it. Therefore I hope that when disabled men receive awards they will not be deducted from the amount of their pensions.

Mr. Lapointe: The answer to my hon. friend's question is that any payment connected with the award of a medal is not considered as income with regard to either pension or war veterans allowance.

Mr. Pouliot: Then that is an improvement over past policy.

Mr. Lapointe: We are improving all the time.

Mr. Green: What is the position with regard to the winner of a Distinguished Conduct Medal in both wars?

Mr. Mutch: The gratuity is $100, with a corresponding addition for each bar.

Mr. Green: $100 a year?

Mr. Mutch: No; it is a gratuity of $100, or 12½ cents a day if he is a pensioner.

Mr. Green: Is that the same for the men of both wars?

Mr. Mutch: It only came into effect in world war II.

Mr. Pouliot: I am very glad the minister says conditions in the department are improving all the time. I knew that; that was why I spoke as I did this afternoon.

Mr. Ferguson: The minister said the government keeps on improving; no doubt it is slow but sure. I would like him to explain why the veterans of the first war who won these awards have not been given these gratuities. Was it felt that the men who were given the awards in the first war for some reason or other did not merit these gratuities? I would like an explanation by the minister, to see whether or not we are improving.

Mr. Lapointe: My understanding is that at the time of the first war these medals were awarded by the British government and granted by His Majesty, and that the monetary award which accompanied them was paid and has continued to be paid by the British government. In 1943, during world war II, the responsibility of the British government was discharged in connection with these awards and we assumed the responsibility. That is where the difference comes in.

Mr. Ferguson: Did the British government make these awards of the D.C.M. and M.M. in the first war?

Mr. Lapointe: My statement was correct; awards in the first war were given by the British government. During the first war there was no monetary award attached to the Military Medal. That is the situation in all commonwealth countries, and that explains why there is a difference.

[Mr. Pouliot.]

Mr. Ferguson: I knew about the difference; I knew these medals were given by the British government. Then this government came along and when they got a chance to really show their appreciation to these heroes they said we believe you are entitled to these awards for gallantry on behalf of the people of Canada, and we believe you are entitled to a monetary award in addition to the metal medal. We believe that is so as far as the second war is concerned, but not with respect to such awards in the first war. If the government believes that any Canadian winning these medals merits the monetary award, why should that not apply to the veterans of the first war as well? Would the minister say what might be done for the winners of the D.C.M. and M.M. in the first war as far as the monetary award is concerned, so they may be on an equal footing with the winners of those awards in the second war.

Mr. Lapointe: I have said that the winners of the D.C.M. do receive the award. As for the winners of the M.M., I must say I have not given the matter any consideration up to the present, but I will be very glad to consider my hon. friend's views.

Item agreed to.

554. Last Post fund, $135,000.

Mr. Quelch: Will the minister say whether or not the regulations governing the administration of the last post fund are subject to revision by the Department of Veterans Affairs?

Mr. Lapointe: My understanding is that the last post fund is a voluntary organization which has a working arrangement with the department. We make grants for the burial of indigent veterans, but the fund as such is an independent organization and its bylaws are not under the control of the department.

Mr. Johnston: Is it not true that this fund is given a grant by the federal government?

Mr. Lapointe: Yes; I have said that we do make grants on the basis of the number of burials of indigent last post fund veterans looked after.

Mr. Johnston: There are some cases which perhaps do not receive as careful consideration from the fund as one might expect. I had one such case which I brought to the attention of the parliamentary assistant. It was settled satisfactorily, I think; at least I have heard nothing more about it. In this case a veteran who lived in Drumheller was out of employment. He was given a ride to Edmonton on a truck; while going into Edmonton there was an accident and he was killed. One of the businessmen in Drumheller, out of his own pocket, paid the

expenses of having the body returned to Drumheller. The widow, of course, was left penniless and had no means whatever of getting this body returned to Drumheller. This man paid that money out of his own pocket. Then when the veterans organization in Drumheller appealed to the fund to have the burial expenses—which, if I recall the figure rightly, amounted to about $110—paid for by the fund, they objected on the grounds that they had not been notified and that, had they been notified, the body would have been buried on the spot where it fell, something which was an absurdity. It fell on the highway. From the very fact that that body had been moved one foot from where it fell, I presume they take the view that the federal government, the Department of Veterans Affairs or anyone else had no right to suggest to them what they should or what they should not do.

I want to say that with the kind co-operation of the parliamentary assistant in bringing this matter to the attention of the proper authorities the thing was settled satisfactorily. But it seems to me that those in charge of the fund should be a little bit more considerate of those people whom they are serving; and that in such a case as that, it should never have been necessary for me to bring the matter to the attention of anyone in the federal government. The very fact that the federal government makes a contribution to that fund is in itself sufficient reason, I think, that they should exercise some power of suggestion at least over those in charge of this fund in order to see that it is properly administered.

Item agreed to.

Soldier Settlement and Veterans Land Act—

556. To provide for the cost of administration of Veterans Land Act; soldier settlement and British family settlement, $4,606,624.

Mr. Lennard: Mr. Chairman, I wish to register my annual protest in connection with the small holdings. I see the assistant to the minister smiling. I think possibly he knows what is coming. What I have to say is in connection with the regulation that a small holding must be two acres in extent. A great deal has been said today about members of this committee receiving telegrams about one thing or another in connection with veterans affairs. During the past few months I have had more complaints about this one regulation than with regard to anything concerning veterans affairs. I think it is a stupid regulation. I have said so before. The minister is smiling now. It is nothing to smile about.

Mr. Lapointe: I withdraw my smile.

Mr. Lennard: For a veteran who is living on a small holding and working in an industrial plant, a small holding of two acres is too much for him to look after properly. Any man who has a half-acre out in a rural district will find that is plenty for him to care for properly. From the point of view of a kitchen garden, it will adequately supply him with all the vegetables he needs for his household. As to this idea that if we hit hard times the two acres will keep him, that is just nonsense; because when we hit hard times you cannot give vegetables away. There will therefore be no revenue derived from any small holding.

I just want to emphasize the fact that the regulation is a great deterrent, in my opinion, to veterans taking advantage of the small holdings section; because in many cases they cannot get a suitable holding of that extent and look after it adequately. I think the department knows that. I think the parliamentary assistant to the minister knows it, judging by his expression at the moment; and the officials have known it for some time. It was a regulation that was adopted some time ago, and I think that the former deputy minister more or less realized that it was a stupid regulation. I do not know why the department still continues to keep it in force.

Mr. Herridge: Mr. Chairman, I should like to make a suggestion and also a vigorous complaint under this heading of Veterans Land Act administration. We all realize that settlement under the Veterans Land Act has been of great benefit to large numbers of veterans in Canada, and it has been of benefit to a considerable number in my constituency, particularly under the small holdings section. But I want to bring to the minister's attention the fact that while the $6,000 loan was generally satisfactory when the act was adopted, it is now insufficient owing to the rising cost of living or the decreasing value of the dollar, whichever you might call it, for the settlement of veterans in small holdings in some cases and definitely so in connection with small farms or full-scale farming.

I have had a good number of complaints from veterans in my constituency and veterans in surrounding constituencies. I happen to have here a resolution that was adopted by the veteran settlers of Lakeview Heights Veterans Land Act project in the Okanagan valley, and I just want to read one paragraph of it because in that one paragraph I think they make a good case. I might say that the whole presentation on the part of these veterans is carefully prepared and is

substantiated with facts. In this brief they say this, and I shall simply read one paragraph:

> The problem of the veteran settler has been progressively increased by the shrinking value of the country's medium of exchange. The present cost of construction, according to figures appearing in the 1950 report of the society of residential appraisers, as at 15 October, 1950, is 65·5 per cent higher than in 1946, and 135 per cent higher than in 1939. Reference to V.L.A. figures published in the Vancouver *Province* January 18, 1951, shows that in the lower mainland of B.C. there has been a total of 535 homes built under the V.L.A. in the five years, 1946-1950. These have been built at an average cost of $7,009 . . . Building costs are continuing to rise. The cost of building in 1946, according to the 1950 report of the society of residential appraisers, was $6·32 per square foot; in 1950 it was $8.75; and quotations from local contractors are now in excess of $9 per square foot.

That is a situation which is growing worse from year to year. I think the present $6,000 loan is insufficient. I would urge the minister to give consideration to the serious situation existing with regard to small-holdings developments, owing to the lack with regard to the amount of the basic loan.

In addition to that, I just want to have a word or two to say about the Veterans Land Act administration as it applies to my constituency. I usually have happy relations with all the officials of the Department of Veterans Affairs; and, like the minister, I was somewhat indignant when I heard the hon. member for Temiscouata speak this afternoon. I might say, Mr. Chairman, that I do not make a complaint or support a complaint unless I think it is founded on sound grounds. In Kootenay West for some years there was a regional office established in Nelson which served the east and west Kootenay district. It was under Mr. Dodding who died two or three years ago. He did good work indeed. He had a good knowlege of the district, was well liked by the veterans, and made every possible effort to settle men on farms in the area and on small holdings. The veterans of the district are extremely sorry that he suddenly passed away. Since Mr. Dodding's decease the Veterans Land Act administration have seen fit to remove the administration from Nelson and put it under the supervision of the supervisor in Kelowna. Mind you, Kelowna is in a different type of country, and they are dealing with problems not of the same nature as we have them in the Kootenays.

Owing to the economy drive which the government initiated last fall I understand that the Department of Veterans Affairs, like other departments, have been asked to reduce staff. In Kootenay West we had three field men covering the whole area—all of them good men. Finally the superintendent, on the recommendation of the supervisor at Kelowna—I do not think, Mr. Chairman, it was entirely without bias—dismissed Mr. Green, the senior veteran in the government's employ, with six years in the department and nearly thirty years' residence on the north shore of Willow Point, and a man who had given excellent service to the veterans of the district. So indignant were the veterans of Kootenay West at his dismissal that every branch of Kootenay West has written me about it, and some 50 other veterans. Here was a man who was giving excellent service. He was a veteran of two wars, and he was resident in the district and a farmer and had six years' service with the department itself.

I want to point this out to the minister. On occasion after occasion decisions made by Mr. Green in his office in each of the Kootenays were vetoed by someone higher up and then later, on re-investigation, were O.K.'d. I remember last year Mr. Baldwin, who was for a term acting district superintendent of Vancouver, came into the district because of complaints from veterans, men who wanted to buy a small holding on the north shore near Willow Point, an excellent buy, a five-room modern house, four acres of ground, water piped in all directions, fertile land, for $4,000 cash. The regional office in Kelowna turned the offer down. Mr. Baldwin, the acting superintendent at that time, came into the district and looked at the house for only a few minutes, and wrote to me to say that any veteran who wished to purchase the place could do so because the department considered it a satisfactory buy. But the veteran who was interested in the place had been waiting for four months, and by that time he had left the district in order to find other suitable accommodation.

I suggest that the minister give some consideration to this, because I believe it is a justifiable complaint. We have a great opportunity for small holdings in our district, particularly for the men working in the plants of the Consolidated Mining and Smelting Company.

As a result of the dismissal of this senior official we have two men left, excellent men, Mr. Mackie doing the east Kootenay area and Mr. Cooper the west Kootenay area. Both of these men are doing the best they can. Both are overworked because of the distance. These two men have to serve a population of 70,000 people; that is to say, the veterans in a population of 70,000 people. They are serving a country of 20,000 square miles in area, and they are working in a district that produces the greatest wealth per capita of any district in Canada, according to the publication "Business Week".

I am making a plea for a little more activity on the part of the Veterans Land Act administration so far as the Kootenays are concerned. There are hundreds of men in my district who would welcome a small holding if they could obtain one. One of the big handicaps has been this two acres or nothing business. It is difficult in our district to get two acres of cultivable land close to Nelson. Surely half an acre is sufficient for any man working in an industrial plant where he is making his wages and is using his small holding as a place to grow some vegetables, keep a few chickens, a pig and so on. I ask the minister and his department to give consideration to that. I do urge that the minister and the officials of the Veterans Land Act administration review the situation. I am not blaming altogether those in charge at Kelowna. They have very serious problems to attend to. They have some difficult conditions, and they have to motor over from Kelowna some hundreds of miles into our valley to service applicants, and so on.

Under the present arrangements the Nelson office is open for four hours every week on Saturday afternoon, I think, for veterans who wish to make application for small holdings or full-time farming or for veterans who wish to make their payments. Imagine a man driving from Edgewood to Nakusp to Nelson, a distance of 165 miles, to see a person who is in an office that is open for four hours. If he has a flat tire he misses his appointment. That is not good enough service for such a great wealth-producing area as that.

I may say that when I return home I speak to a lot of organizations, such as boards of trade, Rotary clubs, Kiwanis clubs, veterans and labour organizations and so on. I am going to do all I can to mobilize public opinion in Kootenay West to see that we get a better deal so far as veterans settlement is concerned.

Before concluding I want to draw to the minister's attention the fact that I have a report here addressed to the minister from Mr. Baldwin at the time that he was acting superintendent—at least, I have a copy of the report. He deals with construction in the Kootenays. For this whole area he says:

> Construction supervisor Nield has supervised construction of seven new houses in both Kootenays during 1950. In 1949 the total was also seven.

When the regulations were changed from half an acre to a minimum of two acres to the value of $500 I have personal knowledge of 245 applications that could not be processed because of the change in those regulations. If the regulations were changed there are dozens and dozens of men who would wish to settle under the small-holdings sections. We have some excellent small holdings settlements there, but there is a great demand from others who have not had the opportunity up to date. As far as the interior of British Columbia is concerned, I would urge the minister's department to give it very serious consideration. I do ask the minister personally to look into what I consider—not only myself personally, but all the veterans organizations of Kootenay West and a large number of responsible citizens—the gross injustice that was done a veteran of two wars who had served the country and the veterans of the district so well.

Mr. Green: I should like to endorse the request which has been made by the hon. member for Kootenay West that there be a regional office opened in the city of Nelson or that some better arrangement be made for looking after the veterans in the Kootenay district. It so happens that I was born in the Kootenay district and I know the country well. Everything that he has said is absolutely correct. It is quite inefficient to try to supervise that district from the Okanagan district which is several hundred miles away across two mountain ranges. To get from Kelowna to Nelson you have to cross those ranges. The hon. member for Kootenay West has made a very reasonable presentation of this situation and I would ask that the minister have the whole question investigated.

Mr. Lapointe: I will be very glad to take the matter up with the director.

Mr. Hodgson: In saying a few words on small holdings I should like to follow up what the hon. member for Wentworth said. In my riding many more veterans would have built houses provided they could have built within the town limit and on smaller holdings. To buy two acres adjacent to a town or village costs as much as a smaller holding would, or a quarter or half acre would cost him within the town. Therefore many veterans have not built their own houses. They are still renting houses or looking to the government to help them.

I think the greatest asset in the country is to have people who own their own homes. When a man owns his own home he feels he has a stake in the country that he has not in any other way. Every dollar he spends on that house is his. If he spends it on a rented house or in the house that he happens to occupy he looks upon it as a lost dollar. I think it is a big mistake to try to hold veterans down to try to build a house on two acres. I know some veterans

in my riding who have built on two acres of land. They have had to go out of the town half a mile or a mile, and pay more money for their two acres than a nice little lot in town, perhaps a quarter or half acre, would have cost. Everyone who knows anything about land knows that a quarter of an acre, with a proper home built on it, with a good lawn and garden, requires plenty of care. I doubt whether the minister or the parliamentary assistant or many of the officials in the department know what two acres of land is. If one gave them a few sticks and a hammer and told them to go out into a ten-acre or twenty-acre field and stake out two acres they would not be within 25 per cent of being correct.

Mr. Mutch: I will take that bet.

Mr. Hodgson: I will take that for as much as you like, because I have seen some of them who did not know what it was all about.

Mr. Mutch: Maybe they were not born on a farm; I was.

Mr. Hodgson: That is the situation. Anyone who knows about hoeing or looking after a garden knows that a veteran cannot work in a plant or in a town and drive a mile or two miles in and out, and also look after two acres of land. Therefore most veterans' homes that are built on two acres of land, instead of being surrounded by vegetables, are surrounded by weeds, which is detrimental to the farmers who are living alongside. I suggest that the parliamentary assistant might give us his opinion in the matter, and maybe we can get him to bend a little.

Mr. Mutch: This brings up once again the question which has run through this legislation from the beginning. Small holdings were designed to be ancillary to the Veterans Land Act, and as such when you get below the prescribed area you are getting into what is in effect urban housing, rather than land settlement.

The decision that may have to be taken some day—certainly it has been reviewed over and over again in the light of representations which come from smaller industrial cities particularly, and some of the cities in those areas which are heavily industrialized—is whether or not the department is going into the business of urban housing. That is what it amounts to, when you reduce it below the given amount.

Until now the decision has always been that the justification for small holdings was the relationship to land settlement. In those areas, the inception of the idea was to get certain groups of veterans away from congested areas in cities into larger areas where they could get homes comparable to those available in cities but at very much lower prices, and at the same time to give them a backlog of security through the productivity of their land.

Owing to the fact that the scheme came into being at a time when everybody everywhere was gravely concerned with the question of housing itself, this question has cut across all decisions. Back in September, I believe it was, of 1946, when the government began, under Central Mortgage and Housing Corporation, to build rental housing restricted to veterans in various urban areas throughout the country, the decision was taken that to make the differential more clearly defined between them, those having small holdings would have to move out to larger areas, and get larger areas of land.

Up to the present time there has been no change. The department is continuing to settle on uncompleted projects veterans on half-acre holdings, and veterans with 50 per cent pensionable disability or more are still eligible for half-acre settlement. But there is no proposed change at the present time. I think this question which keeps coming up from time to time may ultimately have to be settled along the lines I have indicated.

Mr. Wright: How many are still under the British family scheme who are continuing to make payments, and what is the amount of the indebtedness still owing under that scheme?

Mr. Lapointe: As at March 31, 1951, there remained 463 active accounts for British families.

Mr. Wright: How much was owing on those?

Mr. Lapointe: As of March 31, 1951, it was $601,195.36.

Item agreed to.

560. To provide for the reduction of indebtedness to the director of soldier settlement of a settler under the Soldier Settlement Act, in respect of a property in his possession, the title of which is held by the director, by an amount which will reduce his indebtedness to an amount in keeping with the productive capacity of the property and his ability to repay his indebtedness to the director, under regulations approved by the governor in council, $150,000.

Mr. Fair: This item of $150,000 in the estimates is to help old soldier settlers to pay off debts. Would the minister tell us what the amount of their indebtedness is at present, and how many settlers are still holding contracts?

Mr. Lapointe: There are 1,173 active accounts as at March 31.

Mr. Fair: And the total indebtedness?

Mr. Lapointe: It is $1,190,185.

Mr. Fair: This does not seem to be reducing very fast. I wonder if the minister and his department would consider bringing in an item to wipe it out altogether. It amounts to about $1,000 for each person involved. Perhaps that could be wiped out when the estimates are before us next year.

As the minister knows, this has been hanging fire for thirty-two years. Many of those veterans are over eighty years of age, and the average age is about sixty. Many of them are not able to work. I make one more plea on this occasion to have the minister bring in an item in the next estimates to take care of the whole amount, and clean off this injustice.

Mr. Lapointe: I am well aware of the hon. member's views in the matter. I know that for some time the hon. member has advocated just what he has raised tonight. As he suggests, there is a considerable reduction but the fact is that 320 accounts were closed out this year. The number of active soldier settler accounts as of April 1, 1950, was 1,493 and that has been reduced to 1,173. Through the use of this fund we are gradually wiping out the accounts, and the committee should also take into consideration the fact that various other factors apply such as the age of the settler, the productivity of the land and so on.

Mr. Fair: Was all the $150,000 voted last year used up?

Mr. Lapointe: Not all. There remains of last year's vote exactly 48 cents, which will be spent this year.

Item agreed to.

Terminable services—

563. Post discharge rehabilitation benefits, including the training of merchant seamen and salt water fishermen pensioners, $6,412,500.

Mr. Green: Can the minister outline the present situation with regard to university and vocational training including that offered to merchant seamen?

Mr. Lapointe: Does my hon. friend want to have the number of active trainees?

Mr. Green: I notice that university training is being reduced from $9,690,000 to $4,075,000, which I suppose is due to the fact that a large number of veterans have graduated. The vocational training vote is reduced from $1,400,000 to $525,000, while the awaiting returns allowances are reduced from $900,000 to $700,000. Just what is the picture?

Mr. Lapointe: The estimated number of veterans who will be receiving training under this item as of September, 1951, the beginning of the school year, is 2,600 taking undergraduate university training, 1,200 taking post-graduate university training; and 475 taking vocational training. The number has been decreasing gradually, which accounts for the reduced vote.

Mr. Green: How many merchant seamen are getting vocational training now?

Mr. Lapointe: I have not a division as between former servicemen and former merchant seamen. I could obtain it and give it to my hon. friend.

Mr. Green: Has there been any change in the policy of the government with regard to vocational training for men of the merchant navy? Hitherto it has been restricted to those who had signed a manning pool agreement and there was also an age limit.

Mr. Lapointe: The age limit has been raised, but the other restriction mentioned still remains.

Mr. Green: Would the minister consider reviewing these regulations? I believe they have been too severe with the result that only a small number of men have been able to qualify. A return was tabled on April 14, 1951, showing that of 1,141 applications by merchant seamen for vocational training only 699 were accepted and 442 were refused. In addition there would be quite a number of men who would not bother to apply because of the stringent regulations. I have always felt that the Department of Veterans Affairs was willing to go much further in this regard than the Department of Transport. I do hope it will be possible to review these regulations and as a result make it possible for a larger number of these men to have vocational training.

Mr. Lapointe: I shall be glad to review this matter, but I would point out to my hon. friend that in connection with that type of training we look after the training end, but the qualifications end is the responsibility of the Department of Transport.

Item agreed to.

Pensions and other benefits—

650. To provide financial assistance after the thirty-first of May, 1951, in accordance with regulations to be made by the governor in council, to unemployable veterans who are in receipt of pension under the Pension Act for a disability which is a major factor contributing to their unemployability, $2,000,000.

Mr. Lapointe: In order to comply with the recommendations of the select committee on veterans affairs with regard to this item

I would move to withdraw the item from the committee. I shall reintroduce it later when we go into supply with the amendments recommended by the committee.

Item withdrawn.

Mr. Fournier (Hull): I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

VETERANS BENEFIT ACT

PROVISION FOR EXTENSION OF BENEFITS TO MEMBERS OF SPECIAL FORCE AND OTHERS

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. 287, respecting benefits to members of the Canadian forces.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

PENSION ACT

AMENDMENTS RESPECTING CHILDREN OF PENSIONED WIDOWS, BURIAL GRANTS, ETC.

The house in committee on Bill No. 288, to amend the Pension Act and change the title thereof—Mr. Lapointe—Mr. Beaudoin in the chair.

On section 1—*Title changed.*

Mr. Green: Mr. Chairman, in reporting this bill back to the house the special committee on veterans affairs made two recommendations which are as follows:

Your committee recommends that the government consider the advisability of introducing amendments to clauses 7, 9, 11 and 18 of the said Bill No. 288, to advance the date line of May 1, 1950, wherever it appears in these clauses, to May 1, 1951.

Mr. Mutch: I have the amendments here.

Mr. Green: There is a further recommendation reading:

Your committee also recommends that the government give consideration to further amending the said Bill No. 288 by the addition of a clause amending subsection 4 of section 29 of the Pension Act by the deletion of the words "or two" in the third line thereof.

Can the minister or the parliamentary assistant tell us whether these recommendations have been accepted by the government?

Mr. Mutch: I have them here.

Mr. Lapointe: The recommendations have been accepted, and I am going to ask one of my colleagues to move the amendments when the clauses are called.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

[Mr. Lapointe.]

Mr. Mutch: There is a clause to be inserted between sections 6 and 7.

Mr. Fournier (Hull): I move:

That the following clause be inserted between clauses 6 and 7:

"Subsection 4 of section 29 of the said act as enacted by section 19 of chapter 62 of the statutes of 1946 is repealed and the following substituted therefor:

'(4) Notwithstanding the provisions of subsections 1 and 2 of this section, any addition to pension granted under subsection 1 of section 26 of this act to a member of the forces who is blind shall be paid during the time he is an in-patient under treatment or care from the department.

Amendment agreed to.

On section 7—*Pension in discretion of commission in certain cases.*

Mr. Mutch: There is an amendment to this clause. Following the recommendation of the committee it is proposed to advance the date line from May 1, 1950, to May 1, 1951. That is in line 17 on page 4 of the bill.

Mr. Fournier (Hull): I move:

That the words "the first day of May, 1951", be substituted for the words "the first day of May, 1950" in line 6 of clause 7.

Mr. Mutch: It is the sixth line of the clause and the seventeenth line of the page.

Amendment agreed to.

Section as amended agreed to.

Section 8 agreed to.

On section 9—*Proviso.*

Mr. Mutch: There is a similar amendment to section 9.

Mr. Fournier (Hull): I move:

That the words "the first day of May, 1951", be substituted for the words "the first day of May, 1950" where they appear in line 22 on page 5.

Mr. Green: There is also a date in the eighth line on the same page. Is that not being changed as well?

The Deputy Chairman: As a matter of fact, may I point out that the amendment reads "where they appear in lines 8 and 24".

Mr. Green: You did not mention line 8.

The Deputy Chairman: That is quite so. I was handed by inadvertence the amendment to a different clause.

Mr. Green: It does appear twice.

Amendment agreed to.

Section as amended agreed to.

Section 10 agreed to.

On section 11—*Proviso.*

Mr. Mutch: We have the date line here again as in clauses 7 and 9. The change

has to be made from May 1, 1950, to May 1, 1951, in lines 10 and 21 on page 6.

Mr. Fournier (Hull): I move:

That the words "the first day of May, 1951", be substituted for the words "the first day of May, 1950" where they appear in lines 10 and 21 of clause 11.

Mr. Green: The date appears in three places in that section.

Mr. Mutch: Lines 10, 20 and 21.

The Deputy Chairman: Would it be possible to substitute the words "wherever they appear in clause 11"?

Mr. Mutch: That is correct; change the words "the first day of May, 1950" to "the first day of May, 1951" wherever they appear in clause 11.

Amendment agreed to.

Section as amended agreed to.

Sections 12 to 17 inclusive agreed to.

On section 18—*When certain pensions not payable in respect of children.*

Mr. Mutch: There is the same amendment as made in clauses 7, 8 and 11, to change "the first day of May, 1950", in line 19 on page 8 to "the first day of May, 1951".

Mr. Fournier (Hull): I move:

That the words "the first day of May, 1951" be substituted for the words "the first day of May, 1950" in lines 8 and 9 of clause 18.

Amendment agreed to.

Section as amended agreed to.

Section 19 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

VETERANS AFFAIRS

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—EXTENSION OF APPLICATION, ETC.

Hon. Hugues Lapointe (for the Minister of Finance) moved that the house go into committee to consider Bill No. 286, to amend the Veterans Business and Professional Loans Act.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

VETERANS INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNTS PAYABLE AT DEATH, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. 352, to amend the Veterans Insurance Act.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

RETURNED SOLDIERS INSURANCE ACT

PROVISIONS WITH RESPECT TO BENEFICIARY RESTRICTIONS, APPORTIONMENT OF INSURANCE, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. 389, to amend the Returned Soldiers Insurance Act.

Motion agreed to, bill considered in committee, reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Marketing service—

34. Dairy products, $716,839.

Mr. Charlton: Could the minister give us some information as to the present production of butter and cheese as compared with last year?

Mr. Gardiner: During the last few weeks butter production has been up slightly week by week as compared with a year ago, but the production of butter for the period from the beginning of the year to the present time is down. The departmental officials estimate that if production continues as it has gone for the last few weeks it will be probably a little higher than the production a year ago.

Mr. Charlton: How about cheese?

Mr. Gardiner: Cheese production has been running along somewhat lower than what it was a year ago, but the production was not high either last year or this.

Item agreed to.

Marketing service—

37. Livestock and livestock products, $1,283,653.

Mr. Charlton: What is the chance of getting a contract with or selling some bacon to Great Britain this year?

Mr. Gardiner: We have an understanding with Britain that if there is any bacon available at the price offered, it will be purchased for them. But at the present time there is no indication that there will be any bacon available. The price is about ten cents higher than the British price offered would permit of our paying.

Mr. Charlton: The government subsidy brings the amount up quite considerably. Has the British price not been raised since?

Mr. Gardiner: Not to our knowledge. No offers have been made of any higher price; not to my knowledge. It is just possible that if we had any to sell and if we were to attempt to sell it to the British, we might be able to get a higher price than they offered some time ago. But we are consuming the pork as fast as it is being produced and put on the market.

Mr. Charlton: How much pork has been exported to the United States?

Mr. Gardiner: Very little. It is a negligible quantity. It is only an amount which goes across for certain purposes. We get just about as much back for other purposes. On balance, we might say that there is nothing at all passed over to the United States.

Mr. Blackmore: Will the minister tell the committee why it is that we are not producing any more pork than we are producing? Surely in a country like Canada we should be able to produce pork for export. What would be the reason why we are not producing as much as we were producing in 1944?

Mr. Gardiner: The producers in Ontario, for example, are producing as much as they ever produced. They are producing as much in Quebec, generally speaking, as they ever did. The place where the pork is not being produced is largely in the prairie provinces, Saskatchewan and Alberta. Manitoba is down as well. The only time when we were producing any considerable amount more than we are producing now was during the wartime, in the middle of the war. At that time we were not able to sell our grain. We wanted cash, so we fed even wheat to hogs to get cash. For example, in Saskatchewan, where there has been as big a drop as anywhere, we were producing about four times as many hogs in the middle of the war as we are producing now. The only reason for that is the fact that we prefer to produce grain on the prairies and to sell it rather than to feed it, if we can sell the grain. We are selling all the grain at the present time. There is no difficulty, as there was during the war, to find a market for the grain. It is being sold; and we are selling it rather than feeding it. That is a choice we make out there under these circumstances. I do not know that there is much that could be done about it.

Mr. Blackmore: Are we selling the frozen wheat to greater advantage than we could sell it through hogs?

Mr. Gardiner: I do not think so. On my own farm I am feeding frozen wheat; but many of my neighbours are not doing so. In western Canada we seem to prefer to sell feed rather than to feed hogs under these circumstances; and that is what we are doing. I am not arguing whether it is right or wrong. The farmer himself makes that choice. Some farmers go on feeding hogs and others do not.

Mr. Blackmore: Is there any possibility that the prices for hogs are not sufficiently high or that there is not sufficient stability in the price?

Mr. Gardiner: There is. I do not think there is any question about that. Hogs have been selling at a much higher price than anyone ever anticipated. If you start to figure what you could make by feeding wheat to hogs, you will find that you can get considerably more by feeding it to hogs. But our people prefer to sell the wheat at the present time. They make a fairly good return out of it and they are selling it.

Mr. Harkness: A few minutes ago the minister mentioned this frozen wheat or low grade wheat. Is the situation not that the price of the wheat has been higher, relatively, than the price of barley, with the result that anybody in the hog business would much prefer to buy barley—and did so—and feed it to hogs than to buy wheat?

Mr. Gardiner: That is true. As long as there is barley available, the farmer prefers to feed barley. But there is not a sufficient volume of barley to take care of all the requirements and they feed wheat.

Mr. Harkness: I think that is probably going to be one of the difficulties in getting rid of this wheat. The food value per pound in relation to the price you have to pay for it is not as great as the food value per pound of barley for which you pay a lower price. It would seem to me that if we are going to get rid of this low grade wheat through feeding it to hogs it is probably going to be necessary that the price of it be brought down so that it will be more comparable with the price of barley.

Mr. Gardiner: The difficulty of that is that the low grade wheat is selling higher proportionately than the high grade wheat at the present time. The present indications are that a higher final payment will be made on some of the lower grades than will be made on the higher grades. There is quite a demand for feed, and that is one of the reasons why they sell it.

Mr. Harkness: I should like to ask the minister this question. Is it not the situation that we have a large amount of this low-grade wheat in elevators and that, as a matter of fact, it is to a considerable extent

clogging what you might call our wheat handling facilities at the present time?

The Chairman: Shall the item carry?

Mr. Harkness: No. I wonder if the minister would just answer that question?

Mr. Gardiner: Of course the hon. member is rather outside my department; but nevertheless it is the old question. The bidding for the low grade wheat is high and I do not know how you are going to get the price down while other people are bidding the price up. They are offering more for the wheat in order to get it.

Mr. Quelch: Who wants to get the price down?

Mr. Harkness: The minister has not answered my question at all. Is it not the situation that our handling facilities—our elevators and so on—are actually to quite an extent clogged with this wheat because people have not bought it at the prices it is being sold at?

Mr. Gardiner: My understanding is that there is a considerable amount of wheat in elevators largely because they have not been able to get cars to ship it out. We have had members of the house getting up here from time to time bringing that fact to the attention of the government. But it can be sold if it can be shipped.

Mr. Harkness: I hope the minister is right.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will proceed with the second reading of three bills: Bill No. 395, to provide for old age assistance; Bill No. 396, to provide for allowances for blind persons; and Bill No. 397, to amend the Federal District Commission Act, 1927. Then we will go into supply and consider the estimates of the Department of Agriculture, the Department of Public Works, the Department of Resources and Development and the Department of the Secretary of State.

Mr. Low: May I ask the house leader if it is the intention to sit beyond six o'clock tomorrow?

Mr. Fournier (Hull): Yes; until eleven o'clock.

Mr. Knowles: Does the Minister of Labour agree to that unfair labour practice?

Mr. Graydon: May I ask the minister if that agenda will be taken up in the order indicated?

Mr. Fournier (Hull): Yes.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF VETERANS AFFAIRS

535. Departmental administration, $2,208,070.

District services—

536. Administration, $2,672,171.

537. Veterans' welfare services, $3,288,364.

Treatment services—

538. Operation of hospitals and administration, $36,249,295.

539. Medical research and education, $375,000.

540. Hospital construction, improvements, new equipment and acquisition of land, $4,217,900.

Prosthetic services—

541. Supply, manufacture and administration, $1,018,130.

Canadian pension commission—

542. Administration expenses, including salaries for the chairman of the Canadian pension commission at $2,000 per annum and the deputy chairman and each of the other commissioners, including ad hoc commissioners, at $1,000 per annum additional to the salaries provided under chap. 157, R.S., 1927, as amended, $2,144,434.

543. Veterans bureau, $490,177.

544. War Veterans' Allowance Board—administration, $187,268.

545. Veterans' insurance, $88,367.

Pensions and other benefits—

546. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C 45/8848 of 22nd November, 1944, which shall be subject to the Pension Act, $97,105,000.

547. Newfoundland special awards, $30,000.

548. War veterans allowances, $26,585,000.

549. Assistance fund (war veterans allowances), $850,000.

550. Unemployment assistance, $50,000.

551. Hospital and other allowances, $3,100,000.

552. Gallantry awards—world war II, $18,000.

Miscellaneous payments—

553. Employers liability compensation, $180,000.

554. Last Post fund, $135,000.

555. Grant to Canadian legion, $9,000.

Soldier Settlement and Veterans Land Act—

556. To provide for the cost of administration of Veterans Land Act; soldier settlement and British family settlement, $4,606,624.

557. To provide for the upkeep of property, Veterans Land Act, including engineering and other investigational planning expenses that do not add tangible value to real property; taxes, insurance and maintenance of public utilities, $80,000.

558. To provide for the payment of grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 35 of the Veterans Land Act, 1942, as amended, and payment of grants to veterans settled on dominion lands, in accordance with an

agreement with the Minister of Resources and Development under section 35 of the Veterans Land Act, 1942, as amended, $1,100,000.

559. To provide for the payment of grants to Indian veterans settled on Indian reserve lands under section 35A of the Veterans Land Act, 1942, as amended, $300,000.

560. To provide for the reduction of indebtedness to the director of soldier settlement of a settler under the Soldier Settlement Act, in respect of a property in his possession, the title of which is held by the director, by an amount which will reduce his indebtedness to an amount in keeping with the productive capacity of the property and his ability to repay his indebtedness to the director, under regulations approved by the governor in council, $150,000.

561. To authorize and provide, subject to the approval of the governor in council, for necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans Land Act to correct defects for which neither the veteran nor the contractor can be held financially responsible and for such other work on other properties as may be required to protect the interest of the director therein, $15,000.

562. To authorize and provide, subject to the approval of the governor in council in each case, for the completion of necessary remedial work to houses and services constructed under the 1945 building program, $34,400.

Terminable services—

563. Post discharge rehabilitation benefits, including the training of merchant seamen and salt water fishermen pensioners, $6,412,500.

Soldier Settlement and Veterans Land Act—

570. To provide for protection of security—soldier settlement, and refunds of surplus to veterans, $25,000.

571. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment, refund of surplus to veterans (section 19); and for protection of security under the Veterans Land Act, $23,685,000.

DEPARTMENT OF AGRICULTURE

33. Agricultural economics, $510,433.

34. Dairy products, $716,839.

35. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates, $535,707.

36. Fruit, vegetables and maple products, and honey, including grant of $5,000 to the Canadian Horticultural Council, $1,082,525.

37. Livestock and livestock products, $1,283,653.

HOUSE OF COMMONS

Saturday, June 23, 1951

The house met at eleven o'clock.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 398, respecting the Trust and Loan Company of Canada.—Mr. Bennett.

CANADIAN NATIONAL RAILWAYS

ACQUISITION OF THE RAILWAY OF QUEBEC RAILWAY, LIGHT AND POWER COMPANY

Hon. Alphonse Fournier (for the Minister of Transport) moved the first reading of Bill No. 399 (from the Senate), respecting Canadian National Railways and to authorize the acquisition of the railway of the Quebec Railway, Light and Power Company.

Motion agreed to and bill read the first time.

SUPREME COURT ACT

AMENDMENTS WITH RESPECT TO APPEALS IN FORMA PAUPERIS

Hon. Stuart S. Garson (Minister of Justice) moved the first reading of Bill No. 400 (from the Senate), to amend the Supreme Court Act.

Motions agreed to and bill read the first time.

QUESTIONS

POST OFFICE BUILDINGS, MONTREAL—STEEL USED IN CONSTRUCTION

Mr. Hodgson:

1. What quantity of steel, in tons, has been used to date in the construction of (a) postal station B, Montreal; (b) postal terminal, Montreal?
2. What is the cost in Canadian dollars of the steel so used in each case?

Mr. Fournier (Hull):

1. (a) 853 tons; (b) 2,000 tons.
2. (a) $249,515; (b) $502,000.

WHEAT PRICES—FLOUR FOR CONSUMPTION IN CANADA

Mr. Fair:

Has the government given consideration to increasing the price of wheat sold to millers for making flour for consumption in Canada to the level received for class II wheat, during the 1950-51 crop year?

Mr. Howe: Perhaps I can answer this question orally. The government has given consideration to the price of wheat sold to Canadian millers, and has decided to make no change.

[*Later:*]

On the orders of the day:

Mr. Robert Fair (Battle River): Mr. Speaker, with reference to the answer given to the second question on today's order paper, may I ask the Minister of Trade and Commerce what compensation the wheat growers of the prairie provinces are receiving in exchange for subsidizing Canadian consumers?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the wheat growers of the west are not subsidizing Canadian consumers. The Canadian consumer is paying the same price that any other man in the world pays for his eating of Canadian wheat.

Mr. Fair: Class II wheat included? I think not.

QUESTION PASSED AS ORDER FOR RETURN

EMPLOYEES UNDER JURISDICTION OF CIVIL SERVICE COMMISSION

Mrs. Fairclough:

How many civil servants are under the jurisdiction of the civil service commission: (a) men (i) temporary; (ii) permanent; (b) women (i) temporary; (ii) permanent?

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to ask the Prime Minister whether the three bills which were introduced this morning and given first reading are the items of legislation to which he referred yesterday in answer to a question of mine as being the only legislation that we may expect in addition to what was on the order paper yesterday.

Right Hon. L. S. St. Laurent (Prime Minister): Yes, these are the three bills. Unless something unforeseen happens, so far as I know there is not likely to be any other legislation introduced.

Inquiries of the Ministry

ECONOMIC CONTROLS

CO-OPERATION BETWEEN CANADA AND UNITED STATES—DISCUSSIONS WITH UNITED STATES OFFICIALS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Defence Production? In view of press reports of discussions between the minister and United States officials concerning economic controls, will the minister make a statement to the house on these discussions before the session concludes?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the talks were purely exploratory. No decisions were arrived at. Our discussions were in preparation for further talks that will take place shortly. There is nothing to report to the house, and there will be nothing to report during the session.

CRIMINAL CASES

QUESTION AS TO LACK OF FUNDS TO APPEAL SENTENCE ON MANSLAUGHTER CHARGE

On the orders of the day:

Mr. J. H. Rooney (St. Paul's): Mr. Speaker, may I address a question to the Minister of Justice, arising out of an account carried in the *Globe and Mail* —

Mr. Speaker: Order.

Mr. Rooney: In the press.

Mr. Speaker: Order.

Mr. Graydon: It is the same thing.

Mr. Rooney: The question is:

Lacks $300 to launch appeal; must serve life for slaying.

Mr. Speaker: Order. I would ask the hon. member to put his question.

Mr. Rooney: All right. Will the minister look into the case as outlined?

An hon. Member: Order.

Mr. Rooney: Will the minister look into this case and have legislation passed so that a horrible thing such as the lack of money—

Mr. Speaker: Order.

Mr. Rooney: —will not deprive any person of the chance of appealing a sentence on a criminal charge?

BELL TELEPHONE COMPANY

ANNOUNCEMENT OF INTENTION TO APPLY FOR INCREASE IN RATES

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to ask a question of the parliamentary assistant to the Minister of Justice. Has he taken note of the announcement made the day before yesterday by an official of the Bell Telephone Company that, as a result of recent increases in taxation, his company will have to seek an early increase in telephone rates? Will he bring this matter to the attention of his genial friend, the Minister of Finance?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I read that item in the press, as has the minister.

HOUSE OF COMMONS

REQUEST FOR SPECIAL CONSIDERATION OF STAFF IN VIEW OF EXTRA HOURS OF SITTING

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that the house is sitting today until eleven o'clock tonight, may I express the hope that consideration is being given to some appropriate compensation for members of the *Hansard* staff—

Some hon. Members: Oh, oh.

Mr. Knowles: —and other employees of the House of Commons, for being required to work these unreasonable hours.

FURTHER SUPPLEMENTARY ESTIMATES 1951-52

A message from His Excellency the Administrator of the Government of Canada transmitting further supplementary estimates for the financial year ending March 31, 1952, was presented by Hon. Douglas Abbott (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

OLD AGE ASSISTANCE ACT

PROVISION FOR AGREEMENTS WITH PROVINCES—PAYMENTS AT AGE 65

Hon. Paul Martin (Minister of National Health and Welfare) moved the second reading of Bill No. 395, to provide for old age assistance.

He said: Mr. Speaker, the bill now under consideration is part of Canada's new program for old age security, climaxing a quarter-century of progress in this field.

The government's twofold plan for old age assistance and universal pensions represents the greatest single advance made in this country in our provisions for senior Canadians. It is a national vote of confidence in Canada's capacity to provide for the security of its older citizens.

Legislation will be introduced in parliament in the fall session, as the Prime Minister (Mr. St. Laurent) has indicated, to provide universal pensions at 70 years. This present old age assistance bill makes provision for those in the 65-69 age group who are in need of aid, as well as for those 70 years and over who cannot qualify for the universal pension. In a separate measure, also to be considered this session, allowances for the blind will be continued with certain relaxations in the ceilings on income.

The full implications of this program may not yet be fully realized. Let me remind the house of its broad outlines when it is fully in effect:

Old age assistance will be provided for an estimated one-third of those in the 65-69 age group, or about 145,000 persons.

Universal pensions of $40 a month will be paid to 715,000 Canadians of 70 and over, including 305,000 who are now receiving old age pensions.

In the first year a total of 860,000 Canadians, starting at age 65 will benefit under this new old age security program, which will cost about $410 million a year.

Since the first Old Age Pensions Act of 1927, our provision for old age security has been revised on several occasions. Twice during the past four years it has been my privilege, as a member of this government, to introduce improved and expanded legislation to provide added security for our aged and blind citizens. As a result of these improvements, which have more than doubled the costs of pensions to the federal and provincial governments in this period: the total number of aged and blind pensioners has increased by nearly 100,000 to 313,371 at March 31, 1951; the basic statutory rate for pensions has been doubled—rising from $20 to $40; the income and residence requirements have been substantially liberalized; the citizenship requirement has been eliminated; the age of eligibility for blind pensioners has been reduced from 40 to 21; many provisions of the regulations have been improved.

In these past four years almost as much has been done to improve old age and blind pensions as in the preceding twenty. In addition, since 1949, pensioners have been paid in every province and territory of Canada.

While substantial progress has been made in recent years there was, however, no question that more could be done to improve our pensions program. But consideration had to be given to matters of constitutional responsibility as well as to matters involving financial limitations.

That is why the federal government asked parliament last year to set up a special joint committee on old age security. Careful consideration was given by this committee to all aspects of the problem, including the burden resting on the provincial governments.

Since its proposals of 1945 to the provinces, the federal government had consistently favoured an old age security program consisting of old age assistance of up to $30 at 65, and universal pensions of $30 at 70.

The parliamentary committee, an all-party group, while recommending a higher basic pension than the 1945 proposals, otherwise confirmed this view in paragraph 51 on page 108 of its report:

> 51. All things considered, therefore, the committee is of the opinion that the most suitable old age security plan for Canada under present circumstances consists of a twofold program as follows:
>
> (a) A universal pay-as-you-go program applicable to all persons 70 years of age and over, based on the contributory principle and administered by the federal government. The benefit should be a flat, uniform amount of $40 a month for all eligible persons, and eligibility should be based solely on age and a suitable residence qualification.
>
> (b) For the age group 65 and over not eligible for the universal benefit, old age assistance at the rate of $40 a month should be available, subject to an eligibility test in some respects similar to that which exists under the present old age assistance program, but modified to take account of the different characteristics of the age group to which this test is to apply, and adjusted in such a way as to recognize to a greater extent than at present the desirability of encouraging recipients to earn supplemental income.

At the federal-provincial conference in December, 1950, the Prime Minister announced that these proposals were generally acceptable to the government. He said that the universal pension would be proceeded with as soon as there was unanimous agreement from the provinces on the constitutional amendment required.

The provinces all indicated their agreement with the federal program outlined, and subsequently approved the amendment enabling the federal government to establish a contributory system of pensions.

In May of this year, substantial agreement was also reached with all the provinces on the provisions to be made for the 65-69 group. This present measure reflects that agreement in every respect, and goes beyond it.

The universal pension will be paid from January of next year. When parliament has enacted the measure now before it, old age assistance will also be paid at the same time, if the provinces then pass similar legislation to take advantage of the federal offer.

Since the provinces will be relieved of the cost of pensions at 70 and over—of which they were paying one-quarter, and the federal government three-quarters of the basic

$40 pension—in sharing equally with the federal government the cost of old age assistance at 65, their costs will be no greater than at present.

The present measure for old age assistance is a natural extension of the 1945 proposals of the federal government; it was part of the twofold recommendation of the joint parliamentary committee; it is an integral part of that ideal old age security program of which I spoke to this house on March 10 of last year, as follows:

> What we wish to do is to develop, within the limits only of the financial capacity of our people and with due regard to our over-all commitments in all fields of social security and other governmental responsibilities, the simplest, most effective and most humane system of old age security that it is possible for us to devise.
>
> We wish to do this not in open disregard of provincial rights or interests or concerns, but in full consultation, agreement and partnership with the provinces.

I am sure that on examination of the bill now before the house, all members will agree that it implements fully the recommendations of the parliamentary committee with respect to the 65 to 69 age group, with the single exception that the residence qualification, instead of being fifteen years, is placed at twenty years, for reasons which I shall outline later when we deal with the matter in committee.

The present measure introduces for the first time the expression "old age assistance", in conformity with the committee's recommendations. The term "pension" will henceforth be reserved for the universal payments to those over 70, thus maintaining a clear distinction between the two types of payments to aged persons.

As the members of this house know, the sharing of costs with the provinces on a fifty-fifty basis, the age of eligibility at 65 and the $40 maximum amount of pension, are all in accordance with the recommendations of the joint parliamentary committee.

These provisions also meet the wishes of the provinces generally, as expressed at our meeting with them on May 23 and 24 last.

In deciding the payments to those between 65 and 69 on a selective basis, the government accepts the view of the parliamentary committee that the universal pension should not be applied to this group. There are several reason for this decision:

1. It would involve an additional expenditure of $152 million in the first year alone.

2. The number in this age group can be expected to increase at a greater rate than the entire population. If universal pensions were paid at 65, the cost by 1971 would amount to $782 million annually.

3. The needs of the two groups are entirely different, since a great number of those between 65 and 69 are still actively engaged in productive employment, while the great majority of those 70 and over are retired.

4. Payment of a universal pension at 65 would tend to encourage premature retirement at a time when a full labour force is needed in the national interest.

5. The people of Canada are not prepared at this time, with other priorities of unmet need, to divert such a substantial proportion of the national income to old age security purposes.

6. Finally, the provinces, who are required to participate in the program for the 65-69 age group on a fifty-fifty basis, feel the need of retaining some form of eligibility test.

The income ceilings in the bill before the house, which conform with the recommendations of the parliamentary committee, are more generous than those in the present Old Age Pensions Act.

The total allowable income, including old age assistance, has been increased as follows:

—for a single person, from $600 to $720;

—for a married couple, from $1,080 to $1,200;

—for a married couple, with one blind spouse, from $1,200 to $1,320.

These adjustments recognize the desirability of encouraging those receiving old age assistance to earn supplemental income.

Here the government has gone beyond the recommendations of the committee in permitting the receipt of additional amounts, not only in earnings but in respect to income from other sources as well.

The question of income ceilings was fully discussed with the provinces at our conference last month. No province indicated a strong desire to set the ceilings any higher than those in the present bill. The majority of the provinces felt that the ceilings in the present Old Age Pensions Act were high enough.

The federal government has decided that in order to give each province the opportunity to decide for itself the limits of its generosity in this respect, the maximum should be set high enough to permit each province to go as far as it feels prepared to go.

While some provinces have indicated that these income ceilings might be too high, others have some doubts as to the advisability of commencing payment at as early an age as 65. Still others wish to set additional conditions of eligibility.

The federal government feels that, within the limits of administrative feasibility, each

province should be given the greatest possible leeway in establishing requirements to meet its particular capacities and needs.

Section 7 of this bill therefore makes it possible for each province, in its agreement with the federal government, to make its own provisions—within the framework of the federal measure—for the following: the maximum amount of assistance; the income ceilings; the minimum age; any special conditions of eligibility.

The federal government, of course—and this I underline—hopes, both for administrative reasons and on grounds of equity, that all provinces will ultimately adopt a uniform pattern in order to take the fullest advantage of the scope of this federal legislation.

In the meantime, it is not the intention of the government to insist on imposing this new program on all provinces on a "take it or leave it" basis. As the Prime Minister pointed out when he discussed this matter at the December conference with the provinces, it will be for each province to decide in the light of its own circumstances whether or not it will accept the offer contained in the federal legislation. None the less, if any province comes to the conclusion that it cannot, for reasons of its own, implement this part of the program in its jurisdiction at the present time, or that it can do so only on a limited and partial basis, this will not affect the federal government's offer as it applies to the other provinces. Nor will it in any way affect the implementation of the universal pension program.

I have dealt with the main features of the new legislation as they relate to the age of eligibility, the amount of assistance, the division of costs, and the income ceilings. Let me now mention a number of special changes which are necessary to note in order to appreciate the comprehensive scope of this bill.

Serious criticism has been made of the provision, which has been in the Old Age Pensions Act since 1927, for recovery from the estates of deceased pensioners. I now wish to announce that the government has decided to eliminate this requirement from this old age assistance measure.

This provision has always given rise to much misunderstanding. The thinking behind it was that if a pensioner left a substantial estate, it should benefit the taxpayer who had provided him with pension rather than someone who had shown little interest in the pensioner during his lifetime.

In actual fact, the total amounts recovered have never been great and have seldom exceeded one-half of one per cent of pensions paid. In some provinces, either because of the more vigorous efforts of provincial pension authorities, or because persons with substantial means found their way on to the pension rolls, the amounts recovered have been greater than in other provinces.

In view of all this, the advisability of keeping this provision in the new bill was carefully weighed. It was decided that circumstances now will be considerably different from those under the old act where pensioners would remain on pension until death.

Under the new act, most persons receiving old age assistance will reach the age of 70 and transfer to the new universal pension, passing beyond the control of the provincial old age assistance authorities. The recovery provision is therefore no longer practical except for those who die between the ages of 65 and 69.

Some provinces, however, may still wish to continue this recovery practice under authority of their own legislation. The federal government cannot prevent this, but it is provided under section 7(d) that if a province does make such recoveries under its own authority, it must refund to the federal treasury half of all recoveries made, and the reason for that of course will be obvious.

Under section 10 of the Old Age Pensions Act, a province cannot be reimbursed by the federal government for any pension covering that portion of the month following the pensioner's death. This provision has always been unsatisfactory. Section 5, subsection 2, of this new legislation permits the province to be reimbursed by the federal government if it pays a full pension for the month during which the recipient dies.

One additional feature of the new bill that I should like to emphasize is that it makes no special exclusion of Indians. In this bill, our native population is treated on a basis of complete equality with all other residents of Canada.

As most hon. members know, the present Old Age Pensions Act excludes from its benefits persons who are defined as Indians under the Indian Act. The federal government has for some years sought to remove this barrier against those who have a claim to being the first citizens of this country. This clause has remained in the act largely because of the wishes of the provinces, but I am now happy to say that, at our recent conference, the provinces generally agreed to our suggestion that Indians be placed on the same footing as others.

I am confident that experience will bear out the equity and justice of extending to our native population the benefits of this new forward step in our social security program.

I have now covered the main provisions of this old age assistance bill. I should add, however, that, unlike the Old Age Pensions Act, this bill makes no provision for the blind. This will be done in separate legislation to be introduced later this day, and to be known as the Blind Persons Act.

I shall reserve for the discussion of that bill any comments I may wish to make on the reasons why we have decided to separate the provisions relating to the blind from the main provisions of the present bill relating to our older citizens.

The house will, for the present, I think, be satisfied to know that the new act will make full provision for the continuation of assistance to our blind citizens, and every safeguard will be employed to ensure that there is no interruption in payments during the transition from one act to another.

There are a number of other significant changes in terminology in the present measure, but I think these can be left to the detailed discussion which will take place in committee.

Section 7 of this bill relates to the form of agreement with the provinces. As hon. members are aware, legislation of this kind requires not only enabling legislation on the part of the provinces, but an agreement signed by the provincial and federal authorities.

Several sections scattered throughout the present Old Age Pensions Act deal with matters to be included in these agreements. From the point of view of orderly drafting, we have brought together all these points in this section 7.

At the time the parliamentary committee studied the costs of providing old age security, it estimated the probable costs of an old age assistance program of the kind set out in this bill. With little exact knowledge as to the nature of the eligibility test which might be included, and with no precise means for determining how many persons in the age group concerned might come under the legislation, the committee estimated the probable cost to be somewhere in the neighbourhood of $64 million yearly. On further consideration, these estimates still seem to be accurate.

On the fifty-fifty basis proposed in this legislation, and using these estimates, this would mean an annual expenditure of $32 million by the ten provinces and an equal expenditure by the federal government.

We know that the number of persons between the ages of 65 and 69 is substantially lower than the number of those 70 and over, and that more of the younger group are actively employed and self-supporting. We therefore expect that the numbers qualifying for old age assistance will not exceed one-third of the total number of persons in Canada between the ages of 65 and 69.

If this estimate proves to be correct, it will mean that approximately 145,000 persons will receive old age assistance during the first year of operation of the new act. Since some provinces may decide on a higher minimum age, lower income ceilings or special conditions of eligibility, the actual numbers may not reach this estimate, although we hope, as I said earlier, that a uniform practice will be adopted throughout the country.

The federal share of the cost of the program will come from the consolidated revenue fund and not from the fund to be created for the financing of universal pensions, which will have from the start a contributory feature.

The provincial share will not represent an additional expenditure but simply a transfer out of the savings to the provinces when the federal government in January next relieves them of the cost of the provincial share of pensions payments now being made by them to those in the 70 and over group. In no case do we expect the provincial share to be greater than the cost they would incur next year if the Old Age Pensions Act were continued in its present form. In most cases provincial expenditures should be somewhat less than the savings which will result from federal assumption of pension payments to those persons 70 years of age and over.

In my opening remarks, Mr. Speaker, I spoke of this old age assistance measure as one part of Canada's new program for old age security. The all-party parliamentary committee, in adopting this program, gave unanimous support to it, which was a remarkable tribute both to the soundness of the government's plan and to the impartiality of the members of the committee in this vital field of human welfare. I now want to say to the chairman and every member of that committee, representing every political party in this house, that parliament and the country will be grateful for the serious-minded purpose and industry it displayed, and the objective approach it demonstrated in dealing with this difficult program.

As I have already noted, the program recommended by the committee, and now being enacted by the government, is substantially the same as that first proposed to the provinces in 1945.

When the measure is taken by later generations of recent progress in Canada, it will be seen even more clearly than now that this

generation of Canadians has developed an enlarged concept of social justice and a recognition of the fact that in our parliamentary democratic society the highest responsibility of government is to promote the well-being of its people.

The history of this quarter-century from 1926 to 1951, beginning with the abortive effort to pass our first old age pensions act and coming to fruition in this year's vast and comprehensive old age security program, is the story of our awakening as a nation to a new understanding of what can be done, through government, for our older citizens and their security.

This concern for our senior citizens is the touchstone to the true quality of our way of life. It is one of the proofs of our claim to a civilization inspired by the immutable principles on which our society has been founded. It is one of the best signs of the strength of the democracy we cherish.

What we are doing today to provide assistance for Canadian men and women at 65, and what we will do before this year is out to complete our pattern for old age security, will bring Canada in this field into the forefront of the nations of the world. Canada's old age security program is a symbol of our determination to work for the well-being of all our citizens. This humanitarian action, like every measure for social progress, helps to counter communism and all other alien and heartless systems in which the individual, young or old, is the last and not the first concern of government.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I have no doubt the house will give unanimous support to the motion for second reading of this bill.

It may be one of the curious anomalies of debate in this house that the importance of a measure is not always indicated by the length of time spent in discussing it. It seems to me this bill is so clear and simple and limited in its terms that it need not give rise to a lengthy debate. For my part I think I can put my views on the principle of the bill into a relatively brief compass.

The bill, as compared with the statements which preceded it and the limited information given the house by the minister two days ago at the resolution stage, contains no particular surprises. When one expresses gratification that this bill has been introduced and has reached the present stage, one should not be taken as indicating complete satisfaction with the bill, or as entertaining the view that this is the answer to all hopes and the last word in legislation of this kind. The house will recognize at once the importance of the measure. The house will see in its adoption today the culmination, in part, of the efforts of many people in this country and many members of this house, and the devoted efforts of all parties here to bring about a more comprehensive and adequate measure of security for those of our citizens who have reached advanced years and reduced earning power.

I think we would not do justice to the measure, however, if we did not endeavour to view it in true perspective, having regard especially to the emphasis placed by the minister in his remarks today on the part played by the special committee of both houses on social security which sat during the session of 1950, and on whose recommendations the government obviously has drawn so largely in preparing this bill.

This, of course, is an enabling bill. It could not be otherwise, having regard to the constitutional limitations imposed upon the power of parliament. That has some disadvantages, of course, from the point of view of parliament. It means that far more power is given to the government in the matter of negotiating agreements with the provinces than many of us like to see given. We like to see more of the provisions of important legislation of this kind written into the terms of the bill rather than left to be determined by cabinet decision. In the second place, it must be a participating scheme on the part of the dominion and the provinces, with administration vested in the provinces. That is inescapable unless parliament were to adopt a scheme of universal pensions in this age group 65 to 69 as well as in the higher age group of 70 and over; and, of course, that has not been done.

The second disadvantage that flows from the fact that in its nature this is enabling legislation is that in effect the dominion is imposing certain terms which are set out in the bill. They are not loose and easy terms. In many respects they are rather stiff. It is true that this morning, at an opportune time, the minister announced a relaxation in the rigour of some of those terms, which I think the house will welcome. Nevertheless it means that in the type of scheme to which the bill commits the country the dominion does lay down certain terms which the provinces must meet if they are to receive a fifty per cent contribution from the dominion toward the cost of assistance for the age group 65 to 69.

I am afraid we are going to bring about a continuation of that not too happy situation where, when complaints do arise out of the administration of the act, and recipients of the assistance come up against some of the harder features of the terms laid down, we shall hear from the government the familiar

excuse: That is a matter for the provinces; the provinces administer the scheme and therefore the responsibility must rest upon them. It seems to me that argument has never been fair to the provinces, having regard to the fact the dominion does lay down the basic terms upon which assistance may be obtained by the provinces toward provision made for pensions.

Let us be perfectly frank in dealing with this subject, and in facing, as we are bound to face, the problems that will arise in the future out of the administration of this scheme under the provinces. Let us be prepared to acknowledge, when these difficulties do arise, that they arise because the dominion lays down certain terms with which the provinces must comply, and the responsibility for the resultant condition is not fairly to be laid at the door of the provinces. I say that by way of seeking clarification of the situation and a frank and honest treatment of the kind of problem that is likely to arise in that respect from the type of measure that is under discussion.

There are several other provisions of this bill that merit comment in this debate. When commenting on these I naturally draw attention to those which fall short of meeting the hopes that one might have entertained for a measure of this kind. I draw attention also to these problems so that they can be viewed in their proper perspective. We do not wish the importance of this measure, or the benefits that are likely to flow from it, desirable as they are, to be exaggerated or misunderstood.

In the first place, the minister has drawn attention to the fact that this is a measure to give assistance. I think there is much to be said for the selection of the word "assistance", as being more properly descriptive of the type of benefits held out in this bill for the age group 65 to 69, than the word "pension". It is a much more appropriate word, and I am glad to see it in use. I was happy to hear the minister put some emphasis upon it this morning.

I believe that any tendency to exaggerate the importance of the measure will be modified when we have regard to the amounts involved. We have heard a figure of $410 million used. Let us bear in mind that only a very small fraction of that is required for the scheme set forth in this bill concerning assistance for those in the 65 to 69 group. The great bulk of the expenditure that is to be provided this year by parliament for the assistance of persons of senior age goes, of course, to provide the universal pension for those 70 years of age and over. By comparison with the amount involved under that measure, the amount at stake in this measure is relatively small. The bill contemplates the joint expenditure by the dominion and the provinces of $64 million per year, of which the dominion will contribute $32 million per year. The number who are likely to receive benefits under the bill, as the minister has indicated and as the committee estimated last year, is approximately 145,000. Those estimates, of course, cannot be expected to be too exact.

It will be interesting to see, in the light of experience during the first year or two of the life of this scheme, how many of the 145,000 persons will receive the full assistance contemplated by the bill, and how many will receive only a portion of it. Let us bear in mind that as long as this type of assistance follows the test that we are accustomed to call the means test, then obviously many persons are going to derive only partial benefits from the assistance scheme.

One interesting feature which I believe calls for comment, Mr. Speaker, is the monthly amount. The maximum established under this bill is $40, and that follows the recommendation of the committee. I think the members of the committee were conscious of the fact that $40 in 1950, when they made their recommendation, was worth only about sixty cents per dollar in terms of pre-war purchasing power. Of course, that purchasing power has undergone a further shrinkage in the year that has elapsed since the committee tendered its report to parliament. Nevertheless, the problem of financing and the problem of inaugurating a new type of scheme with a new type of benefit called for a measure of caution on the part of the committee, and that has been carried forward into the present measure.

One of the leading features of this measure is the retention of the means test. I believe the minister has indicated some desire to skate away from that term, which has acquired, over the period of the last generation, a rather ugly meaning in the minds of many people. We more frequently hear from the minister the term "eligibility test". The term may be a more polite expression, but I am afraid, sir, we have here the same old means test in all its essentials. In dealing with this point the minister has, in justification of this feature of the measure, put forward two arguments. In the first place, he has relied upon the recommendation of the committee, and, in the second place, he has drawn attention, quite properly, to the very great cost that would be involved.

When I spoke on the resolution stage of this measure two days ago, I reviewed as best I could the problem the committee faced in connection with the means test. It caused the special committee a great deal of difficulty. If the diligent chairman of that committee (Mr. Lesage) speaks on this measure, I am sure he will fully bear me out in that regard. The means test was condemned by almost every organization which sent representatives to the committee, and by almost every person experienced in the operation of the Old Age Pensions Act who testified. Our attention was drawn to the fact that the test inevitably penalizes the thrifty and creates unwarrantable intrusions on the part of state officials into the private affairs of the individual. Admittedly the means test did give rise to a certain undeniable degree of imposition on the authorities, because this means test, as we were freely told, had been improperly defeated by a good many applicants by reason of non-disclosure.

At best it is a difficult test to enforce, and the committee, therefore, Mr. Speaker, without a dissenting voice, recommended to the house that the means test ought to be abolished as to the age group 70 years of age and over.

There may at once appear to be a fundamental contradiction in the recommendations of the committee in proposing, on the one hand, that the means test should be abolished as to the age group 70 years and over, and, on the other hand, that an eligibility test be retained for those in the age group 65 to 69. Well, sir, there is undeniably a measure of contradiction there. I think the house might as well be candid, and recognize the fact that the means test as applied to the age group 65 to 69 can hardly be expected to operate much more satisfactorily as to this group than it has been working with respect to the group 70 years of age and over. The bill maintains the essential elements of the same scheme, with all its objectionable features, in the new measures providing assistance to those 65 to 69. You are going to impose a relative penalty upon thrift; you are going to have the same kind of intrusion into the affairs of individuals; you are going to have the same difficulty of enforcement; you are going to have the same army of inspectors going about inquiring into the affairs of people.

Those of us on that committee who gave our consent to the report because it contained so much of value that everyone must recognize—at the same time regretting very much that force of circumstances, and particularly the cost, obliged the committee as to the group 65 to 69 to confine itself to a scheme of continuing the eligibility test—will feel free, Mr. Speaker, to say here today that if we indulge in prophecy we shall not be surprised if, as the years advance and this new scheme for assistance to the group 65 to 69 begins to operate under the tests prescribed in this measure, we have the same difficulties, the same injustices in many cases as have existed hitherto. This, therefore, cannot be regarded as a final solution of this problem.

It is a compromise measure of the kind we accept so often in the house on the basis that it will greatly improve the present situation, will remove some of the present stresses on the social and economic fabric in the case of necessitous persons in this particular group. But it is not a satisfactory solution of the problem. I think on that point there will not be any great difference of opinion among those who sat on the committee. I think we all viewed with a measure of reluctance a recommendation that carried with it the same deficiencies that we had already condemned in the same test as to the group 70 years of age and over.

Now, sir, the other factor that the minister mentioned was the question of cost. Undoubtedly the provision of universal pensions for this group 65 to 69 would have involved an enormous cost. Bear in mind that the figures that the minister has given this morning, and the type of argument that he has used—and it runs through the report of the committee and the summary of the evidence which the report contains—picture the alternative as a universal pension at age 65. As time goes on and more experience is gained and more information collated in the light of administration of this new measure, it may be—and some of us will continue to be hopeful of this—that we shall devise within the age group 65 to 69, without going the full way to the universal pension which would be so enormously costly, some other method which will be better than the means test, and will be related to a system of financing which will be fair to all concerned.

There is a great problem. The committee did not have the final answer to it, and I hope, Mr. Speaker, that we shall look upon the views of the committee in this regard and on the present measure as of a somewhat tentative nature; that we shall examine closely, especially in the next two or three years, the operations of the new scheme as to the age group 65 to 69 and gather information; for there is much information to be gathered. The committee did one of its most useful

pieces of work in gathering up under one cover a mass of information that had not been gathered together and centralized in that form before. There will be, I feel sure, a gold mine of information to be gathered in these next several years as the new scheme comes into operation and is administered.

The next feature of the measure that I should like to comment upon arises out of the means test, or at least is related to it. I refer to the permission to earn outside income, what the minister has, I think in somewhat exaggerated terms, referred to as encouragement that the bill gives to the earning of supplemental income on the part of this group. Sir, much has been made of the fact that the present supplemental income allowed under the Old Age Pensions Act, namely $120 a year, or $10 a month, is enlarged by this measure, as to the group 65 to 69, to $240 a year, or $20 a month. But the dollar has been stretched further in the past twelve months since the recommendation was made, and when the minister suggests that this represents more generous treatment than that accorded to such people anywhere else in the wide world, I think he is indulging in hyperbolical flights of fancy. Looking, Mr. Speaker, at the commendable purpose that the minister himself admitted, which justified earning of income on the part of this group, surely to confine that income to $20 a month in the case of an individual—and if you please, a total of $20 a month in the case of a married couple, both of whom are under old age pension, provided that neither of them is blind—is, it seems to me, not having very much regard to a realistic approach to methods by which we may attain the purpose that the minister has endorsed.

The minister says we want to encourage people in this age group to work. We do. But if earnings of a married couple are going to be confined to $20 a month, I do not think there is much inducement left for those people to go out and work. I do not see much encouragement there; I do not see much recognition there of some of the incontestable facts laid before the committee by those who came before it with their testimony.

We had statements from leaders in industry that the tendency in industry today is not toward the retirement of people at 65. The value of the services of persons in the age group 65-69, was emphasized by leaders in industry, because in that group there is a stability and reliability among those physically able to continue in employment which industry is today increasingly recognizing. The type of scheme which compels retirement from industrial employment of employees at the age of 65, we were given to understand, is not so likely to be encouraged in future, because of the usefulness in industry of citizens of that group.

If those views commended themselves to the committee a year ago, surely, Mr. Speaker, they are even more entitled today to recognition because of the limitations on our labour force and the tremendous demands that are to be put upon that labour force to meet the growing needs of our defence program. Therefore one must express regret and disappointment that the amount of supplemental income allowed is not adequate realistically to meet or to attain the objectives which are admitted as worthy of general support.

What about persons who, by their thrift, have made provision at this age for their later years? What about the type of industrial pension which takes effect at this age? It means that the person in industry who has submitted to deductions from his pay envelopes over the years to provide his contributory portion toward his industrial retirement pension will have deducted from his claim to benefits under this act the full amount of his industrial pension. Obviously that is a weakness in the bill, and it points to the inadequacy of this provision for the earning of supplemental income.

One other matter that has been touched upon, and does relate to the means test, is recovery from the estates of recipients. I am happy indeed that the minister has seen fit, even at this eleventh hour, to withdraw the requirement that the provinces, when entering into agreements with the dominion, should be compelled to recover from the estates of recipients and share the recovery equally with the dominion. I am glad that has been withdrawn. But bear in mind that what has been withdrawn is the compulsory feature. The minister made it clear this morning that if any province chooses to recover from the estates of recipients, then the dominion will share equally in the proceeds. I hope no encouragement will be offered to any province to follow a scheme of that kind; because the committee had an abundance of evidence to show that the recoveries from estates of recipients of old age pensions were negligible. The deputy minister was probably the leading witness on the point, and the expression he used, in reply to a question was, as I recall it, "virtually negligible".

We will wish to know why those in receipt of war veterans allowances under this bill

are singled out for special mention; but that is a matter for the committee stage.

Finally, the whole question of financing a scheme of this kind should have received, in my view, much more ample treatment than it received in the scant reference to it by the minister this morning. We have been kept in the dark until this morning as to the method by which the cost of this scheme is to be met.

When the Prime Minister made his announcement on the subject on June 4, he said, as reported at page 3665 of *Hansard*:

> Moreover, as hon. members know, the universal pensions are to have right from the start a contributory basis.

Now, the Prime Minister did not make any reference at that time to the method by which the cost of the old age assistance for the group 65 to 69 is to be met—not a word on the subject. If parliament is to see this problem whole, as it should; if this is one whole problem of old age security, not two problems divided into watertight compartments at the age of seventy, then what we should have before the house now is a comprehensive outline and detail of the method by which the whole cost of both branches of the scheme is to be financed.

We have not been given that. We are told to wait until next fall before we know anything about the method by which the cost of the universal pension at the age of 70 is to be met. We are told simply that it is to be a "contributory" pension. Well, that word could cover a multitude of different methods of meeting the cost. But we are left completely in the dark at this stage as to what the method will be. We have waited until this morning to know how the cost of the benefits for the group 65 to 69 is to be met. Following the minister in his brief reference to this subject this morning as closely as one could, one infers that the cost is simply to be met out of the consolidated revenue fund; there is no special provision as to the source of the funds to meet this scheme.

Mr. Martin: No interference with the contributory fund to be established in respect of the scheme with the contributory principle.

Mr. Fleming: I think the house ought to be in the position to make that judgment itself. This morning the minister has made the briefest kind of statement on the subject. And, Mr. Speaker, I attach such importance to this whole question of old age security and to the importance of seeing the problem whole, and the importance therefore of seeing how from the beginning we are to provide the cost for the whole scheme, that I must express my strong regret that our information on this vital aspect of the problem is so very meagre today.

When people go to purchase even those things they want most, they do not do it on the basis of being told: Well, come back in three or four months and we will tell you how it is to be paid for. People usually like to know how they are going to pay for the things they buy before they make the purchase. I cannot see why in this respect the people of Canada should be placed in any different position from the average man or housewife who goes to the store to make a purchase. He or she wants to know what the cost is. We have been given an indication as to the cost; and he or she wants to know at the same time how that price is to be paid. We are not told that. I think the house wants to know more about that subject and should have been given more information.

That brings me back to the point I started to make when speaking on Thursday, that we should have approached this problem with both measures for treatment of the problem before us. I have reviewed what seemed to me to be many of the important features of this bill, and have drawn attention to them in the hope that there will be a realistic appreciation, not only of those important points but also of the limitations of the bill. I urge that the house do not content itself with the enactment of these measures today and then sit back and think that its task is completed. I urge the house to regard the step that it is taking today, important and far-reaching as it is, as only a tentative step. It should be a recognition of our desire, in the light of the experience we will quickly gather through the administration of this scheme, to keep closely in touch with the problem, studying it from month to month and seeking ever to eliminate the difficulties and problems that will inevitably arise in the administration of it.

Mr. Stanley Knowles (Winnipeg North Centre): In speaking to the second reading of this bill I wish to say, first of all, that I regard it as a most welcome piece of legislation. Indeed this is an historic occasion. We are providing for the first time in Canadian history for the payment of old age pensons, at least to some Canadians below the age of 70 years. I shall have something to say as to the progress yet to be made, and I shall endeavour to indicate some of the points that I feel must be pursued. In doing so I hope that I shall not be accused of detracting in any way from the importance and the significance of the measure now before us. Indeed,

a little later in my remarks I intend to draw attention to some of the specific features of the bill now before us which I regard as exceptionally good.

However, like the hon. member who preceded me (Mr. Fleming), I feel that this is not the time for members of parliament to sit back and feel satisfied that the job is done. As I have indicated already, we are taking an important step; we are inaugurating pensions for some of our fellow citizens between the ages of 65 and 69 years. But this is only the opening chapter and not the end of the story. I urge most strongly upon all hon. members that they continue to give thought to this important problem. Right now while we are taking this important step is indeed the time to think of the other steps that have yet to be taken before we shall have completely rounded out an adequate program of old age security as part of an adequate program of over-all social security.

I should like for just a minute to refer to something we were discussing two or three days ago under another item. I would emphasize the fact that once we have taken the important steps in the field of old age security that we are taking this year, the gap with respect to health insurance will be all the more apparent. I feel that we must give close and serious attention to that problem. References are being made to the good work that was done by last year's committee on old age security, and I was glad to hear the Minister of National Health and Welfare (Mr. Martin) state the other night that the government is giving consideration to the setting up of a similar committee in 1952 to go into the whole question of health insurance. That is an important part of any over-all social security program. Indeed we owe it, not only to all Canadians but to our elder citizens about whom we are thinking today, to see to it that a program of health insurance is included in our social security arrangements.

With regard to the work yet to be done in the field of old age pensions, and in particular with regard to those in the age group from 65 to 69, I submit, as I have indicated already, that there are two improvements that we shall have to make. We shall have to start agitating for those improvements just as soon as this present job is done. On the one hand, we shall have to do something about the amount of the pension, and on the other hand, we shall have to abolish the means test from the pension for those from 65 to 69.

A $40 pension as compared with the $20 which was the old age pension as recently as 1942 and the early part of 1943 sounds like

progress. As the Minister of National Health and Welfare pointed out this morning, that means that in less than a decade we have actually doubled the amount of the old age pension in terms of dollars. But in view of the continuing rise in the cost of living we must face the fact that that $40 today is not worth what it was back in the days when the old age pension legislation first came into being. As I pointed out the other day, in terms of the 1935-39 purchasing power of the dollar, $40 today is worth only $21.97. In other words, we are starting off the group from 65 to 69 years at just about the same point as that at which we started those of 70 years and over back in 1927.

I feel I should repeat the point I made the other day, to the effect that the increase in the cost of living from last June to the present time has decreased the value of $40, even in terms of its purchasing power last June, to a figure of a little over $36. In other words, if we were fully to implement the recommendations of last year's committee for a pension of $40 a month for those between the ages of 65 and 69 years in terms of the purchasing power of $40 when that recommendation was made, the amount proposed by the minister in the bill today should be not less than $44. I contend that in view of continuing increases in the cost of living, and in view of our increased productivity across the years, the day has come when we shall have to think in terms of old age retirement pensions at a figure of at least $60 a month for all our senior citizens.

I expect that some hon. members will suggest that that is a large figure; that the cost will be great. It may be asked whether I have given any thought to that aspect of the matter. First of all, may I say that I have in my hand *Hansard* for February 28, 1938, the daily edition. This well-worn booklet is over thirteen years old. On that day Mr. A. A. Heaps, who was then the member for Winnipeg North, seconded by the then and present member for Vancouver East (Mr. MacInnis), moved a resolution with respect to old age pensions. There have been a good many resolutions and amendments respecting old age pensions moved from this corner of the house across the years, relating from time to time to different aspects of the old age pension problem. On that occasion, and that is one reason why I produce this copy of *Hansard*, the particular point covered by the motion moved by Mr. Heaps and seconded by the hon. member for Vancouver East was that the eligible age for old age pensions should be lowered. The motion dealt with that point only. It was a very interesting debate, in which some who are still members of the

house took part, and in which a part was taken by some who are no longer here. The minister involved was the then minister of finance, Mr. Dunning. Mr. Dunning pointed out at page 892 of the copy of *Hansard* I have in my hand that the cost of old age pensions to the federal government in the year 1938 had already risen to the staggering figure of $30 million. He suggested that one had to approach the motion debated on that day with extreme caution, because if it were carried, if indeed the age limit were brought down to 65 and a pension of $20 a month paid at that time, it would have increased the federal government's expenditure on old age pensions to the impossible sum of $48 million a year.

I have no doubt that in those days members who talked in terms of such figures thought they were extremely large, but today even under the present act the federal government is spending more than $100 million a year on old age pensions, and the total commitments involved in the program of old age legislation for this year will be something over $350 million a year. In other words, the times do move on, and figures that seem large on one occasion become quite small in later years. Incidentally Mr. Dunning's final words, in speaking with caution, if I may put it that way, on Mr. Heaps' motion were:

> I believe we would be hindering rather than helping the ultimate solution by plunging in the direction the hon. member for Winnipeg North desires us to plunge.

That was the attitude of the Liberal minister of finance in 1938, that to propose to lower the old age pension age to 65 was a plunge that could not be taken. I am glad that we now have in the Minister of National Health and Welfare (Mr. Martin) a man who is prepared to take that plunge and to bring in a bill lowering the age to 65.

Mr. MacInnis: But is it a plunge?

Mr. Knowles: The hon. member for Vancouver East suggests that it is not much of a plunge. It is in fact the implementation of a basic principle to which the Canadian people have felt for a long time we should be giving support.

May I also point out with respect to the matter of cost that if parliament were to go the whole way with the suggestion I make, namely, that we should pay a pension of $60 a month and that we should remove the means test at age 65—

Mr. Stick: Make it $100.

An hon. Member: Make it $1,000.

Mr. Knowles: Just a minute. The problem is more serious than it appears to some hon. members from the interjections that are being made.

Mr. MacInnis: He would not be so flippant if he had to live on it.

Mr. Knowles: If these changes were made, I will indicate what the result would be. We would find that the total number of Canadians 65 years of age and over would amount to about seven per cent of the total population of the country. If we paid all of them a pension of $60 a month, or $720 a year, we would be diverting to them something in the order of 3½ per cent of our gross national product, or 3½ per cent of our current production. I suggest that is the basis upon which we should view this matter. I suggest it is not unfair to ask that seven per cent of our population, our older people who have contributed to the building up of the country, who have produced great wealth throughout their working years, should be entitled to 3½ per cent of the wealth that the country is able to produce, and able to do so very largely because of the contribution that they have made throughout the years.

In this connection I noted on Thursday that the Minister of National Health and Welfare quite properly said that attention was being paid to the recommendations of last year's committee not only within Canada but in other countries. He referred in particular to the fact that in the United States some real note was being taken of the studies and conclusions that our committee reached. I have in my hand a copy of a document entitled *Business Conditions,* published by the Federal Reserve Bank of Chicago. This issue is in fact devoted wholly to the question of old age pensions. There are a number of interesting articles in it, and although there is no direct reference by name to Canada or to our old age security committee, it is pretty obvious to those of us who were members of the committee that the people who wrote this document had studied the work done by our committee. I find on page 10 an article entitled "Economics of Old Age Pensions", containing two or three interesting comments, one or two of which I should like to read. The first is:

> Regardless of whether the dollar cost of pensions is measured in terms of the annual payment liability, the expense of funding past and current service credits, or the amount necessary to provide an individual annuity at retirement, the real cost of providing pensions in terms of goods and services will be borne at the time the pensions are paid.

That is the basic principle with respect to old age security that we in this corner of the house have been enunciating during the

years that our movement has been represented here. The real cost of providing pensions in terms of goods and services will be borne at the time that the pensions are paid. What I like most of all about the over-all program that is being introduced at this time is that it is based on the pay as we go principle, that it is based on a recognition of the fact that old age pensions and other forms of security are paid not out of some fund that is set apart somewhere, but out of the current production of a country such as ours.

On that basis I suggest that one should look again at the percentages I gave a moment ago. I repeat that it is not unfair to suggest that seven per cent of our population, our older people who have taken their turn at the work of the nation, should enjoy in their retirement some 3½ per cent of the wealth that the country is producing. This same article, having emphasized the point that the real cost of providing pensions is borne at the time the pensions are paid, goes on to state the truth that if you pay larger pensions they have to come out of the current production and therefore that has an effect on the standard of living of the entire country. The article then goes on to say:

> For this reason, it is important that as many older people as possible be retained in productive jobs past the age of 65, provided they do not displace younger and more efficient workers. It is estimated that there are about three million persons 65 years and older in the labour force at the present time—

The reference is to the United States.

> —and that their contribution to output during 1949 amounted to about $11 billion. To the extent that these older people can be kept employed, the real costs of old age security will be lessened, and the general standard of living will be higher.

The word "real" in that quotation is italicized. I submit that if that basic principle is to be accepted—and I believe it is sound—we have to go a great deal further in the direction of encouraging people from 65 to 69 to earn supplementary income than is provided for in even the relaxed form of means test in the bill now before us. In fact I have already made it clear that I think we have to go the whole way and remove the means test at 65. I want to repeat that this is not to be interpreted as detracting one iota from my statement of how welcome this measure is and how pleased I am that we are getting started with a pension payable at 65; but I submit I am demonstrating this morning that when some of us ask for the complete removal of the means test at 65 we are not just asking for something out of thin air, but are stating fundamental economic principles that are extremely important to the kind of economy in which we are living today.

So I leave that phase of it for the moment. I have tried, as I say, to chart the future course we must follow. It is good that we are taking this step, but we still have a long way to go. In the meantime, with regard to old age pensions themselves, two things yet must be done. We must get the amount of the pension increased, and I submit that it should now be $60 a month; and we should get the means test off at age 65.

In connection with that figure of $60 a month, I remind the house that in the early part of 1949 there was tabled in this house from this group a petition containing more than a quarter of a million signatures, asking for a pension of $50 a month at 65 without a means test. Incidentally the report of the clerk of petitions was that that petition was in order. At the time it was regarded by some hon. members as asking a little too much. In the interval, however, the rise in the cost of living has made it clear that there was one thing wrong with that petition; the amount asked for should have been higher. And it is clearer than ever to me, particularly because of the studies we undertook in last year's committee, that the means test should come off at 65.

In his remarks this morning the minister said the view of the committee was that the principle of universality should not be applied to the group 65 to 69. I submit that is not quite what the committee said. These were its words:

> There is an advantage in universality when the large majority of the age group concerned is retired. That advantage does not obtain to the same extent when the majority of the age group concerned is still active and self-supporting.

That is quite a different thing from saying the committee took the view that the principle of universality should not be applied in this group. Obviously the sentences I have read were in the nature of a compromise leading up to the two-point program recommended in paragraph 51 of our conclusions, which the minister put on record a while ago.

Mr. Martin: You will find that I quoted them exactly.

Mr. Knowles: I am pointing out that the minister placed his own interpretation on what the committee recommended, and if later he can show me where the committee used the words he used, I will accept it; but I am pretty familiar with this report, and I know he did not quote directly from it at that point.

I said earlier I would say something about the good points in the bill now before us. One of the points I like best of all is the decision to get away, as far as it is possible for the federal government to do

so, from recovery from the estates of pensioners. From my study of the bill and comparing it with the Old Age Pensions Act now in effect with respect to those 70 and over, I take it the change that has been made is that under the old act the provinces were required by the federal government to undertake to make recoveries under certain conditions. Under this bill there is no federal requirement that the provinces make recoveries, as was formerly the case. All we now have is the provision that if the provinces do make recoveries they must share them with the federal government on a fifty-fifty basis. In a way I am sorry that even that reference is there.

Mr. Martin: Don't say that. You know the reason for it.

Mr. Knowles: There is in that reference a suggestion to the provinces that they may do it if they wish, but against that I will accept the statement made by the minister this morning which certainly was an encouragement to the provinces not to take advantage of that provision. I will go the whole way and say this government deserves credit for taking the position that as far as it is concerned it does not want any recoveries out of estates from here on.

Mr. Lesage: How could we prevent the provinces from recovering their share if they wished to do so?

Mr. Knowles: We cannot prevent them, but I hope we will not encourage them in any way.

Mr. Lesage: We could not prevent it.

Mr. Knowles: I have already said the minister took that position this morning.

Mr. Lesage: How about cases of fraud?

Mr. Knowles: Cases of fraud surely could be handled in the courts in the ordinary way. There is no argument on the point; I have already said that as far as this legislation is concerned this government seems to have gone as far as it can, and I hope the provinces will follow suit and put an end to this business of making recoveries from the estates of pensioners.

Mr. Martin: I have reason to believe they will.

Mr. Knowles: That is a most welcome statement.

A second feature I like about the bill is that I believe it has made a little clearer than was the case in previous legislation the right of pensioners to move about in various parts of Canada. We have moved into that right gradually under the old legislation. The new bill seems to make it pretty clear that the federal government wants these pensions to be considered as pensions to Canadians, not as pensions to the residents of particular provinces. I hope the regulations and arrangements to be made will carry out that spirit and facilitate the right of Canadians, whether on the 65 to 69 pension or on the pension paid to those 70 and over without a means test, to move about the country quite freely, not only without loss of their pensions, but with a minimum of red tape.

I noted the minister's reference to the increased ceiling on income, and in particular his statement that it is optional with the provinces whether or not they accept the maximum ceiling proposed in the legislation. I have carefully compared the wording of this bill with the wording of the present act, and I find the wording on this point exactly the same—right to the commas and periods, if you please. Under the present act no province has accepted or asked for maximum ceilings lower than the figures there set out. That being the case I earnestly hope that under the new bill no province will ask for an agreement to be signed on the basis of ceilings lower than the maximum figures established in the act. I think it would be most unfortunate if we had any lack of uniformity on that point as between one province and another.

But with regard to the increase in allowable income, naturally I welcome such increase as has been afforded, namely $120 a year, or $10 a month, across the board. I have looked through the act, and that is the story for every category; whatever the maximum ceiling was before, it has been increased by $10 a month. I have already indicated, and the hon. member for Eglinton (Mr. Fleming) has done so as well, that despite the minister's statement that in his view the bill fully implements the recommendations of the committee, I do not believe that allowing a total of $20 a month of other income really carries out the recommendation that we should recognize to a greater extent than at present the desirability of encouraging recipients to earn supplemental income, as was recommended by the committee. I refer again to my quotations from the Federal Reserve Bank of Chicago. I suggest that to tell people they can earn other income of $20 a month without suffering a reduction in their pension really is not very much encouragement for them to go out and work and earn other income, to say nothing of the loss to our total economy from the lack of such encouragement.

I do feel, therefore, that the means test should be taken off altogether with regard to those 65 to 69. If this parliament has not yet reached that stage, at least this figure

should have been raised to a higher amount than is proposed in the bill. In fact, I had hoped that some regard might be paid to the income tax exemption levels. Surely those figures indicate the minimum amounts upon which people can be expected to live. So far as the old age pensioners in this bracket are concerned, they are being asked to live on much lower maximum amounts.

Apart from that, Mr. Speaker, there is one matter to which I feel I must register strong objection. The present Old Age Pensions Act has been on the statute book for more than twenty-four years. We have had that many years' experience in this field. During the whole of those twenty-four years there have been only two years, namely from 1949 to the present time, when the allowable income was the same for a married couple as it was for a single person. I regret that that idea is being carried forward in this bill. This bill provides that $20 per month is to be the other income allowed to a single person, and the same amount is to be allowed a married couple.

In the original act which became effective in 1927, the allowable income was $125 per year for a single person and $250 for a married couple. In other words, it was approximately $10 per month for a single person and $20 per month for a married couple. It stayed that way until 1943. In that year, by virtue of an accident, the amount of other income was reduced to $65 per year for a single person and $130 per year for a married couple. The effect of that accident was such that there were many complaints about it. It was not many months until Mr. Ilsley, who was then the minister of finance, corrected the situation by order in council, and restored the amount of other income to the figures provided in the original act.

The act stayed that way until 1947, when the pension was increased to $30 per month for a single person and $60 per month for married couples, and the ceilings on total income were raised to $600 per year for single persons and $1,080 for married couples. This meant that a single person was allowed $20 per month of other income, while married couples were allowed $30 per month. I respect the thinking behind that decision. I believe it was sound that a married couple should have more than a single person, and I think there was something to be said for the married couple's greater amount being not twice as much but in some such proportion as was worked out. I point out that the decision made in 1947 was deliberate. It was a decision of the people who drafted the act brought in at that time, and it was a decision consciously made.

[Mr. Knowles.]

But in 1949, when the amount of pension was increased to $40, by a sheer accident, indeed by virtue of the fact that no change was made in the ceilings on total income, we were left with the situation that a single person was allowed only $10 per month other income and a married couple were allowed the same figure. The ceilings of $600 per year and $1,080 per year were left, and we got that accidental result of the same amount for a single person as for a married couple. I recognize the plausibility in what the government is now doing. They are applying the $10 per month or $120 per year increase across the board. What they are doing though, Mr. Speaker, is adding the same amount across the board to a basis which is already wrong, a basis which was not arrived at by any conscious thought on the part of the people who drafted the legislation, but which was arrived at accidentally. I submit it is most unfortunate that this accident of 1949 is being carried forward at this time when we are setting up this new piece of legislation. I repeat that we have had old age pension experience in this country for twenty-four years, and for twenty-two out of the twenty-four years a greater amount of other income was allowed to married couples than to a single person. As this error for only two years out of twenty-four was brought about by accident, I submit most strongly there is no justification for carrying forward that wrong.

There are other matters that I should like to have spoken about, but I shall not carry the debate past one o'clock. I can deal with the other matters I want to speak about when we get into committee. As the minister will be aware from the way I have just spoken, when we reach the section dealing with other income I shall strongly urge him to consider an amendment. It is extremely unfortunate at this time to carry forward that mistake by making the other income allowed a married couple the same as that allowed a single person and so small an amount at that. I hope a change can be made in that at this time.

I conclude by saying, as I said at the beginning, that I welcome this legislation. I am glad to be here when we are starting old age pensions at the age of 65, but we have still a long way to go to achieve complete old age security, including justice and fair play to our elder citizens. I, for one, will carry on the fight for improvement in the position of our older people.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Solon E. Low (Peace River): I am speaking now to Bill No. 395, which occupied the attention of the house for the whole of this morning's sitting. I do not intend to speak very long, and I am sure that when I sit down you will agree, sir, that I have kept my intention. I do not think it is necessary for me to speak very long about this bill. In my judgment it represents efforts—I suppose one could correctly say the best efforts—of the combined representatives of the provinces and the dominion to find and to draft a suitable and workable program of assistance for Canadians between the ages of 65 and 69 years who need help to live in some comfort. Consequently I do not feel that I should spend a lot of time criticizing its various provisions.

The representatives of the ten provinces and the dominion spent considerable time in reaching the measure of agreement represented in this bill. When we realize that no province has asked for more than the bill provides at this time, it seems to me that the provinces know they will have plenty of trouble to find the money to pay their fifty per cent of the $40 a month to those between 65 and 69, and we ought not to be spending too much time criticizing in detail the measure of agreement that has been reached.

It seems to me that we in this house ought to recognize that unless we have done our best either to help the provinces to find the money to do a better job, or to induce the federal government to do the job by itself, then we should readily agree with the forward step that has been taken, as represented by this bill, and have it enacted into law as quickly as we possibly can.

So far as my province is concerned, it is going to find plenty of difficulty in financing its share of old age assistance.

Some hon. Members: No.

Mr. Low: Of course hon. members across the way seem to have the idea that Alberta is just rolling in new vast wealth from oil. Well, that is not so. When a person stops to realize the comparatively small amount of money that today is being derived from oil—

Mr. Croll: They are swimming in oil.

Mr. Low: No, that is not so. You see, hon. members across the way do not read very much. They do not go very much into the details of figures.

Mr. Blackmore: No, and they have not been willing to listen.

Mr. Low: That is right. I suggest that they take the last budget of the province of Alberta and just see for themselves what a small percentage of the total income is derived from oil, and then they will agree with what I am saying. I say again, Mr. Speaker, that the province of Alberta, fortunate as it is—and I am agreeing that it is fortunate at the present time—will find it very difficult to finance its share of the old age assistance program. The people of Alberta do not jump into and assume a load of fixed charges that will go on indefinitely without giving the matter careful thought. A windfall for a few years is a windfall, and nobody can bank on continuing a service on that sort of financing; so we are trying to be realistic about this matter. We are looking ahead a few years to the point where we may not have the income from oil.

Mr. MacInnis: It is a wise precaution.

Mr. Low: It is a wise precaution, and I think everybody realizes that that is so.

The new program that has been embodied in this bill will cost Alberta more—that, together with what it may bear under the universal pension program—considerably more than the present program is costing. That may not be true of every province, but I am satisfied it is true with respect to my province. At the present time Alberta is paying a supplementary allowance of $10 a month without a means test. Let that be borne in mind. And when this government takes on the universal pensions for all over 70, as I understand it is proposed to do after January 1 next, what will Alberta do about that supplementary pension that she has been paying?—because Albertans have for quite a number of years felt that nothing less than $50 a month was adequate to provide a decent standard of living or of assistance, if you want to put it on that basis, for old age pensioners in this day and under the circumstances that do obtain.

Between this date and January 1 next Alberta must decide whether she will be able to continue the supplementary pension. If she does, it will cost nearly $3 million a year for those over 70 alone. Having paid these supplementary payments for quite a number of years, I am asking hon. members to weigh just how far the provincial government will be able, at one stroke, let us say, to discontinue them.

Mr. Ferrie: Let us go home and talk to them about it.

Mr. Low: Yes, but I was hoping that perhaps the hon. member for Mackenzie (Mr. Ferrie) would be willing to listen a little bit to common sense.

Mr. MacInnis: Too much to expect.

Mr. Low: Perhaps that is optimistic. What about those between 65 and 69 who are covered by this bill? In what position is the Alberta government going to be placed, let us say, when the bill becomes operative? How many charges of discrimination will be levelled at the government if they do not pay a supplementary allowance of $10 a month to those pensioners?

You see, there are problems involved. I cite these things, not for the purpose of asking members of the house for sympathy—not at all—but to show you that when we take these steps we should take them carefully, and not before we know how we are going to get along. That is why I cannot find it in my heart to be a carping critic of the bill and its provisions.

In addition to what I have already said, the province of Alberta at present extends medical, dental, optical and hospital services to pensioners who qualify, over 70 years of age, at a cost of $3.50 per month each. What about that program? Where will the province find the money, let us say, to extend those same services to pensioners from 65 to 69, and thus escape the charge of discrimination? That is a problem they have to face—and it is a real one.

Moreover, let us not forget that there is no distinction made in this bill between white people and our Indian brethren. They are all placed on a level. The fact that the Indian population is brought into the assistance scheme places another burden on the provinces. So I am simply saying this, that somebody has to recognize the burden that the provinces are to be asked to carry. Instead of standing up here and whining about the whole thing being inadequate, let us just take a look at it from the provincial point of view. Let us remember that when the provinces feel that they are ready to ask for more generous allowances for these people, they will likely come along and ask; and at that time we should support them to the fullest of our ability.

Another observation I should make about the bill is that it is doubtless a monument to several things. In the first place I think it is a monument—and I say this first because it comes to my mind first, not because I believe it is the one that requires priority—it is a monument to the persistence of those people in the house, no matter on what side they may have sat, who, over the years, have demanded a better deal for our aged citizens.

I am satisfied that the government, including the Minister of National Health and Welfare (Mr. Martin) will admit that the members of the opposition in all parties—a good many of them at least—have been as tenacious as the proverbial pup that got hold of a root. And it has been pulling on it ever since. I say that the bill is a monument to their tenacity and determination of purpose. At the same time we will have to say that it stands as a monument to the recognition by the government of the determination of the people of Canada to get better conditions for the aged people. So we give them credit for recognizing that fact and yielding to pressure.

For us to stand here and to debate where credit should go would be foolish. I do not think it should matter to us who gets the credit as long as the aged people get the cash. That is the position I take.

As to the adequacy of the assistance, as it is called in the bill: I think that neither the amount of the assistance nor the amount of the supplementary earnings allowable under the bill will be considered sufficient by any thinking person to provide a good standard of living for these aged people. I certainly do not think it is adequate in either case. The purchasing value of the maximum income allowed under the bill is, under present circumstances, pitifully small. We wish it could be greater; but when one considers along with that the burden of taxation that is now borne by the Canadian people, and what would have to be borne if the assistance were to be granted at a higher level, one wonders with a great deal of sobriety just how much further we can go with this and other kinds of social security measures so long as the government has to depend entirely upon taxation to get money.

Some new approach will simply have to be found if we are ever to have in Canada an adequate old age or, for that matter, any other kind of security program. I speak of another approach. I know something about another approach; but I only mention it briefly by way of indicating that there is some way by which such things can be done.

I happen to be a member of a group of people who have succeeded in establishing a social assistance program based upon actual need, and who did succeed during the hungry thirties in taking practically every single one of its members off government assistance and relief. It did that without taxing anybody a five cent piece. Ways were found by that

group of people of providing those needs without drawing from or diminishing in any way the national commercial stockpile. A fine type of co-operative effort and enterprise added a supplementary stockpile, if you wish to call it that, to the nation's commercial stockpile. And it was and at present is out of this supplement, or increased production, that material assistance is drawn by the disabled and the unfortunate. No financial currency is involved.

I am suggesting simply that there is a way of doing it without taxing the daylights out of the people. If it is possible in the instance I have suggested, in broad outline, to find a way of inducing people to put forth an effort to build a stockpile of goods and services which can be distributed among the unemployed, the disabled and the unemployable, I suggest that it can be done on a national scale, if we bend our efforts in that direction.

I say that until such time as we can induce the all-out productive effort that will provide supplementary stockpiles that are not involved in financial and commercial intricacies, I am satisfied that we are not going to be able to go too fast in the expansion of social security programs of any kind.

There is a natural resistance on the part of people everywhere to excessive taxation, and we must recognize that fact. We have to pay some attention to the people who, in the long run, pay the taxes. We have to find means of providing an adequate standard of living for our people—our aged, our unemployables and, particularly, our disabled —that does not involve the present intricacies of taxation or borrowing.

I do not want to prolong the discussion. I shall wish to make some comments on certain sections as they come along, but I want to conclude by saying that we in the Social Credit group look forward to the time when old age pensions and old age assistance of the kind that we are providing in this bill will become one of the mechanisms by which additions to the money supply of Canada will be made as and when those additions are required, without adding interest or tax burdens upon the people. That sort of mechanism will simply have to be used if we are ever to preserve any measure of personal independence among the Canadian people and get rid of the injustices and oppressions that our present financial policy visits upon the people.

Until we reach that happy stage in our progress toward full social security for all, with a maximum of personal freedom, it seems to me that no adequate pension can ever be paid. So let us work forward to the day when some new technique such as the one I have discussed will be made possible of application in this dominion, and then we will not have to worry too much about means tests or anything of the sort we have in this bill. We support the principle of this bill.

Mr. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, I hesitate to take part in this debate because I am anxious to see the principle of the bill approved. However, I believe it my duty to say a few words at this time. I think hon. members of the house who have praised the work of the parliamentary committee on old age security should know how much the members of that committee appreciate their favourable comment. If the committee attained its goal and was able to present a report without a dissenting voice it was due to the hard work and true liberal co-operation that was given by members of all parties who composed the committee.

Mr. Graydon: Use the word "generous."

Mr. Lesage: To my mind, generous and liberal are synonymous.

Mr. Knowles: We behaved like a co-operative commonwealth.

Mr. Lesage: On behalf of the committee I should like to pay tribute to the officials of the Department of National Health and Welfare, the Department of Finance, the Department of Labour and the Department of Justice, who helped us so much in our work and who spared nothing in order to be at our disposal at all times. In particular, the staff of the research branch of the Department of National Health and Welfare showed an interest and devotion which went far beyond what their duty required of them.

I know it is always dangerous to single out any one in particular, but I believe in the present case no one will be offended if I personally, and in the name of the members of the committee, pay a special tribute to a man who for months worked for the committee day and night. His talent, his knowledge, his clear mind, his affable manner did more to bring about a happy solution of the problems we were discussing than anything else. I think this man deserves the gratitude of parliament and indeed of the Canadian people. I refer to the deputy minister of welfare, Dr. Davidson.

I think I can say in the name of the members of the committee that we are grateful to the Prime Minister (Mr. St. Laurent), to the Minister of National Health and Welfare (Mr. Martin), and to the government for having accepted the conclusions of the committee as the basis for the proposed legislation on old age security. We appreciate

also that the provinces responded to the appeal contained in the last words of the report, and I quote:

> The committee trusts that the views herein set forth will appeal to the provincial governments as worthy of favourable consideration.

The provincial governments have answered that appeal and with the magnificent co-operation of the eleven governments of this country it is now possible to have before us legislation implementing the conclusions of the committee.

I listened with great interest on Thursday and again this morning to the debate that took place on the principle of the bill, or as a matter of fact on the whole question of old age security. As was pointed out by the hon. member for Eglinton (Mr. Fleming), the committee in its deliberations was confronted with three main aspects of an old age security program. The first was the means test; the second was the question of age; and the third was the amount of the benefit or pension. One question which was asked of practically all the witnesses was which one of the following courses they would give priority to: abolishing the means test, lowering the age, or increasing the amount of pension. The practically unanimous answer was that first priority should be given to doing away with the means test for people 70 years of age and over; that second priority should be given to lowering the age to 65 years; and that third priority should be given to considering an increase in the amount of the pension. The conclusions of the committee were reached accordingly.

Let us not forget that the program which the government has accepted follows the conclusions of the committee in its main lines. As the minister said this morning, there is only one slight difference in connection with residence and this was for obvious reasons which will be explained by the minister. The conclusions of the committee were based on briefs presented by organizations and testimony given by representatives of organizations representing practically all classes in Canada. Let us not forget that.

The program which the government is ready to implement will be in accord with our conclusions. The means test is to be done away with as far as people of 70 years and over are concerned. The age has been reduced to 65 following an understanding reached with the provinces at the end of May. It has been said, and I expected that it would be, by the hon. member for Eglinton and the hon. member for Winnipeg North Centre (Mr. Knowles), that the eligibility test was too much like the means test, and that the restrictions on other income were not lifted sufficiently. May I borrow the words of the hon. member for Peace River (Mr. Low) and say that we are dealing with a matter in connection with which we must have the concurrence of the provinces.

During the meetings of the federal-provincial conference, in which I had the honour to participate, most of the provinces were reluctant to see the income ceiling increased from the figures that we now have for people 70 and over. Only one or two provinces asked for an increase in the income ceiling. Therefore the government felt that the increase should be a reasonable one but that at the same time the provinces should be free to accept it or to accept any amount below the maximum ceiling. Therefore the provinces which have asked for an increased ceiling may use it if they want to and the ones which object to it will do whatever they like.

We have to respect the autonomy of the provinces. Even if I am a Liberal from Quebec, no one will be surprised if I say that, and this is one instance in which we have to work hand in hand with the provinces. The provinces expressed their fear of the financial and economic impact of too great a liberalization of the eligibility test for people between 65 and 69. This test may have different effects as applied to people between 65 and 69 from what it has had when applied to those 70 and over. It is not the same age group. The economic and financial effects may very well be different, and the provinces expressed the hope that the federal government would wait for a while before going too far with any increase of the income ceiling. They have expressed the hope that they might be allowed to observe for a year or two how this test will work out when applied to people from 65 to 69.

The hon. member for Eglinton (Mr. Fleming) said this morning that inasmuch as everyone has condemned the means test as applied to people 70 and over it would appear contradictory to recommend an eligibility test for people from 65 to 69. In other words, the opinion has been expressed that if the means test has been considered to punish thrift and prevent employment of people 70 and over, a somewhat similar eligibility test would have the same effect if applied to people from 65 to 70. To my mind that is far from being a foregone conclusion. The special committee expressed an opinion in that regard, and I should like to refer to paragraph 47 of the conclusions, which reads:

> It may be doubted whether, in terms of priorities, the diversion of such a large extra amount of the national income to this particular group can be

justified, particularly when such a large proportion of the people in this age group are still actively engaged in productive employment and self-supporting. There is an advantage in universality when the large majority of the age group concerned is retired. That advantage does not obtain to the same extent when the majority of the age group concerned is still active and self-supporting.

It has been said that the application of a test to people from 65 to 69 would prevent the employment of people in that age group. On the contrary, it seems to me that the implementation of a universal system of pensions from age 65 could have the psychological effect at this time of leading the mass of the people to believe that no one should work after 65, and that the recognized universal retirement age should be 65. Nothing could be worse for the Canadian economy at this time and also for the citizens themselves from 65 to 69. Let us not forget that; and I quote from page 99 of the report:

> Due to improved health services and the consequent increase in the longevity of our population, along with other factors, our aged population is growing from year to year. In 1931 the average life expectancy for new-born males was 60 years and for females 62·1 years.

In 1947 the life expectancy of new-born males and females had risen to 65·18 years and 69·05 years respectively. I am convinced that the 1951 figures would be still higher. We have in 1951 approximately 1,100,000 people 65 and over. The report continues:

> This trend towards an ageing population may reasonably be expected to continue through the decades ahead.

In Canada during a period such as the one we are in at the present time, a period of practically full employment, there are 5,300,000 people gainfully employed, which is a proportion of 4·8 gainfully employed people for each person 65 and over. If we accepted the age of 65 as the universal retirement age it would mean that five persons gainfully employed in Canada would have to contribute for the living of the sixth. In other words, if we had, as we have heard it advocated many times, a universal pension of $50 a month at age 65, which is even below what the hon. member for Winnipeg North Centre (Mr. Knowles) requested this morning, it would mean that each person gainfully employed in Canada at this time would have to contribute an average of $10 a month out of the national income for the purpose of old age security alone. I am not convinced that the people of Canada will be ready to go so far at this time. I should like to refer to page 101 of the report where it reads:

> As large numbers of persons reach what may, under present circumstances, be considered the normal ages of retirement, and as they find themselves in better health, it may be expected that they will show increasing reluctance to accept the inevitability of retirement at such ages. It is in the interests of the individuals themselves and of the country as a whole that we should re-think our attitude towards continued gainful occupation of these older age groups. The committee believes that increasing emphasis should be placed on efforts to remove from people's minds the idea that there is any set or accepted age for retirement. Each individual in the nation's population should be encouraged to continue as long as possible in gainful employment. Not only is this a matter of importance to individuals themselves in terms of their health and mental outlook, but it is of even greater importance to the over-all economy of the country. Surely a country like Canada, with a wealth of natural resources still in large part undeveloped, is justified in having profound faith in its economic future. If we are to develop these resources adequately, we shall need to retain in active undertakings the largest possible number of our nation's population. The committee believes that, in the years ahead, our economic progress and prosperity will depend in significant measure on the success of efforts made to utilize to the fullest possible advantage the mature skills of these older workers.

It is my personal opinion that if at this time we had a universal pension at 65 it would have the psychological effect of having the mass of the people believe that the accepted retirement age in Canada was 65 years. As far as this is concerned I said in committee and I want to repeat here that personally I deplore the fact that the government itself is not setting a very good example in that regard.

I and the majority of Canadians who think as I do may be wrong, but, if we are, the situation which will be created under this bill can be corrected. If on the other hand the proposal for universal pensions at 65 was implemented and it turned out that we were right in our apprehensions and those other hon. members who proposed it were wrong there would be no remedy, no way back.

That was the attitude I took in committee, and I believe it was reasonable. Those who held opposite views came to a reasonable compromise. I urge hon. members not to talk so much about things that may be done in future. Let us first try this system instead of making speeches so that two or three years from now one may say, "Oh, well, I was the first to advocate it in the House of Commons." I do not believe we should play politics with this question. This is a good bill; it is something the people of Canada want. I urge this house to approve the terms of the compromise reached in the committee. I am convinced that all hon. members will be only too happy to approve the principle of the bill which is the first step towards placing Canada in the forefront of the world as far as provision for old age security is concerned.

Mr. David A. Croll (Spadina): I have just a few words to say on this bill; I will not delay the house. I am in full accord with its principle. To the chairman of the committee,

who has just taken his seat, I want to indicate how much we of the committee appreciated the work he did. It was not an easy task. We came to the committee with varying views. We argued; we weighed facts; we had some differences; we compromised. We were determined to come to a solution, and we did. I think that joint committee on old age security was parliament at its best.

The importance of this bill does not arise from the amount of money involved but rather from its principle. In one stroke the recommendations of the committee now being implemented have brought about the beginning of a universal pension at 70, the beginning of the end of the means test, and the payment of pensions to a new group from 65 to 69. In my opinion this is a historic measure of social significance. Hearing the speeches made today endorsing the principle of the bill brought to my mind a military principle. In the presence of such distinguished soldiers as I see here I am a little hesitant about expressing it, but perhaps they will forgive me. I believe the first thing one is taught in the army is that when you have attained your immediate objective the next thing you do is consolidate your position to make sure no one takes it away from you. It seems to me we should give a little thought to that principle at this time. How much social security? Well, as much as the people want and are prepared to pay for. Where is the limit? I do not know. I do know we have not reached it yet.

We must recognize that this measure came about as the result of an overwhelming public clamour. They asked us to do away with the means test, and to lower the age limit. The government heard that demand and timed it—timing was important in this case—in such a way that it is now acceptable to all the people of Canada. I make that point not so much for the effect it may have on this and the other bill that will be introduced, but because there is still so much to do. The other day the question of national health insurance arose. There are many champions of national health insurance in this house, men who will be not only persistent but determined to bring it and keep it actively before the house. Unfortunately, the people have not yet clearly made their wishes known. Those same lobbies and interests that were advocating the removal of the means test and lowering of the age limit have not been heard from. I believe the people will make their wishes known on health insurance. They are also prepared to pay for it.

It is very difficult for me to follow this galaxy of speakers, who know the old age pension problem from A to Z and try to find something new to say.

Mr. Low: Now you can appreciate the position we are in.

Mr. Croll: I do. The measure before us providing pensions for people from 65 to 69 I am told will cover one-third of all the invalids and incurables in this country. The significance of that fact must not be lost. There has been a feeling in this house that for too long we have neglected these people. Because they have no great lobby, because in most instances their families look after them in their own way instead of making their plight public, their voices have not been heard. I believe there are approximately 50,000 invalids and incurables in Canada at the present time. One-third of them will be covered when this act becomes effective. Before we talk about improvement in the present measure, before we talk about further progress, should we not spread ourselves a little laterally and make sure that somehow the other 35,000 are included? It seems to me we should reflect well before deciding what our next step will be. I ask this house to give this matter some real consideration. These unfortunate people are not the ones who constantly sit on our doorstep and present their views. In many instances they are in their homes. We know very little about them. Nevertheless, they are a responsibility. We are doing something for them at the present time. We have them provided for from 65 on, and from birth to 16 years. There is an in-between period that ought to be covered. There are not very many of them, but it seems to me that is the next task to which we ought to apply our minds.

My purpose in rising was to say two things to the house. First, to bring to the attention of hon. members the necessity of applying their minds to the 35,000 odd invalids and incurables in this country. Second, to bring to them a realization that we still have some unfinished business in the way of national health insurance to which we ought now to turn ourselves in order to bring it to the attention of the government and keep it before the government. Though it does not seem to be attainable tomorrow, it seems to me it can easily be realized within a very short time. Once we have achieved those things we will have fully satisfied the task that we presently set before us. Time and again I have heard it said, it is true, that in this country we have the best veterans legislation in the world. With this measure and the measure that will be introduced at the next session, along with health insurance and some of the supplementary measures, we shall be afforded the opportunity of saying

we have the best social security measures in all the world. I hope that in due time this house will make that possible.

Mr. Arthur Laing (Vancouver South): I shall be very brief in what I have to say. First of all, I compliment the minister upon the introduction of this measure. I do not think he could more happily celebrate his birthday than by introducing it. I should like to pay tribute to his senior civil servants, and particularly to Dr. George Davidson, a native of British Columbia, who I believe probably has a wider knowledge of social matters than any civil servant employed by any government in the world today.

I want to deal with one aspect of this matter. I have spoken to my friend the hon. member for Winnipeg North Centre (Mr. Knowles) before this, because I have found his usual inclination is to start moving the goal posts before we have them firmly planted in any particular place. I think that action and reaction are equal and opposite in political affairs as well as in the law of the physicist. As a result of the introduction of this bill, I believe we are going to have a job to sell the idea to the people of Canada. I have in mind particularly the youngster of 21 who starts working and, under this legislation, finds he is going to have to work for forty-four years before he can hope to get any benefit from it. We have to sell to the working force of this country the idea that they are going to have to put up the money for those who are now retired. It will be a tremendous job for us to sell that idea to them.

Mr. Knowles: Other 21-year-olds will do it when he is 65.

Mr. Laing: I hope we have arrived at the time when we realize that this money does not come off Christmas trees. We get nothing for nothing and precious little for sixpence. We have to find the money for this by way of taxation.

There is another aspect I want to mention, and I can do it very briefly. I hope we do not accept as a full governmental responsibility the supplying of adequate funds for people to retire upon. I suggest that we have long had in this country a number of personal rights. As a nation we have been very zealous and attentive to our political rights. I seem to see now a new concept coming into people's minds. I believe that people are demanding certain economic rights. I would hope that those economic rights are shared by the government or governments of this country, and by the employers. It was particularly gratifying to me to note in the committee's report that there are now no less than 4,125 employee pension plans in Canada covering approximately 627,000 persons. I have no doubt those plans have been extended in this past year, and I hope that they will be extended in the future so that a measure of responsibility for the employees is impressed upon the employers of this country as well as the governments of this country.

I believe that very few of the democratic countries in the world today would care to see their governments initiate and administer everything. I am quite convinced that in Canada there is the greatest disinclination on the part of the people to have governments initiate and administrate everything. I believe that is reflected in the fact that today Canada has become one of the choicest spots on the face of the earth for investment capital. I believe we should be very careful in the future to see to it that, instead of saying the government should take over the entire scheme, we do everything we possibly can to encourage employers to bear a responsibility which, in these days of the new concept, is very much their responsibility. I want to quote one section from the committee report which I believe is of great importance. It reads:

> The committee feels that any plan to be considered should not interfere with employee pension plans, the purchase of governmental or private annuities, or private savings. Any scheme conceived under public auspices should be such as to place a floor under these private or collective provisions for retirement security; this would make possible the development under private initiative of supplemental programs which, taken together with governmental provisions, would result in more adequate retirement security for the largest possible number of Canadians.

I hope that governmental action in the future, by way of taxation and so on, will do nothing to discourage the sharing of the responsibility by industry and government but rather will encourage it.

Mr. Angus MacInnis (Vancouver East): It was not my intention to take part in this debate. Earlier in the day I felt that the member for Winnipeg North Centre (Mr. Knowles) had stated my position, and possibly my aspirations, completely enough so that it would not be necessary for me to speak. However, there have been some other speeches made, in addition to those of the various party spokesmen, and some things have been said which I believe I should attempt to answer. I think it would be rather unfortunate if we were to approach this bill in a spirit of carping criticism, and, I am glad to say, that has not been done. I think it would be equally unfortunate if we were to assert that the bill is a world record breaker of its kind, as there has been a tendency to treat it in the house

on several occasions. As a matter of fact this bill by itself is a rather puny effort at social security, and perhaps that is necessarily so because it is legislation that has to be operated in conjunction with the provinces; but taking this bill with the other one dealing with universal pensions, which will be introduced at the next session, we have I believe made a very substantial step in progress towards social security.

It rather pains me to hear young men speak in terms and phrases that we would naturally expect to hear from old men. When I feel depressed, or discouraged with the slow progress we are making in various directions, I sometimes go back to *Hansard* and look up the speeches of members and senators of other years. I compare what they said in their day with what has happened since their time, and I usually can say to myself: We are making progress after all, although it may be slow.

As I listened to the hon. member for Vancouver South (Mr. Laing) and the hon. member for Montmagny-L'Islet (Mr. Lesage), who was the chairman of the committee on old age security last year, my mind went back to statements made in the other place in 1926 and 1927 when the first old age pension measure was debated in parliament. Just for the benefit, particularly of my two young friends, both of whom I like very much, I think I shall read some of these statements, and hope after I have finished they will not be so pessimistic as to the future of mankind.

The world is moving, and we have to be very careful to see not that we do not go too fast, but that we do go fast enough. If you look over the world today and take note of those places where there has been revolution, where things are in a chaotic condition, you will find that people have not revolted because their governments moved too fast; they have always revolted because their governments did not move fast enough; and that would apply to us just as much as it applies to them. The lesson is there, and he who runs may read, and if he does not read now he may try to read when he is running much faster than he is running now.

I shall read some short statements that were made by senators, who I suppose have since gone to their everlasting reward. On June 8, 1926, at page 160 of Senate *Hansard* the Hon. C. P. Beaubien, referring to the bill—this was I believe the year the bill was passed in the House of Commons and rejected in the Senate—said this:

> If this bill passes, the obligation of the children to look after their father and mother and grandfather and grandmother goes by the board . . . Is it judicious for us to impose upon our country such socialistic legislation as this—because it is nothing else—when there is no call for it?

The hon. member for Vancouver South mentioned that the youngster of twenty-one would not like to start paying for legislation of this kind, for old age pensions and health services. But the hon. member forgets that when the youngster of twenty-one reaches the age of twenty-five, or perhaps earlier, he will be getting married, and I would imagine that he will have a mother-in-law and perhaps a father-in-law. He is also most likely to have a mother and father living at the time. Rather than have these people come in and live with him—unless he is already living with them—he will be very glad if they have old age pensions and old age security by which they are able to take care of themselves and live to themselves. My young friend is so old already that he does not know the minds of young people of today.

The quotation I have read was by Senator Beaubien in 1926. In 1927 the bill had passed again in the house. There had been an election, and the hon. senator had something further to say. He said this:

> This in my opinion is an iniquitous measure. First of all it is unhealthy in its basic moral principle. It is going to stunt the growth if it does not altogether blight and wither all incentive for thrift and providence in the land. Furthermore, it rests upon a very unsound financial structure. If we pass this measure, hon. gentlemen, I very much fear lest some day in the not very far distant future, that this country will be saddled with the obligation of paying yearly such huge sums as $30 million or $40 million.

Mr. Lesage: Was he C.C.F. or Conservative?

Mr. MacInnis: Well, now, I could not be sure, but, since he came from the province of Quebec, I would not be surprised to find that he was a Liberal.

Mr. Lesage: No; he was a Conservative.

Mr. MacInnis: Perhaps he was. I am keeping away from politics. I am merely quoting history for the benefit of my young friends.

Mr. Lesage: It does not at all resemble what I said.

Mr. MacInnis: The sum of $30 million or $40 million was mentioned. Last year when the committee was being set up I heard the Minister of National Health and Welfare (Mr. Martin) talking in the "astronomical" figures of $500 million or something like that. I have not the exact figure here, but I think this year we are assuming an expenditure of $1,500 million for national defence, and no one has suggested that it is going to break the country. Over three years the expenditure is to be $5 billion.

Mr. Lesage: We hope it will not be a fixed charge—that is the difference.

Mr. MacInnis: If I understand the Minister of Finance correctly we are paying it on a pay-as-you-go basis, and I hope we will keep on paying it on a pay-as-you-go basis as long as it is necessary. It is a much more dangerous form of expenditure, as far as the economy of the country is concerned, than the expenditure which may be made on social services. But let me get back to my senators. The Hon. Mr. McCormick, at page 167 of *Hansard* of 1926, said this:

> I do not think there is any doubt in the mind of those who have been following the affairs of this country for some years that the measure was proposed simply in order to secure the support of two men who call themselves labour men in the other house. To be plain, that is the whole thing—men who call themselves labour men, but who are not in the full sense labour men, who do not represent any considerable portion of labour in this country.

I would like to inform the hon. member for Vancouver South that he need not be concerned about the workers in the labour movement in Canada not being in favour of these social service measures. Let him read the submissions by the national labour bodies that are made to cabinet each year. There he will get his answer. I remember attending my first trades and labour congress convention I think it was in 1926 or 1927 in Montreal. The late Tom Moore, in the president's report, mentioned the fact that after twenty-five years of urging and solicitation by the Trades and Labour Congress of Canada the government had at last passed an old age pension bill. If my hon. friend from Vancouver South (Mr. Laing) will read the history of labour he will find that not only in Canada but in every country in the world labour has always been in the forefront in demanding social legislation, in demanding improvements in factory laws, and all that sort of thing. And it is natural that they should be the people who would be asking for those things, because they were the people who suffered because of the lack of them.

I remember reading—I believe it was in a life of the late William Ewart Gladstone—a statement something like this: "I painfully reflect"—and I believe those were the terms he used—"that all the social reform measures during the last fifty years in this country were proposed by the common people, the toilers, the people of uncommon sense. And, in the same way, each one of those measures was opposed by the wealthy classes, the educated classes, the leisured classes, those who were benefiting by things as they were."

The situation has not changed one iota since Gladstone's time. I have never yet seen a measure introduced for the improvement of old age pensions, factory legislation, unemployment insurance or anything of that kind that was not opposed by boards of trade and chambers of commerce.

I could go on to read dozens of excerpts showing not only where the pressure came for this legislation, but also who were opposed to it, but time does not permit. However, there was one part of the bill to which I should like to refer. The amount of the permissible income has been raised. I regret very much that it has not been made higher. I appreciate the difficulty in that this is a piece of legislation in connection with which the provinces will have to pay their share. Because of that I am not going to be too emphatic in what I say. I would hope however that it might be investigated further; because surely it is an anomaly in this day and age when we so urgently need production, when we so urgently need additional national income out of which these pensions can be paid, that a person must stop working in order to receive the benefits. He must become a burden on the state.

In the United Kingdom now, at a time of full employment, they pay a bonus to people over 65 to keep on working. The country needs their efforts. I cannot for the life of me see what harm there could be—and, of course, there might be a financial difficulty I would not know about; and anything I say is said with that reservation in mind—I cannot see what harm there could be if the permissible income were raised to perhaps twice the amount it is now, so that instead of $20 it would be $40.

I am sure it is good for the individual to work, provided he is not doing work beyond his strength. I am sure it is good for his family that he should work. I am equally sure it is good for the state that he remain in employment as long as possible. He will add to his own income; he will add to the national income, and in that way he is adding to the welfare of his country.

But besides that there are intangibles that a person cannot explain, benefits which accrue when a person finds himself doing something useful and, in the same way, intangibles and frustrations that occur when a person is prevented from doing useful work for which he is physically fit. So I suggest to the Minister of National Health and Welfare that that point should be considered.

I shall conclude my remarks at this point because, as I said earlier, the hon. member for Winnipeg North Centre (Mr. Knowles) stated my position so satisfactorily that I do not need to speak at all. I am treating this measure as something demanded by the

people, as was pointed out by the hon. member for Spadina (Mr. Croll). They are ready to go further. I am taking this as one of the first steps of a full social program for Canada. And I, for one, am not afraid of the welfare state.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, much of what I would have had to say about the bill has already been said, and I have no intention of repeating. However, for a few moments I should like to speak with respect to the provisions for additional income, as they are set out in section 3 (2) (c) of the bill.

I think back to early in the session, on February 9, when I referred to the old age pension being paid at that time. My opinion has not changed, and I would say that with the introduction of this legislation I am sorry to see that the increase permitted is so small as to be of little help to the able-bodied person of 65 years or over who still has the ability and inclination to work.

The suggestion has been put forward this afternoon that, by such legislation, we may contribute to the belief that 65 years is the proper retirement age. I think that belief is already abroad in the country, and I am not inclined to believe that anything we could do at this stage would alter it. The government, the railways and other large organizations have had this retirement age in effect for some time. I see the parliamentary assistant to the Secretary of State for External Affairs shakes his head.

Mr. Lesage: It is not exactly what I said.

Mrs. Fairclough: If I have misinterpreted his remarks, then I shall admit I was in error. But I would remind the house that there are many people who, either through ill health or because of rules governing their employment, must cease work at the age of 65. They have a great capacity, collectively, for production. I have seen it happen in the age group of 70 and over, and I am sure it will happen in the age group of 65 to 69, when they are forced to apply for some sort of assistance.

The outcome is that when they are offered work they are no longer secure in the knowledge that the work they are offered will last for any great length of time. Otherwise they would probably be glad to take the work and forget about the pension. But, inasmuch as they may be employed today and unemployed tomorrow, they are unwilling to trade a small portion of security for very probable insecurity, and they cannot go on working and at the same time have a pension. They should not have to jeopardize their pension when they earn more than what the legislation permits. In the present case that limit will be something under $5 per week. Of course, it has been even less than that. The outcome is that you encourage people to take employment only where no returns are made on employee records or at odd jobs. These people in many cases cannot be persuaded to take on any type of continuing work.

There is much seasonal employment available to these people and in many cases the returns would place them in comparative comfort. These people should be encouraged, particularly at a time when we need all possible production, to do what work they can. It is true that many of them are not capable of producing as they did twenty years ago, but collectively they represent a great productive capacity. I do not think we should discourage them by refusing to permit them to earn over the small amount set out in this bill.

When I spoke in February I referred to the fact that this point had been recognized by the income tax department when they granted an additional exemption to those over 65 years of age. I have no intention of reading from the record as it is there for those who wish to read. Shortly after that I placed on the order paper a notice of motion which I had hoped might be reached and agreed to so that for at least a portion of this year these people would have been permitted to earn what they could.

At the risk of being slightly out of order I suggest to the minister that it is still not too late to take action, particularly in view of the fact that at a later date we are to consider legislation which removes the means test entirely. Before this session ends the minister could introduce a bill which would permit all of those now receiving old age pensions to earn what they could before the end of the year.

Mr. Martin: I would have to get the agreement of the ten provinces. This represents their wish.

Mrs. Fairclough: I cannot refute the minister's statement, but I find it hard to believe that this represents the wishes of the provinces of Canada.

Mr. Martin: I assure my hon. friend that that is the case.

Mrs. Fairclough: But not all of them.

Mr. Martin: All of them.

Mrs. Fairclough: Every province?

Mr. Martin: Every province.

Mrs. Fairclough: I cannot accept that.

[Mr. MacInnis.]

Mr. Martin: The hon. member is talking about this bill?

Mrs. Fairclough: I was talking about those 70 years and over.

Mr. Martin: Excuse me.

Mrs. Fairclough: I have talked with people in the welfare departments of various provinces and they told me that they think something should be done in this regard. It may be that their governments think differently. The minister has said that he cannot introduce such a bill and I am sorry to hear him say that because I would like to see these people permitted to take employment without having to go behind doors. We should bring to an end a situation which is certainly not in keeping with our—

Mr. Martin: When we are dealing with the sections of the bill I am sure I can satisfy my hon. friend.

Mrs. Fairclough: I shall be glad to hear what the minister has to say. It will be six months before this bill will come into effect and with the experience we have gained in the past few years with other pension legislation I think we should be ready to permit greater leeway to those in the 65 to 70 age group.

Mr. Graydon: Mr. Speaker—

Mr. Martin: Unless my hon. friend wants to make some general observations I would suggest that some of this discussion could take place on the pertinent sections of the bill. Perhaps I should have made that suggestion to the hon. member who was speaking, but I think we have to treat her rather differently than we do the rest of the hon. members.

Mrs. Fairclough: Not so.

Mr. Martin: For that reason I did not rise to interrupt her remarks, but I think they might have been more apropos of particular sections.

Mr. Gordon Graydon (Peel): Mr. Speaker, I think the debate today has renewed much faith and restored much confidence in the heart and good conscience of parliament in general. This is a rather historic day and one which I think will long be remembered by Canadians. Members in all parts of the house, of all political parties and coming from all parts of Canada, have joined together in endorsing a humanitarian piece of legislation. I think it shows that at the bottom of every Canadian heart is a desire to see that those who need assistance and consideration will not be left without it so far as the legislators and the people of Canada are concerned.

There is only one thing in connection with this legislation that I regret. I referred to this before and I repeat it. I do not like the words "old age." When we are doing such a magnificent job for a section of our people we ought to remove from the legislation anything that sounds like "old age". Surely there are ways of doing that. I made one suggestion the other day and there are other suggestions of equal merit that could be made. I hope that somehow we will find a way of abolishing the two words "old age" from our statutes. It is not in keeping with the spirit of the work that is now being undertaken on behalf of the senior citizens of Canada. I do not think we should allow on our statute books something which offends the spirit of what we are trying to do.

Mr. G. M. Murray (Cariboo): Mr. Speaker, I think the words "old age" are honourable and should be preserved. Of course in Hollywood they change the words to something else that might sound more attractive. This is compensation for old age and why should it not be phrased in that way. The poet was quite correct when he said:

> Grow old along with me!
> The best is yet to be,
> The last of life, for which the first was made.

I hope that the bringing in of this legislation will not reduce in any way the responsibility of young people to their parents. I should like to make just one more reference. There were certain great men in British Columbia who during the last half century or more struggled to bring about the type of legislation we now have before us. I refer more particularly to the Hon. Ralph Smith, the leader of the Liberal party there and of the Labour party who was talking about this matter and waging a campaign for it fifty years ago. There is also the late Hon. William Sloan who was a friend of labour, of capital and of everything that was progressive. Then there was the late Mary Ellen Smith who was probably the originator of the idea of compensating the old age citizens of this country in this way. Mention has been made already of Dr. George Davidson who is an ornament to the civil service of Canada and who is a British Columbian. All these people, especially those who have passed along, should have their names preserved on the record and it should be noted that tributes have been paid to them.

Mr. E. G. Hansell (Macleod): I wish to say a word or two on this old age pensions bill. I do not want to detain the house at this particular time but I did not raise my voice at all on the minister's estimates. Neither have I discussed this question in the past couple of sessions. I do not think I should let it go by without taking the privilege of saying a word or two. I am sure it is a

source of great satisfaction to all of us to know that we have now taken a progressive step, under the government's present financial policy, in the presentation of this measure lowering the pensionable age to 65 years. I feel rather reluctant to sound any other note than that of cheerfulness. Nevertheless I have one or two regrets, not particularly with respect to the bill itself but as to the principle involved in government policy with respect to security measures.

One regret I have is that, while the amount of the pension will be fixed by agreement between this government and the provincial governments, no account is taken of the possibility of fluctuation in the value of our dollar. This matter has been mentioned before in another way by previous speakers, and it is a very important question. I know that is the way present government policy works but their over-all financial policy does not seem to harmonize. We may think that $40, $50, or whatever the amount may be, is all right today when we are writing it into the legislation, but it does not take into account that in a year's time or five years' time the specified amount may not be worth very much.

There is an opinion among many people that the attitude towards security measures should take into consideration that very important principle of human nature which they call thrift. Over the years we have heard time and again that people should save for their old age. I do not know that I want to go to any extremes in an argument that may appear to be a rebuttal of that position, but we are living in a day and age when we have got to revamp our thinking with respect to these things. I quite believe that people should live with a view to spending their last years in comfort. Whether or not that will involve the matter of thrift is a question of choice of the individual. It he spends he should not be too harshly criticized.

If our entire economy with respect to social security were based on thrift and saving of course there would be many places where we could save. We could do without a lot of things which we do not do without. I am not advocating that we should. As an example, I do not know that we need to spend money on shaving soap and shaving cream. We could all grow beards if we wanted to—

Mr. Knowles: Use electric razors.

Mr. Hansell: —and save money. My hon. friend has said that we could use electric razors. Why not save on electric razors and simply grow beards? We do not have to wear ties. We could go around without ties.

[Mr. Hansell.]

An hon. Member: How far would you carry that?

Mr. Hansell: We do not have to smoke. It is a nice enjoyable thing for some people, but in this corner of the house somebody smokes a stinking old corncob. To my mind I am sure we could do without that.

Mr. Laing: Not far from you.

Mr. Sinnott: Just behind you.

Mr. Hansell: We could do without jewelry if we wanted to. We could do without a lot of things. We could do without cosmetics. Of course I know it would be terrible to look at our women without any lipstick, rouge and eyebrow pencilling. I know it would be a terrible thing if our women could not improve on what the good Lord has given them. Anyway my point is with respect to the question of thrift that after all the man who spends is a much more valuable citizen than the one who saves because it is only through the process of spending that the wheels of industry turn. The attitude among some is: You will not have anything if you do not save. That is wrong. The true fact of the matter is that you only have when you spend because the only way you can get anything is to spend. Of course once again it comes down to a matter of financial policy. We have a false sense of real values. I think we are a bunch of screwballs.

An hon. Member: Hear, hear.

Mr. Hansell: That is the way it appears to me. We do so many crazy things. I say once again that the financial policy of the government will have to change in some way or other because the amounts that are going to be decided upon in this legislation may not be adequate in the years ahead. I have another regret, and I cannot express it any better than the hon. member for Spadina (Mr. Croll), who unconsciously stole a part of my speech.

Mr. Sinnott: Not only yours but mine.

Mr. Hansell: We have largely forgotten the incurables who are in desperate need. I know the minister is just as concerned about the incurables as any of us. I have spoken to him about these people. He has a sympathetic heart, not only by reason of what he has heard but by reason of the fact that he has had actual experience with the unfortunate position of these people. I know his heart is with them and that he is only restricted by the fact that the amount of money the government will allow him for the various welfare matters he would like to expand is also restricted. You know, there are in the country incurables much more in need of financial assistance than some of these people between 65 and 69; yet there is

nothing on our statute books to provide for them. I only say to the minister that as we rejoice in this step I hope we will not permit this legislation to preclude doing something for the incurables. Let us not say that since we cannot do everything the incurables will just have to wait, that we favour the old age pensioner of 65 to 69 a little more than we favour the incurable. That may appear to be the situation, and it is so unfortunate. We have not before us the bill concerning pensions to those 70 and over, but I do know great pressure was brought on the government by powerful organizations to do away with the means test. To some extent that pressure may have been slightly selfish, not so much by reason of human nature as by reason of our financial policy. The powerful labour organizations spread their advertising over the newspapers of Canada urging the elimination of this means test. Of course they had a reason for that; as long as the means test remained it might interfere with their industrial pensions. The poor incurables did not have any powerful organizations to present their case. They are not so numerous; they are not so influential, because they cannot get together by reason of their particular physical circumstances. There is no one to plead their case, so I hope that as we go forward with this measure we will not forget them. I am sure the minister will say he has not forgotten them. Well, we want that remembrance to be translated into action.

There is just one other matter I want to mention, and it also has to do with the financial policy of the government in respect to this measure. I mentioned this to the minister a couple of years ago, but it needs to be mentioned again and again. We are going forward with this legislation at a time when revenues are high. These are steps which cannot be retraced. Once you launch upon a measure like this you cannot go to the people later on and say, "We are sorry; we passed legislation giving you this pension and now we will have to take it away from you because our revenues are not sufficient to pay it". You cannot retrace your steps in a matter of this kind. When the hon. member for Peace River (Mr. Low) was speaking of the financial position of Alberta he mentioned quite correctly that the impression abroad is that Alberta is simply rolling in wealth. Well, it is a wealthy province. It is true that business is good. We are proud of our province. The revenues accruing to the government there may not be as high as most people think, but the government has followed a very wise policy in turning back those revenues to the people in the form of roads, bridges, hospital services, new hospitals, new schools and so on, steps that will not have to be retraced if the revenues should not be forthcoming. It is one thing when revenues are high to put them into fixed assets, and another to embark upon schemes of this nature. I asked the minister what we would do with these measures if a depression should ever come and revenues should be very low. When I asked that question a couple of years ago the minister said he had great confidence in the country, that we had embarked on things in other years and always had been able to make a go of it. Well, of course, under the present financial policy that is the best answer the minister could give because the question could not be answered in any other way. He has no answer to it. These are things we have to think about in any long-range view of these matters.

There is one other very incidental matter I want to suggest to the minister; no doubt he has thought of it already. I understand that at the present time many people covered by this bill and the other legislation concerning those 70 and over are making application. I understand a great many inquiries are being made, that the provincial old age pension boards are being swamped and are not able to answer the questions being asked simply because they do not have the information, since the legislation has not been passed. I suggest to the minister that he make an adequate announcement, and that it be given the widest publicity. We have the press that enjoys the confidence of the government. We have the radio, both our C.B.C. and the independent stations, that enjoy the confidence of the government. I am going to ask that, in order to relieve the old age pensions boards of a tremendous volume of work they will have to do, the minister give the widest publication to all the rules and regulations that should be known to those who are about to apply for the old age pension. It will not be sufficient to make a statement unless the statement is exhaustive enough to give that information. He should appeal to those media for disseminating information to give the widest publicity to those things.

Mr. Martin: We will.

Mr. Hansell: I know the minister will do that. Once again I wish to congratulate the minister upon this measure. There were one or two other little things I was going to mention. Coming from another part of the house I should mention that although I was not on the old age security committee which met last year, I have heard good reports of the excellent manner in which the chairman of that committee conducted the work. I should like to pass that on to him as coming

from a private member who, most of the time, has his ear to the ground. We do trust that the minister will take cognizance of these matters that we have brought to his attention.

Mr. G. T. Fulford (Leeds): I merely want to say that I trust this memorable day in the history of Canada's social security service will help make memorable the many birthdays which the Minister of National Health and Welfare (Mr. Martin) will enjoy in the future.

Mr. J. H. Blackmore (Lethbridge): I wish to say a word or two in support of old age pensions. I have not done so for several years. There was a time when I spoke regularly in support of a better old age pension for our senior citizens of Canada, but I have more or less given myself over to other activities lately, and consequently have left this matter to other members in my group. However, I have not by any means lost my interest in this matter. I heartily support the bill which is now before the house. I should like to congratulate the minister who has, by long and strenuous efforts, finally been able to accomplish the objective he has for several years had in mind.

May I just say one word in respect to the matter of financing this measure? What the member for Macleod (Mr. Hansell) has said requires serious thought. If we were to enter a depression we should have serious difficulty indeed raising the money to support such social services as we all desire to support. Even with our revenues as buoyant as they now are, I imagine the Minister of Finance (Mr. Abbott) has grave misgivings as to the ability of the nation to finance these ambitious plans which everyone desires to see materialize.

May I point out to the members once more what I laboured to point out to them on June 20? On that day I spoke about the Bradbury experiment in England during world war I. I believe that everybody who read the words I uttered on that occasion must have been impressed with the fact that a state-created unit of money was used with a great deal of success in Britain during that most trying experience of the war.

State money can be used for lending as it was in the Bradbury experiment. Surely similar state money could be used for spending to finance such things as old age pensions, pensions for the blind and pensions for the incurable. In the friendly discussion which I had with the Minister of Finance that night, it was brought out that sound money was money which was supported by sufficient goods and services and a stable price structure. The more goods and services that this country can produce and put into the market, the more money can be put into circulation in the country. If sufficient goods and services can be fabricated and brought into the markets of the country, enough state money can be created to, shall we say, "chase those goods".

It is common in the house now to say that inflation results from too many dollars chasing too few goods. That is correct. If you get plenty of goods for the dollars to "chase", you will not have any trouble. If you get too many goods for the dollars to "chase", then prices will come down too far and you will have a depression. As the amount of goods for the dollars to "chase" increases, then the government could safely create and spend into circulation more dollars to "chase" those goods. I am using the common expressions which are used in the house.

That will be very encouraging to all who have to do with the matter of financing. That is the test. As our production overtakes our effective demand, as I believe it now has done in Canada, it is going to become more and more feasible for the government to create money debt free in this nation. That will mean a new source of revenue so that it will not be necessary to put upon the provinces the burden of financing old age pensions, pensions for the blind and all these other social services. The dominion government can assume that burden through its constitutional ability to create money debt free backed by the goods and services of the country.

I wish to point out to the minister that the next time the member for Macleod asks him that question of his, the minister can answer it just this way: "With our wonderful machines now coming into use, our wonderful technological skills, as a result of which we can make almost anything from almost anything—as for example nylon—and with the remarkable extent to which we can employ solar energy for the fabricating or processing of our resources into desirable goods, we have no fear in the world of being unable to finance the old age pension or any other social service we may consider it wise to finance. If we once adopt the understanding that the state can create money, independent of the banks, to represent the goods and services as they increase in the land, our only concern then is going to be to produce enough goods and services. Surely everyone in this house and in this country realizes that we can produce all the milk, cream, butter, cheese, apples, meat, coal and other things the people might need to enable them to enjoy a good standard of living. There is no question concerning that matter".

I would say this much just by way of encouraging the Minister of Finance, and to reassure the people of the country, that if we will adopt a sound, realistic financial system we simply do not need to be afraid to bring into being all the social services we desire.

A question has been raised as to whether we could safely create and spend much debt-free money at the present time in Canada. I cannot be sure about that. The stand I have taken all through this year has been that our supply position is good enough to permit that we create money even today, probably hundreds of millions of dollars of it, and spend it safely not only on old age pensions but in other desirable ways. If our supply position is not sufficient we would not be able to create new money without causing difficulties. But if our supply is adequate we would be able to create and spend new money safely. As to whether or not our supply is adequate, we would have to have the experts of the land study the whole question and then report to us.

I believe it would be interesting to hon. members to study the two important bank letters of June, namely, the Bank of Nova Scotia monthly letter and the Bank of Montreal monthly letter which have just come to our desks today. They speak rather glowingly of the tremendous increase in Canadian production, and point out that we are now in a rather sound supply position, and we are rapidly becoming more sound because, we might say, the productive capacity of the nation is completely overtaking the financial capacity of the nation to consume. If such be the case, and I believe it is, then the minister could arrange matters with his colleague, if he could bring him to see eye to eye with him, which must be done, to provide for the financing of a great many of these expenditures by the device of creating debt-free money backed by the goods and services in the state and capable of coming into existence in the state through the use of the resources both human and material in the state.

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

On section 1—*Short title.*

Mr. Fleming: On this clause can the minister indicate what is to become of the provision now made under the present old age pensions legislation for medical assistance, including services as well as medicine and drugs, for persons qualifying under the means test?

Mr. Martin: These are matters obviously not covered by this bill, and they are matters which we regard as coming within the jurisdiction of the provinces, and which are so regarded by them.

Mr. Fleming: One further question: Does that mean that in the new scheme, including the universal pension to those seventy and over, the contribution from the dominion to the medical assistance of the group will cease, and there will be some saving to the dominion in that respect to set off against the assumption of 100 per cent of the cost of the pension for those seventy and over?

Mr. Martin: I cannot add anything to what I have said. These are pension measures. Medical and hospital attention given to pensioners in the various provincial jurisdictions continues to be their responsibility.

Mr. MacInnis: May I ask the minister one other question on the same subject? I accept the validity of the reply that he gave to that question that it is within provincial government jurisdiction and that some provincial governments have been providing certain medical services. Has there ever been any discussion between the government of Canada and the government of the provinces in regard to the providing of medical and hospital services to persons getting old age pensions and now old age assistance?

Mr. Martin: I would not be correct if I said there never had been any discussion. One or two provinces have asked me in private conference what our attitude with regard to that would be, and we have always taken the position that these are matters that come under the normal function of the provinces, and that we would continue to regard them as such. Indirectly of course we do give assistance, not specifically, under the national health program, but there is no thought at the present time of going beyond that.

Mr. MacInnis: I appreciate that—

Mr. Martin: I have made the suggestion to some of the provinces in one section of the country, where they have given more assistance in this regard than in others, that some formula might be arrived at, not by agreement necessarily but by understanding in all the provinces where that sort of thing is done, so that there would be uniform practice and so that no unfair advantage could be taken of one province as opposed to another, because of action that in the light of its responsibilities it thought it should take. I do not want to say any more than that, because these are matters that concern the provinces, but I think that step is going to be taken.

Mr. MacInnis: I will not take it any farther either. The statement that has been made is encouraging. I believe that with so many

hospital services and medical services being provided now by both the provinces, and with the assistance of the national government, that would be a proper subject for discussion between the minister and the provinces.

Mr. Hansell: Just a question with respect to this paragraph on provincial authority. Does this bill, taken with the bill that will eventually come down respecting pensions for those over—

Mr. Martin: The hon. member is referring to paragraph (e) of section 2. We are still on section 1.

Mr. Hansell: I am sorry.

Section agreed to.

On section 2—*Definitions.*

Mr. Hansell: This bill and the bill that we look forward to at the fall session respecting pensions over 70, and the removal of the means test, are complementary one to the other except the administration. Is it the intention that the same old age pension board administering the pension legislation in the provinces will take care of and administer the two acts? In other words, since the provincial governments will have no obligations in respect to the old age pensioners over 70, will this government set up a different office to administer them?

Mr. Martin: With regard to the 65 to 69 group the provinces of course will have the final decision, but they will I know continue to carry on with regard to that group as they do now as regards those receiving pensions at the age of 70.

With regard to those receiving universal pensions at 70, when the act is passed in the fall, that will become the responsibility, administratively, and otherwise, of the federal government, and we will use our own family allowances offices stationed in the ten capitals of the ten provinces for that purpose; but I have no doubt that if we did need assistance of boards on examinations we would have no difficulty in making such arrangements. At the moment, however, we do not think it will be necessary.

Mr. Hansell: So it is just a matter of transferring the pensions, when the pensioner reaches 70, to the family allowances administration?

Mr. Martin: Yes.

Mr. Macdonnell (Greenwood): I was going to ask a question with regard to the definition of "unmarried person" as it is set out in paragraph (i). That seems to make the matter overly simple, does it not?

Mr. Martin: It is the same as in the present act.

[Mr. MacInnis.]

Mr. Macdonnell (Greenwood): It has the sanction of practice?

Mr. Martin: It has.

Mr. Sinnott: Mr. Chairman, I should like to make a few remarks in connection with section 2 (c). I hope I shall not be ruled out of order if I do not stick too close to the wording of the section, because an opportunity did not present itself to make these observations until we reached the committee stage.

May I express to the Minister of National Health and Welfare my appreciation of the bill he has brought to the house, and to those hon. members who acted on the committee. May I also express my admiration of the hon. member for Terrebonne who, in the past, has been most active along these lines.

May I point out that I, too, in the debate in reply to the speech from the throne, addressed the house on February 8 with respect to these unfortunate people. While the hon. member for Spadina said today that he was introducing a point that had not been discussed before, I would point out to him that there are several members in the House of Commons who have been fighting for these unfortunate crippled and handicapped people for some time. Four or five days ago I had in mind moving an amendment to the bill which would have included the 35,000 crippled people who are unable to look after themselves.

The hon. member for Spadina suggested to me that time that I should hold my peace, and that this matter would be looked after at a later time. Let me say at once to the minister that next year, if this legislation is not introduced, my voice will be heard both loud and long.

Mr. Martin: I can assure the hon. member that when he speaks I listen with close attention.

Mr. Sinnott: In view of what the minister has said I feel certain that those about whom I have just spoken will be receiving assistance in the near future.

I do not wish to repeat anything that has been said, and have spoken at this time only because what I had to say could best be said in committee. Let me say at once that I concur in everything that has been done for the people who will be affected by this bill.

Section agreed to.

On section 3—*Agreements with provinces.*

Mr. Fleming: Mr. Chairman, there are one or two expressions in this section of the bill that require some explanation, and one or two paragraphs which call for some further comment. Those of us who spoke today on

second reading, with few exceptions, I believe, stressed what we described as the inadequacy of the permission granted in respect of the receipt of supplemental income.

I realize that this is a difficult matter for amendment because it is, in fact, a money bill. But so far as I am aware we have not had from the minister any justification for fixing the ceiling of supplementary income for married couples who qualify under the bill for assistance at the same figure as the ceiling for the individual.

Mr. Knowles: Hear, hear.

Mr. Fleming: The minister has just put it forward as though it was a demonstration of generosity that spoke for itself and required no explanation. Those of us who do not regard it as an act of generosity are looking for some explanation. We are dubious about the possibility of being given any sensible explanation of treatment like this accorded to married couples.

For my own part, the provision made here for supplemental income for single recipients of old age assistance is not adequate. But when we come to examine the permission granted the married couple, both of whom are in receipt of assistance, and find that not one cent more is permitted that couple than is permitted to the individual, it becomes patently indefensible. If the minister has anything to say on the subject by way of attempted justification I am sure the committee would like to hear it. It will be the first time we have had any serious attempt by him to justify something which most of us regard as quite indefensible.

Then, while I am on my feet, I would ask the minister for an explanation of section 3 (2) (b), where there is reference to the person who "is not in receipt of an allowance under the Blind Persons Act". My understanding is that the Blind Persons Act is the bill we will discuss immediately after the discussion on this one is completed.

Mr. Martin: That is right.

Mr. Fleming: Then in the same paragraph there is reference to the War Veterans Allowance Act, 1946. The minister owes the committee a statement of the way in which these two acts will affect each other. That was a matter of some concern in the committee last year, as to how far any pensions which might be granted to those in the seventy-years-and-over group might mesh in with the provisions for war veterans.

Then there is a reference to the Old Age Security Act. So far as I am aware there is no such act. Is this a reference to a bill to be introduced in the fall? My understanding is that the present act is entitled the Old Age Pensions Act.

Mr. Martin: Yes. I am prepared to answer now; but if the hon. member for Winnipeg North Centre wishes to discuss the same matter, I shall defer my answer.

Mr. Knowles: I wished to discuss chiefly the first of the two matters mentioned by the hon. member for Eglinton.

Mr. Martin: Very well; then I shall deal with both questions at once.

Mr. Knowles: I shall deal with only one matter just now, and I shall speak to it only briefly because I discussed it rather fully this morning. As the minister will recall, I attempted to remind him of the history of the provision with regard to other income. In common with others who have spoken, I do not feel that the other income permitted in this bill is sufficient, and I do not think it is in conformity with the spirit of the recommendation in that respect made by last year's committee on old age security.

But if we cannot persuade the government to make any other change regarding other income, then I suggest that at least it should meet our point that the amount allowed a married couple should be greater than that allowed a single pensioner. I repeat what I said this morning—and I am satisfied it is unanswerable—that at the time the government arrived at equality between married couples and single pensioners it was an accident. I feel strongly about the decision the government has now made to carry forward that accident. I feel that in 1947, when the government made the change to $20 a month for single persons and $30 a month for married couples as other allowable income, while those amounts were not sufficient, at least the relationship had been consciously thought out.

That was not the result in 1949. I plead strongly that we get back to the aspect of the situation that obtained for twenty-two years out of the twenty-four years we have had old age pensions, namely that there be more for married couples than for single persons. I would be very glad if the minister would deal with that.

Mr. Martin: I shall try to deal quickly and comprehensively with the three questions, two of which have been asked by two hon. members.

First of all, as to the question of adequacy of permissible income, and the fact that no special attention by way of increase has been given to married couples as opposed to single persons. Those two questions are really part

of the whole question discussed with the provinces.

I would remind the committee of the special committee's report in this particular as it is found at page 108, where it states:

> For the age group 65 and over not eligible for the universal benefit, old age assistance at the rate of $40 a month should be available, subject to an eligibility test in some respects similar to that which exists under the present old age assistance program, but modified to take account of the different characteristics of the age group to which this test is to apply, and adjusted in such a way as to recognize to a greater extent than at present the desirability of encouraging recipients to earn supplemental income.

The conference with the provinces was an extremely useful one. I have attended five different federal-provincial conferences and I have never attended one which was so harmoniously and fairly pursued by all parties. It would be improper for me to say what any particular province said, and even if it were proper I would not want to embarrass any province because they have their administrative difficulties; but I may say that at one time the attitude of all the provinces was that the present permissible income level should not be increased. There was agreement among many provinces that provision should be made for income casually earned, but there was not unanimity on that. No one finally suggested an amount that was higher than what is contained in the present bill.

Many of the provinces did say that as this was a new departure we ought to build on experience and that while there were objections to the extent of the level of the permissible income that is now contained in the Old Age Pensions Act, experience ought to be allowed to develop before we made any fundamental change. Great reliance was placed upon the committee's report during our discussions.

While most of the provinces would have preferred to provide for the permissible income through casual earnings in regulations rather than in the act, the more we thought of it, and as a result of subsequent discussions over the telephone and so on, the clearer it became that to leave casual earnings to the extent of any stated increase permitted by way of regulation and not by statutory direction would create difficult if not almost impossible administrative problems for the provinces.

One province that had had great experience because of its huge population simply said that it would be impossible to administer a regulation covering a permissible income up to a certain amount. I can only say that in the light of these discussions, although the decision was not made known to them at the time, we have decided that the most convenient way to increase the permissible income was in the act, and we have done that. I may say that that represents the highest level suggested by any province at the conference. The provinces have a responsibility in this matter, as we will have. Some of them are going to have greater responsibilities than others for reasons such as those indicated by the hon. member for Vancouver East. Recognizing that, as well as recognizing the position of the provinces generally, what we have in the act represents our ability, the ability of the eleven senior governments, to provide for a more generous form of eligibility test than is now the case.

With regard to married couples, I may say that some provinces were of the view that the preferential increase should apply to the single individual and not to the married couples. Those views were put forward strongly by some, but the general view prevailed that it would be better to have it on an equal basis. As I say, there were some who thought that the single persons were more entitled to an increase.

Mr. Knowles: That would be what was behind the $20 and $30 arrangement in 1947?

Mr. Martin: Yes. I will not say that this represents in every particular what they wanted but it does represent the maximum position.

Mr. Macdonnell (Greenwood): Does the minister think that it represents common sense?

Mr. Martin: I think it represents common sense. Each province has to approach this in the light of its own difficulty. It may have taken me some time to learn this, but in the administration of these matters I am anxious that we have as much understanding between ourselves and the provinces as is possible. We have that now and I do not want to say anything here, and I know no hon. member will put me in the position where I have to, that will embarrass any one of the provinces in respect to its administration of this matter.

Mr. Knowles: Mr. Chairman, may I say just a word before we leave that matter. I appreciate the spirit in which the minister has dealt with this question. I gather from the position he takes that our chances of getting him to change the figures in the bill now before us are not too good, but I certainly hope that this matter will be given active consideration in the light of experience that develops and that a change will be made if a change is indicated, as I believe it will be, at the earliest possible date.

It is clear from what the minister has just said that it was not possible to get unanimous agreement on every point of detail among the eleven governments concerned. It is clear that the federal government had to take the final responsibility for what is in the bill now before us. In fact the minister has just indicated that the federal government finally decided to put this change in the act rather than to make it subject to regulation, as apparently had been decided upon at the conference on May 23. If it is the federal government that has to take the final responsibility I think we are not only justified, but it is our obligation to press upon the government what we feel is, as the hon. member for Greenwood has just said, a matter of common sense.

May I point out that when the arrangement was made for other income of $20 for single persons and $30 for married persons, that recognized the preferential difference to which the minister has referred in favour of the single person. That was agreed to by the provinces and the minister made a great deal out of that in 1947. I remember very well when we debated the changes in the act on that occasion. Since the provinces agreed to that figure at that time I feel certain that if the government had taken the responsibility of making these figures such as to provide $20 of other income for single persons and $30 for married couples there would not have been any objection from any province. I repeat that the only reason we got into this situation of having the two figures identical was an accident, and my legal friend to my right reminded me last time I used that phrase that it was an accident and not an act of God.

I have in my hand a copy of the 1948 office consolidation of the Old Age Pensions Act. It has been metamorphosed into a 1950 office consolidation by making in it the only changes necessary to incorporate the amendments of 1949. That year all we did was to change two words; indeed we just changed one word twice. We changed "thirty" to "forty" in two different places. In other words, what was being done in 1949 when we increased the basic pension from $30 to $40 was to make the change just as simply as the government could possibly arrange it, and it was doing it in that simple way that produced the accident of making the allowable income for a single person and a married couple the same. I am not going to pursue it any further just now, but I cannot help regretting that that accident, that error, that wrong way of doing it is being carried forward in this bill.

Mr. Martin: In order to be quite clear, I must say that my hon. friend is not correct in what he says. This represents a dominion-provincial understanding. In fact most of the provinces—

Mr. Knowles: The minister said a few minutes ago that a change was made after the provincial representatives went home.

Mr. Martin: What I have said stands. I am saying that this is clear. This represents a dominion-provincial arrangement, and one on which we have gone, so far as permissible income is concerned, a little farther than most of the provinces would have gone. I think the hon. member for Eglinton asked about section 3 (2) (b), war veterans allowances. We had intended in the legislation to permit war veterans to receive assistance under this measure. We thought it was desirable not to have any group excluded. However, when we went to the provinces there were several points of view expressed. First of all there was the point of view expressed by two provinces that the war veterans allowance was an allowance given to a group for a special contribution in the national interest, and that many would want to continue receiving assistance under the war veterans allowance rather than under the Old Age Assistance Act.

Moreover, as one province pointed out, the amount of benefit under the War Veterans Allowance Act is slightly greater than the basic pension of $40. All of the provinces, however, agreed that the reference to war veterans allowance should continue to be included in this section, so that war veterans should continue to get assistance under the War Veterans Allowance Act. It was further argued that if the original intention that we had in mind was pursued the dominion would be getting out of the financial responsibility which it now has assumed as the result of action which it has taken in the War Veterans Allowance Act so far as war veterans are concerned. In the light of the view taken by the provinces we decided to proceed as we are now proceeding under 3 (2) (b).

Mr. Fleming: There are one or two comments I should like to make. First of all on the point last dealt with by the minister, namely, the reference to the War Veterans Allowance Act, it becomes clear that anybody who is in receipt of any allowance under the War Veterans Allowance Act is thereby automatically disqualified from becoming the recipient of any assistance under this act.

Mr. Martin: That is right.

Mr. Fleming: I think that is a little stern.

Mr. Martin: That is because the provinces want it. Every province wanted that. As I have said, we thought they should be

included, but I have given you three reasons why the provinces strongly took that attitude.

Mr. Fleming: I still retain my opinion that it is a narrow view, an altogether too stern and rigid view to take of the situation. The provinces may have to take the responsibility for this provision that the minister is now placing on their shoulders, but I am expressing my opinion without qualification that the position in which this section leaves the matter is not fair to those who by their services in the national interest have entitled themselves to the recognition that parliament has given them under the War Veterans Allowance Act.

Mr. Martin: I should have added another reason. The war veteran receives special medical and hospital attention, and as he could not take benefits under both acts that was regarded by the provinces as a very important consideration.

Mr. Fleming: I am concerned about seeing that the veteran obtains more than he is receiving now because I have seen cases where the allowance under the War Veterans Allowance Act is quite inadequate, and I think that this is one case where some additional assistance might well have been given to the veteran. However, that is my opinion. Apparently it is not going to make an impression on the minister, but I retain the opinion.

On the first point the minister has again sought to place responsibility on the provinces for this invidious discrimination against a married couple, both of whom are on old age pension, in the matter of supplemental income. The thing just offends common sense, and if the provinces are to bear the responsibility that the minister has cast upon them in his statement this afternoon I am going to express my personal opinion again that no defence has been put forward that would appeal to common sense to substantiate this discrimination against a married couple, both of whom are on the old age pension, in the matter of supplemental income. I think an injustice is going to be created at once.

The minister asks for time to watch this. Of course there are many things that are going to need to be watched with some care, but I am satisfied that here is one which, on the face of it, creates such a palpable injustice that the house should not legislate in that form.

If the minister cannot obtain unanimity at the present time in favour of some consideration for the second member of the married couple, then why could this legislation not be drawn in such form as to permit the earning of a larger income, with the contribution by the federal government at 50 per cent, to the extent permitted by the government of the particular province? If some provinces are not prepared to go a little further than the narrow terms in which clause 3 (2) (c) (ii) is written, then I do not see why, if other provinces are willing to permit the earning of a larger income by the married couple, the recipients in the latter provinces should be held back because there are some provinces that will not go the whole way. Why should the legislation not be written in that broader form, and, so far as individual provinces are prepared to agree to an enlargement of the permissible income for a married couple, put it into effect with respect to those people?

Mr. Macdonnell (Greenwood): I want to add one word on that point. I glean the fact that the permissible income to be earned is the same for an individual and a married couple. I have tried to imagine myself explaining that to some people in my riding, and if all I can do is to read to them what the minister has said this afternoon I would hope that they would understand it better than I do. However touched I was by the minister's generous references to the provinces, even if there were twenty provinces instead of ten and they all said it was sensible, it still would not be sensible to me. I realize all the difficulties inherent in it and that with respect to many of the problems one can take two views. Nevertheless I cannot see how anyone can stand up to an ordinary citizen who is affected and say that a married couple are supposed to have the same permissible earned income as a single person. While I am on my feet I want to raise this question of earned income, because it is obviously so important.

Mr. Martin: My hon. friend will not forget that in the case of a married couple there are two pensions; they each get a pension.

Mr. Knowles: And they have two mouths to feed.

Mr. Macdonnell (Greenwood): The other point is this, and I mention it more or less tentatively. We all recognize the desirability of leaving an incentive to earn. We also realize the difficulty when the permissible amount is overstepped, and the case I want to mention is this. Suppose we get to July 1 and in the first six months of the year the pensioner has earned as much as he is permitted. In many cases I am afraid the pensioner will fear that if he exceeds the permitted amount he will lose his pension position, even though his earnings might be quite precarious. Is there any way in which by introducing a monthly allowance, if that is administratively possible, you could in some

way remedy the simple situation I have outlined? A man earns all he is permitted to earn in the first six months of the year; then he sits down and does nothing for the rest of the year. That is obviously bad in two ways. In the first place the country loses the production; in the second place it is very bad for the morale of the person concerned.

Mr. Martin: I want to make it clear that in the case of a single person the permissible income will be $240. In the case of a married couple where only one is on pension the permissible income is $720, so there is no comparison. Where they are both pensioned they get $480 each plus the difference between that and $1,200 by way of permissible income.

Mr. Macdonnell (Greenwood): What the minister says does not get away from the plain fact that where they are both on pension the permissible amount is the same for two in the one case as for one in the other.

Mr. Knowles: This is a rather lengthy clause dealing with several subjects, and I wanted to say a word about two others. During the debate on second reading the hon. member for Montmagny-L'Islet said that when we got into committee the minister would explain why the committee did not accept the recommendation of the committee that the residence requirement for this assistance be fifteen years. This clause says it must be twenty years, despite our clear-cut recommendation that it be only fifteen years.

Mr. Martin: The twenty-year residence requirement is the same as in section 8 of the present act. As my hon. friend has suggested, the parliamentary committee did recommend fifteen years.

Mr. Knowles: Fifteen for this and twenty for the other.

Mr. Martin: All the provinces were opposed to a reduction in the period. Reduction of the residence period under old age assistance below twenty years, while retaining a twenty-year residence requirement for universal pensions under the old age security legislation, would mean that in some cases provinces would have to continue paying old age assistance to persons beyond the age of 70 who were eligible on grounds of residence for old age assistance but who had not yet established eligibility on grounds of residence under the old age security legislation. The main reason was that the provinces felt—and I must say that after listening to them I felt the same—that the residence requirement should remain as it is for this particular group of people receiving assistance.

Mr. Knowles: As a member of the committee I can say we were aware of the point just mentioned by the minister. In fact while we repeatedly refer in popular usage to this as the program for those 65 to 69, we knew that in some cases it was a program for those 65 and over, even over 70. That is, we envisaged the possibility of people who would not qualify for this assistance until 68, and therefore would not qualify for the universal pension until 73. Our feeling in the committee was that such people, particularly if they were unable to work and earn their own living, would have to be assisted by the community in some way and that this was probably the best way to do it. In other words the point that has been raised did not escape the committee. Our feeling was that it would be a good idea to have these two requirements mesh, and that was one reason we proposed fifteen years' residence for the pension payable at 65 and twenty years for the universal pension payable at 70. I am disappointed that when the provinces made that objection the government changed it in this way. If they felt they had to meet the objection of the provinces I think it would have been better to leave this at fifteen years and reduce the requirement under the other legislation to the same period.

Mr. Martin: The provinces did not want that.

Mr. Knowles: Always blaming the provinces.

Mr. Hodgson: As far as new people coming to Canada are concerned, does their twenty-year period start when they come to this country or when they take out naturalization papers?

Mr. Martin: From the time they apply or from the time they are 65 years of age, whichever is the lesser. Nationality is not a qualifying basis; it is residence.

Mr. Hansell: I have to ask this question in respect to the amounts they are allowed to earn, in the light of the forthcoming legislation. Take the case of an aged couple where the husband is over 70. He will be in receipt of a pension without a means test. His wife, who is 66 or 68—

Mr. Martin: Will the $40 at 70 be part of the income? The answer is yes.

Mr. Hansell: That does not seem fair, because you are actually imposing a means test upon the husband who is over 70. It means that if their pension is $40 each, between the two they will be permitted to earn only $240 a year, and in that sense the means test is being imposed upon the husband.

Mr. Fleming: The minister has not dealt with the question I raised about the reference to the Old Age Security Act in line 23.

Mr. Martin: I am told that there is a precedent for that. The act has not come into effect, but I am told it is correct draftsmanship to anticipate something that is intended to become law. If it did not come of course we would have to deal with it, but I am told by the Department of Justice that this is proper. As a matter of fact it is their own drafting.

Mr. Fleming: It strikes me as a most extraordinary form.

Mr. Martin: It struck me, too; but that is their advice.

Mr. Fleming: All right, but you do not always act on their advice.

Mr. Martin: I have to act on the advice of the officers of the crown even though you and I, being better lawyers, may know that it should not be done.

Mr. Fleming: The minister may have a point there. It strikes me as a most extraordinary form of legislation to make reference to an act that does not exist and may never come into existence.

Mr. Laing: That is just a lawyer's argument.

Mr. Fleming: It would be a great pity if we did not have some regard for law and sensible methods in our legislation here.

Mr. Laing: What does it matter?

Mr. Martin: I assure my hon. friend, whose regard for legal exactitude I appreciate, that I was struck with the same difficulty. I cannot do any more than assure him that the law officers said it was all right. It is not a fundamental matter, and I agree with him, but all I can say is that is what the law officers advised.

Mr. Hansell: In respect of the question I asked a while ago, I do wish the minister would give some consideration to that, because the legislation is certainly imposing a means test upon a pensioner over 70 years of age. If that is done, I can no longer advise the older men to take unto themselves a younger spouse.

Mr. Knowles: This is the main section of the bill. We have now discussed most of the elements involved in this pension, except the amount of the pension itself. The amount is spelled out in this section as being a maximum of $40 per month.

During the debate on second reading there seemed to be some displeasure felt by hon. members on the government side of the house that some of us on this side did not confine our speeches to praise of this bill. As a matter of fact, we did indicate, all of us who spoke, our real pleasure that this measure has been introduced. I need not go into that again. Maybe we said too much along that line. But I feel that hon. members who want us to be perfectly satisfied with it and do nothing but praise it, are not fully in touch with the times nor with what is taking place in the field of social security. I had occasion this morning to take up the minister's remark that the work of our special committee had been noted in the United States. Indeed, I quoted from a publication which I had received, put out by the Federal Reserve Bank in Chicago, dated September, 1950. It is entitled "Business Conditions". My quotations from this pamphlet this morning were in the field of theory regarding old age security.

I shall now take a moment to refer to an article in this same pamphlet entitled "Federal Old-Age Insurance Program Expanded." It is an account of the changes in United States social security legislation resulting from the approval of H. R. 6,000, which was passed on August 28, 1950. That refers to a bill which received approval in the house of representatives on that date. The article deals with improvements made in the old age security legislation in the United States, and I am keenly interested in discovering that there have been improvements made since our own special committee studied the situation in the United States last year. I am satisfied that our committee profited greatly by our study of United States experience. The place where we have shown that profit the most is by deciding on the principle of universality at least for those of age 70 and over.

Lest the minister get away with the statement that we have the finest program in the world, which is quite an exaggeration, let me point out that according to this article the changes made by H. R. 6,000 provide some real improvements in the amount of the old age payments made in the United States. I quote briefly from the article:

> For workers retiring in the next few years, the changes are expected to raise the average benefits to $50-55, which is significantly above the average amount currently paid under old age assistance.

Then a little later in the same paragraph we find this:

> Furthermore, the maximum total benefit payable, including special allowances, is increased from $85 per month to $150.

I submit that this morning when I was expressing dissatisfaction over the fact that we have provided a pension of only $40 per month, and when I was suggesting we should now be considering old age pensions of $60

per month, I was not being extravagant at all in relation to conditions on the North American continent. In the eyes of some the figure I was suggesting was still too low. I make that answer to those members who were not satisfied because we did not spend all our time praising this measure. It is a good measure, because it lowers the pensionable age to 65, and even though that is all it does we are glad we are getting it on the statute books. But this $40 with which we are starting off for the group from 65 to 69 is a figure that, before very long, we shall certainly have to increase, and I shall continue to urge that that be done.

Section agreed to.

Sections 4 and 5 agreed to.

On section 6—*Census records.*

Mr. Hansell: Section 6 concerns the matter of the census records. This matter is also partly covered by section 11.

Mr. Martin: It is the same as the section in the act now.

Mr. Hansell: What I have in mind is this. It relates to a method of proving age. I am just wondering—I know it is a difficult thing, but I believe that the old age pension board will have to be given certain latitude in respect of the proving of age. They do their best, but very often—

Mr. Martin: I know the case to which my hon. friend is referring, and I fully agree with him. If he will just leave the matter with me, when the old age pension board meets in July I shall take it up with them.

Mr. Hansell: I was not going to mention that case. I shall not mention it except to say that the minister—

Mr. Martin: You did it. I did not do anything.

Mr. Hansell: —cleared up the case for me. I was referring particularly now to the census records. I had a case some years ago, and it was a rather difficult one. The census records do not always prove age.

Mr. Martin: It is just enabling and may be acceptable as evidence, but often it is not very helpful.

Mr. Hansell: If the minister will allow me to explain my case, then he will get the full picture. In fact, the census record may be a hindrance to an applicant's claim. I have in mind a case where an old gentleman thought he was two years younger than he was. In the various censuses that were taken he gave his age as he thought it was. He got married, and at that time—

Mr. Sinclair: That is when he found out he was older.

Mr. Hansell: —he thought he should give his age. There was no sense trying to fool his wife. This old gentleman could not secure a birth certificate.

Mr. Knowles: Six o'clock.

Mr. Martin: Would my hon. friend permit me to say that it would be a matter of great satisfaction if we could get through this bill before six o'clock.

Mr. Knowles: If we do sit past six o'clock, can it be understood that we take that much longer in coming back at eight o'clock. I ask that, not for ourselves—

Some hon. Members: Oh, no.

Mr. Knowles: Just a minute, Mr. Chairman. If hon. members are going to act like that I will insist that we do call it six o'clock, and rise now.

Some hon. Members: Go ahead.

Mr. Martin: Let us go on. We will do that.

Mr. Knowles: The minister knows my point?

Mr. Martin: All right.

Mr. Knowles: He accepts it?

Mr. Martin: All right.

Mr. Knowles: Fine.

Mr. Hansell: I did not get through telling about the old gentleman. He could not secure a birth certificate. Eventually his sister discovered that he was not on pension and advised him to apply for it. She said: "You are 70". He said: "No, I am only 67 or so". She said: "No, I remember when you were born. You are so many years younger than I am". He attempted to prove his age through the census records and they went against him. You see it was quite difficult. I mention this simply to ask the minister to give the various authorities a certain latitude. I would prefer that the words "reasonable proof" be used in the bill.

Mr. Fair: I have been trying to get on my feet, but my friend kept stepping up in my way. I have brought to the attention of the minister on different occasions previously the cases of people who came over from Poland, Russia, Ukraine or somewhere else. They have not been able to find any proof whatsoever of age. There are in my constituency many who are still without pension, and in my opinion they are justly entitled to it. About two years ago I asked the present minister about it. He said the new act took care of it, but the new act did nothing of the

kind. We are still without pension for these people. I hope some method will be adopted so that people who are of the full age of 70—and under this legislation 65—will be able to establish, either through the census or through shipping records, how old they are if they cannot produce a birth certificate.

Mr. Martin: We will be discussing that when the board meets.

Section agreed to.

On section 7—*Provisions of agreement.*

Mr. Knowles: With respect to clause 7 may I point out that the language in (a), (b) and (c) seems to me to be exactly the same language that is in sections 3 (1) (b) of the present Old Age Pensions Act.

Mr. Martin: Paragraph (a) is new.

Mr. Knowles: That is right, (a) is new, and (b) and (c) are in exactly the same language as the present law. I emphasize the point that both the minister and I made this morning that under the wording of 3 (1) (b) of the present act there have been no differences among the provinces in the maximum ceiling specified in the agreements they have made with the federal government. Generally I hope that since the wording in this act is the same, likewise the maximum ceiling will be uniform across the country.

Mr. Martin: So do I.

Mr. Knowles: Having said that, may I express my appreciation of what I take to be the spirit of 7 (d) (ii), (iii) and (iv). These clauses, I take it, are aimed at making it quite definite that Canadians can move about from one province to the other without losing their pension rights. What would be the situation in the case of pensioners under this act making a short visit, we will say, outside the country?

Mr. Martin: They are allowed sixty days out of the country in a year.

Mr. Knowles: That is—

Mr. Martin: That is a matter of regulation.

Mr. Knowles: The expectation is that they will be allowed the same time as the regulation that applies to the present Old Age Pensions Act.

Mr. Martin: That is the expectation.

Mr. Knowles: Some of my friends behind me ask whether it is sixty days or ninety days; I believe ninety is correct.

Mr. Martin: It is ninety, I am sorry.

Mr. Knowles: All right. Under this section 7 there is (d) (x), which is the clause that deals with the question of recoveries from the estates of deceased pensioners. This of course is the clause that represents one of the—

Mr. Martin: May I anticipate the question? We do not intend to encourage any province to do so. The reason it is in that way is that there may be a disposition on the part of a province—I am not saying what province; I am not saying any province, but a province—knowing that the federal government would not in the event of recovery get 50 per cent, there may be an encouragement for that province to go and get the whole amount. My hon. friend will realize what sort of provision it is. At the same time that was put in at the insistence of one of the most experienced of the premiers of this country.

Mr. Knowles: We are all enjoying the way in which the minister is anticipating some of the questions from this side of the house this afternoon. He has anticipated one question I intended to ask with respect to this subclause, and I am very glad that the government is giving a lead under the terms of the act. The statement of the minister makes it clear that the federal government does not want to make any recoveries, and I hope that the provinces will follow that lead. My other question is this. I hope the minister will not say that this matter has to wait until the fall, because it is a matter that is of concern to many pensioners right now. What will be the situation with respect to liens on the property of persons now seventy and over?

Mr. Martin: That is entirely a provincial matter. There are no federal liens whatsoever. That also is a matter to discuss when we meet the provinces, but we do not have any liens at all.

Mr. Knowles: Just a minute, Mr. Chairman. There are no federal liens whatsoever, but the liens placed by the provinces have been placed there because the federal government's act required an undertaking on the part of the provinces that liens would be authorized.

Mr. Martin: No. I must say that is not the case. Any liens that have been put on have not been put on in any way at the insistence of the federal authority.

Mr. Lesage: The provinces were free. Some were putting on liens, and some were not.

Mr. Knowles: Let me read section 9 (2) of the present act.

An agreement made pursuant to section three of this act shall include an undertaking by the province that the pension authority will be authorized

to recover out of the estate of any deceased pensioner, as a debt due by the pensioner, the sum of the pension payments—

And so on. Then there are certain details from there down.

Mr. Lesage: Where is the lien? There is no question of a lien there.

Mr. Martin: No lien principle is involved there.

Mr. Knowles: The question as to what amounts of liens are imposed comes under the regulations?

Mr. Lesage: No.

Mr. Martin: No; we have nothing whatever to do with liens.

Mr. Knowles: Just a minute. I have used the wrong term; I should have talked about recoveries. I accept the statement that the federal government has nothing to do with the actual filing of liens, but the federal government has required this undertaking by the provinces to recover certain moneys out of the estate of the deceased.

Mr. Martin: Yes, that is another matter. We have amended that particular section. We are not going to insist upon recoveries at all, but if the province does, as my hon. friend knows, we will insist on our share, and I have given the reason for that. The lien is a right exercised by the provincial authority under its exclusive competent jurisdiction of property and civil rights.

Mr. Knowles: We have been confused a bit over language. But I think the minister and I both know what we are talking about. I accept the statement with regard to the bill now before us that the federal government does not want any recoveries out of the estates of those who go on the old age assistance for those from 65 to 69. I accept also the statement with respect to the present Old Age Pensions Act that the federal government has nothing to say about liens, but under section 9 (2) an undertaking is required from the provinces that they will authorize the recovery out of the estate of the pensioners of certain amounts.

Mr. Martin: Yes.

Mr. Knowles: That is what I was saying three minutes ago.

Mr. Martin: You were using the word "lien".

Mr. Knowles: Yes, I was using the word "lien" instead of "recovery".

Mr. Martin: I understand now.

Mr. Knowles: I am sure the minister did then. Under that provision in the present act the provinces in some cases at the present time are making recoveries. Some people who are today receiving the old age pension wonder what will happen to their property when they go on the universal pension in January. Will they be treated exactly the same as people who will go on the new universal pension starting in January?

Mr. Martin: That is a matter that will have to be decided in the future. I cannot decide it now.

Mr. Knowles: I hope the minister is personally favourable to seeing to it that the same attitude applies there.

Mr. Martin: We will have that discussion when the board meets.

Section agreed to.

On section 8—*Payments out of consolidated revenue fund.*

Mr. Fleming: There is a provision that all sums payable to the provinces shall come out of the consolidated revenue fund. This afternoon the Minister of Finance tabled certain supplementary estimates and, while we have not yet seen them, I presume he has made provision in them for payment under this bill for the first three months of 1952.

Mr. Martin: No. They will be presented in October, or whenever we meet in the fall.

Mr. Fleming: Has the minister anything more to tell us about methods to be followed in the raising of the money?

Mr. Martin: No, not at this stage.

Mr. Fleming: Is it the thought of the government to give consideration to that question, along with consideration of the means by which the funds to pay the universal pension at 70 and over will be raised?

Mr. Martin: No—

Mr. Fleming: Or are they two entirely independent things?

Mr. Martin: They are two separate funds, as I said this morning. This comes out of the consolidated revenue fund and will not in any way affect the other.

Section agreed to.

Sections 9 and 10 agreed to.

On section 11—*Regulations.*

Mr. Knowles: Is it anticipated that the regulations respecting the pension for those 65 to 69 will be substantially the same as those now applying to pensioners over 70? At least will the minister say this, that so far as he has anything to do with it the regulations will be at least as generous as they now are.

Mr. Martin: That would be a safe assumption.

Mr. Knowles: May I ask a question with respect to one particular regulation that I know is there, one that was made anew in 1947. In that year the board that drafts these regulations brought in a new one that provided that persons who were away from Canada for many years—and this would include missionaries—but who returned to their homes in Canada to retire, were to be treated as having had residence in this country. Will regulations of that type be carried forward with respect to pensions paid to those from 65 to 69?

Mr. Martin: I would not want to see a change in them.

Mr. Fleming: There are two points upon which I wish to ask questions. First of all, with respect to subsection 1 (e), the provision for regulations with respect to the definition of income: What type of regulations are in contemplation? And then, with respect to paragraph (h)—what is in mind with respect to that?

Mr. Martin: Pretty much along the lines of the present one.

Mr. Fleming: No new departure?

Mr. Martin: Subject of course to the views of the provinces when we meet in July.

Mr. Fleming: And with respect to paragraph (h)—what is in contemplation with respect to payments by way of assistance in regard to persons confined to asylums?

Mr. Martin: This paragraph could cover patients in mental institutions.

Mr. Fleming: There has been difficulty about that in the past, as the minister knows, respecting persons who are inmates of asylums and government hospitals. What is in contemplation with respect to this matter, in the new bill?

Mr. Martin: That is going to be discussed with the provinces.

Mr. Fleming: Cannot the minister throw any light upon it at all?

Mr. Martin: I do not think it would be fair if I were to say something that might embarrass the provinces. I could put them on the spot, but I do not want to take that kind of attitude. It will be a matter for discussion, and when it is decided I will give the house the story.

Mr. Hansell: Paragraph (j) refers to the recovery of the amount of assistance payments to which a recipient was not entitled under the act, the regulation and the agreement. I believe that a decision made must be made on the basis of whether a pensioner is at fault. If a mistake has been made and the recipient has received more than he should have received, and if such mistake has been made by the pension authorities, I do not believe recovery should be made. It works a tremendous hardship on old people. They will have received certain amounts. Those amounts will have been spent—because they have to spend every nickel they get. If afterwards it is discovered that a mistake has been made by the authorities, then for the next year the recipient will be penalized. If it were a matter of the recipient giving false information it would be different; but if the fault is in administration, then I suggest that the amount should not be recovered. Would the minister comment on that?

Mr. Martin: I do not think I can say any more than that when we meet the provinces the matter will be discussed.

Mr. Knowles: I should like to ask a question on section 11 (3). The present Old Age Pensions Act does not provide for the composition of the advisory board. May I ask if the composition set out in the new bill is substantially the same as what is now in practice?

Mr. Martin: Precisely.

Mr. Knowles: I would point out that there is a similar subsection in the Blind Persons Act, which we will have before us later today. Actually at the present time one board is dealing with both matters. Is it intended to have two boards, or would the same persons be appointed to both?

Mr. Martin: That will be up to the provinces, but I do not think we should have two boards.

Section agreed to.

Sections 12 and 13 agreed to.

Bill reported, read the third time and passed.

Mr. Martin: I wish to thank the house for its consideration of this matter. We will go on with the Blind Persons Act at 8.20.

At 6.20 p.m. the house took recess.

AFTER RECESS

The house resumed at 8.20 o'clock.

BLIND PERSONS ACT

PROVISION FOR AGREEMENTS WITH PROVINCES—PAYMENTS AT AGE 21

Hon. Paul Martin (Minister of National Health and Welfare) moved the second reading of Bill No. 396, to provide for allowances for blind persons.

He said: Mr. Speaker, in view of the importance of this measure I believe I should make a brief statement in connection with the second reading. Apart from the large number of those now receiving pensions who will benefit from the more generous provisions of this measure, an additional 2,000 to 3,000 blind persons will for the first time receive benefits, either under this measure or under the old age security act. It is noteworthy that for the first time under this bill blind people of our country will have separate legislation of their own quite independent of that respecting our aged citizens. I think this bill will be welcomed by all who have urged the enactment of separate legislation for the blind and a different name for the benefits payable to them. On both counts the government has accepted the recommendations of the six-point program put forward in 1947 by the Canadian Council of the Blind, the Canadian National Institute for the Blind and other individuals and organizations working in this field.

Examination of their program shows that the government in this measure or otherwise is implementing, either wholly or in part, each of the recommendations made, as follows:

1. Separate legislation is provided for the blind under the title recommended, "the Blind Persons Act."

2. The term "pension for blind persons" has been abolished in favour of "blindness allowance."

3. The amount of the blindness allowance is in accordance with that recommended in the six-point program of 1947.

4. The residence qualification is drastically reduced.

5. The income ceilings have been greatly liberalized.

6. While not provided for in this bill, a good deal of progress has been made in recent years in making medical treatment available for the blind.

Under the bill presently before us we are now taking an important additional step in the further liberalization of the test of eligibility for the blindness allowance by raising the income ceilings by an additional $120 a year.

Income ceilings in this Blind Persons Act, as compared with those in effect prior to 1947, will be higher by the following amounts:

	Increase
For a single person, raised from $500 to $840	$340
For a single person with dependents, raised from $700 to $1,040	340
For a married couple, one of whom is blind, raised from $925 to $1,320	395
For a blind couple, raised from $1,000 to $1,440	440

The payment of allowances to blind persons from 21 to 69 is, of course, a matter of joint federal-provincial concern. We have gone as far as any of the provinces expressed a desire to go at the federal-provincial conference on May 23 and 24 in the direction of liberalizing the test of eligibility to be applied under the Blind Persons Act. As I have said, a major forward step has been taken in reducing the residence requirement from 20 years in the existing act to 10 years in the new measure. This will make a significant number of persons eligible for these allowances who at present have insufficient residence.

For some years now we have included in our departmental estimates, under the blindness control division, an appropriation for the purpose of defraying 75 per cent of the cost of surgical expenses incurred in connection with eye operations on selected blind pensioners. A number of the provinces have taken advantage of this provision and have contributed 25 per cent of the surgical costs involved. In 50 per cent of the cases dealt with to date vision has been successfully restored and the pensioners have been able to give up their pension and return to normal life in the community. This, I believe, is very satisfactory progress. This program holds considerable promise for the future. We propose to continue and expand it to the extent that the provinces co-operate.

I may add also that a great deal has been done under the national health program to help combat the problem of blindness. Glaucoma clinics have been established in Toronto, Montreal and Quebec city, where research and treatment are being carried out. We look forward to satisfactory developments from this experiment which is being put forward by some of the provinces and acted upon in relation to the number I have indicated.

As members of the house are aware, the Canadian National Institute for the Blind does a great deal of work in the treatment, training and rehabilitation of the blind. In recognition of this, the government, a year or so ago, increased its grant to the institute from $18,000 to $45,000 and increased its grants to a number of other organizations carrying out similar functions.

We are pressing forward vigorously with new programs in this important field and urging upon the provinces that they should take the fullest possible advantage of funds available under the national health program to develop whatever additional undertakings commend themselves to the provincial health authorities.

Blind Persons Act

Most of the new features of the old age assistance legislation to which I have referred in an earlier debate are applicable also to the present legislation. Indians will henceforth be treated on exactly the same basis as other persons under this federal law and will be equally entitled to all its benefits.

Recoveries from estates will no longer be required under federal legislation. It will be left to each province to decide whether it wishes to continue this practice under provincial law. Under the new bill, in the event of a blind person's death, the allowance may be paid for the full month in which the recipient dies. In other respects as well, this legislation has been rearranged and brought up to date in conformity with the Old Age Assistance Act.

The house will have noted, I am sure, that the two pieces of legislation parallel each other closely, many of the sections of both bills having almost identical wording. There are, however, three important points of difference between these measures, in addition to those which I have already mentioned.

Since we will be continuing to make payments under this new act to essentially the same persons who are now receiving blind pensions under the Old Age Pensions Act, and since the basis of sharing the present costs of blind pensions is 75 per cent federal and 25 per cent provincial, it has been considered advisable to make no alteration in this respect.

There is no provision in section 7 of this bill corresponding to section 7 (a) of the Old Age Assistance Act permitting the provinces to decide upon a different age of eligibility from that prescribed in the federal act or to lay down other special conditions of eligibility. Uniformity is essential in the Blind Persons Act so that nothing is done to jeopardize the rights of any persons now receiving blind pensions.

Section 13 of the bill is an important one. It is designed to ensure the continuation under all conceivable circumstances of the benefits of the present old age pensions legislation as they affect blind persons, regardless of any action that may or may not be taken by the provinces.

On November 30, 1950, the total number of blind persons in Canada was found to be 18,262. When account is taken of the coverage provided under the Blind Persons Act, the Old Age Assistance Act, the old age security act, the War Veterans Allowance Act, the Pension Act for veterans, family allowances, the provincial workmen's compensation and mothers' allowance laws and other legislation, it will be found that the blind population of Canada will be assisted to a degree and an extent not surpassed by any country in the world.

Of the 11,540 blind persons between 21 and 69 in November last, no fewer than 7,238 persons were in receipt of blind pensions under the Old Age Pensions Act. On January 1, 1952, they will be entitled to receive the extra benefits of the Blind Persons Act and will be covered by the more generous provisions of its modified eligibility test.

Then, in addition to this group, when the old age security act comes into effect on January 1 next approximately 6,000 blind persons aged 70 and over will automatically become eligible for the universal pension, free of the means test.

These two acts alone will provide next year benefits for almost 15,000 of the 19,000 blind persons in Canada.

Of the 4,302 blind individuals as of November 30 last who were not in receipt of pension under the Old Age Pensions Act, 276 were receiving war veterans blind pension; 187 were receiving benefits under workmen's compensation; and others were receiving assistance under mothers' allowances, family allowances and other measures.

Of the remainder, a certain number will now become eligible under the reduced ten years' residence clause. The others, for the most part, have means of their own, are engaged in full-time employment, or are the wives, husbands or relatives of sighted persons who are able to provide for themselves.

For fifteen years, since allowances for the blind were first introduced in 1936, they have occupied a relatively obscure but nevertheless important place in our Old Age Pensions Act. Now, for the first time, with the concurrence of this parliament, they can receive their proper recognition, with a status and standing of their own. Every Canadian can feel proud that through this measure he is doing something to help those of his fellow citizens who bear this heavy handicap.

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 to command our warm admiration. They can be sure of our unfailing support.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, it is a pleasure to commend this bill, and I am sure that it will receive not only the unanimous, but the hearty support of all members of the house.

One is very glad indeed to see at last that provision for allowances for blind persons is being made in a statute separate and apart from the statute which provides allowances or pensions to persons by reason of old age. There are historical reasons why the two groups were included in the one act, the joint dominion-provincial scheme applicable to the two groups being similar. But the time has long since been reached when separate statutes should be set up to provide independently for the two groups, and the departures which are being taken at this session and in the fall session, in the light of the report of last year's special committee of both houses on old age security, have made this a most opportune time for the introduction of a separate bill dealing with allowances for blind persons.

The various points which the minister has mentioned in connection with the bill are, I think, in every case points that will receive endorsement on the part of members of the house. One is especially glad to see more generosity being displayed with respect to the supplemental income which persons are, under this act, entitled to receive before losing anything of the permissible allowance. The courage and the independence which so many persons who suffer from the handicap of blindness show day by day are a challenge to all of us who have the blessing of sight. I particularly like the feature of the bill which is going to raise the maximum limits of permissible supplemental income because those who have been leading the cause of our blind persons and seeking assistance for them in the kind of measure we have before us have at all times laid the greatest possible emphasis upon encouraging our blind citizens to help themselves.

I think the provision, as far as it goes, made for increasing the maxima of permissible income is in line with the efforts of those who have been seeking, both in parliament and outside, to educate the public in the most helpful way of bringing assistance to those who suffer this handicap. They do not ask for charity, and they never have. They simply ask for understanding and a limited form of assistance which will enable them with their own efforts to make their own way in life. I think the emphasis which the minister has properly laid upon the increases in permissible income is entirely well directed and will commend itself to the judgment of the house.

Fifteen years have passed since the first measure of public assistance to blind persons on the part of the federal authority was inaugurated. The step that is in the process of being taken in this house tonight is altogether commendable, and an important step forward.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I too want to say that the bill is a most welcome and acceptable one. The things that it does are highly desirable and I am sure will meet with the unanimous approval of the house. The main thing that it does of course is to put our legislation respecting the blind in a separate statute. In point of fact it does two or three other things that are of substance. It reduces the residence requirement in the case of the blind from twenty years, as it has been in the statute, to a period of ten years. It also, as with the Old Age Assistance Act that we dealt with earlier today, does away with recoveries from estates. I realize there is still the possibility for recoveries to be made if the provinces exercise that right, but the wording of the act would actually seem to discourage the provinces from pursuing that practice. It also slightly liberalizes the other income that blind persons are allowed to earn.

For all three of these points of substance I am sure there will be deep appreciation on the part of those interested in the welfare of the blind, as indeed it will be welcomed that we are now to have a separate statute for our blind persons. Having said that, I feel I cannot let what the minister said tonight go by without drawing attention to the way in which he sought to claim, at least by inference, more for the bill now before us than is actually to be effected by its terms.

The minister read off very quickly a list of figures comparing the income ceilings provided for in this bill with those respecting blind pensioners that were in effect prior to 1947. It is perfectly legitimate for the minister to put it in that way if he wishes to do so, but I think he should tell the whole story, and not try to give a wrong impression. He pointed out that prior to 1947 the ceiling for single blind persons was $500 and that this bill would make it $840, an increase of $340. He said that for a single blind person with dependents the ceiling prior to 1947 was $700 and that it will now be $1,040, an increase of $340. With respect to a married blind person living with a sighted spouse he said the income ceiling prior to 1947 was $925 and that it will now be $1,320, or an increase of $395. And he said that in the case of a married couple both blind the income ceiling prior to 1947 was $1,000 and that it will now be $1,440, an increase of $440.

Frankly, I was disappointed that the minister did not point out that he was

making a comparison with something that does not now obtain. At the present time the ceilings for these four categories are not the pre-1947 figures he gave. Rather, those ceilings are $720, $920, $1,200, and $1,320. Those income ceilings have been in effect since the act was amended in 1947. In other words the change in the other allowable income being provided by the bill now before us is only $120 in each case, and I object strongly to the minister suggesting that the legislation now being presented to parliament makes increases in other allowable income as substantial as those he placed upon *Hansard*. The actual increase for each category is only $120. As the minister was describing the various benefits provided under the act he referred to this as the modified eligibility test. You do not change the means test to something else simply by changing its name. It is true that the means test has been slightly relaxed in the case of blind people as in the case of those coming under old age assistance, but only to the extent of $10 a month. I welcome that change; I am glad we have that relaxation in the means test; but let us not try to kid ourselves or anybody else into thinking we have got rid of the means test because we call it a modified eligibility test.

I was a little startled also at the way the minister sought to suggest that all the things to be done for our blind persons after this bill passes are the result of this bill. It makes quite a picture when the minister lines up the assistance provided under the War Veterans Allowance Act, under the Pension Act, under the Family Allowances Act, under the compensation laws of the provinces and all the rest of it. But though it is quite a picture it is certainly unfair—indeed it is misleading—to suggest that all this is being done by the bill now before us.

Mr. Sinclair: It has been done by the Liberals.

Mr. Fleming: Why bring in that partisan nonsense?

Mr. Knowles: Through the Minister of National Health and Welfare the Liberals are demonstrating again how they try to get away with these exaggerated statements. The plain fact of the matter is that the only changes of substance being effected by this legislation are the three I have indicated, plus the fact that we are getting separate legislation for the blind.

Mr. Gibson: That is good.

Mr. Knowles: Absolutely.

Mr. Martin: I would not want my hon. friend to think I had tried to give, either to the house or to the country, an impression which really was not justified by the bill. I thought I had clearly explained that the blind had an additional allowance of $120. If I did not explain it properly it was not because of any desire to exaggerate the importance of this measure. I was simply seeking to tell the house and the country what we were doing, and nothing more.

Some hon. Members: Hear, hear.

Mr. Knowles: All the applause the Liberals may give that statement will not alter the fact that the minister placed on the record a set of figures which left the impression that much larger increases in other allowable income were now being effected than is actually the case under this bill. As I said a moment ago I heartily welcome having our blind legislation in a separate statute, and I heartily welcome the three changes of substance set out in this bill. But let the government not try to claim that more than this is being done at this time. They can take credit if it means anything to them for what has been done in the past, for what has been done by provincial governments and by other organizations, including private groups working for the blind. But let the minister be fair in presenting a bill like this and claim for it only what it actually does.

There is something not in this bill, and I say quite frankly I am sorry it is not here. I realize that this legislation has come about as a consequence of the changes that have been made in the old age pension legislation. In view of those changes; in view of the federal government paying 100 per cent of the pensions to those 70 and over; in view of the government undertaking to pay 50 per cent of the pensions to those 65 to 69; it was necessary to have a separate act for the blind in order to continue the 75-25 relationship, and also because blind persons receive their allowances starting at the age of 21.

In spite of all that, however, this bill deals with little but the three changes in substance to which I have just referred. It does not deal with a very important matter that is of great concern to the blind. I believe Canadians from coast to coast would agree that the least our modern society should do for these people would be to give them this allowance without any means test at all. The minister referred to the various requests of the blind organizations which had been met, some of them rather small such as changing the name of the pension to an allowance and putting their legislation in a separate statute. He said nothing, for example, about the request of the Canadian federation of the blind in a letter addressed to him on June 20 of this year, copies of which I take it have been

sent to all members of parliament, that the means test be abolished altogether as far as the blind are concerned. The very figures the minister gave tonight as to the assistance blind persons get under several different statutes, showing that a very large proportion of our blind persons qualify for assistance of one kind or another, make clear how simple and relatively inexpensive it would be to go the whole way and give all our blind persons 21 years and up, since that is the age now in the statute, the blindness allowance free of a means test.

I was interested, as I am sure other hon. members were, in an editorial on this matter in Thursday's issue of the Ottawa *Citizen*, in which the writer estimated that it would cost only a little more than $3 million annually in addition to what we are now spending to do this for these people who live their lives, as the minister said, in the blackness of a long night. I am satisfied any Canadian you could approach would say we should do that, and I hope the day is not far distant when we will go that further step and provide this blindness allowance completely free of any means test.

Mr. E. G. Hansell (Macleod): I am not going to make any extended remarks on this bill, Mr. Speaker, because if I said what was on my mind I would simply repeat what I said this afternoon on the other bill. This bill is an improvement and will be welcomed. It may not be all that we would like to see brought in for the blind, but it is at least a step in the right direction. We favour it. I shall just repeat this to reinforce the arguments I put forward this afternoon concerning the incurables in Canada. The blind can be classed as incurable, and therefore in respect to the blind this is a commendable piece of legislation. Now, how about the others who are incurable, but who perhaps are not blind. They may be just as unfortunate in other respects as those who are blind. I hope and trust that the day is not far distant when other incurables are written into some such act as this.

There is a difference between the two types of incurables. We do have the blind. It is a very unfortunate position for them to be in. While they may be blind, they may otherwise be very healthy people. You may have, on the other hand, incurables who have their sight but they may be bedridden. They may be wheel chair patients. From a financial point of view they may be in a far more serious position than some of the blind, yet there is no legislation covering them. I am not making a comparison between the two unfortunate classes of people. I suppose if most of us had our choice as to whether to be a wheel chair case or blind, we would prefer to be a wheel chair case. Perhaps there is nothing more unfortunate than blindness. The legislation is commendable and we are not going to criticize it. It is an improvement, but I do hope and trust that some action will be taken in respect of legislation for other incurables.

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

On section 1—*Short title.*

Mr. Stanfield: I should like to ask the minister just how blind a person has to be in order to qualify for the blind pension?

Mr. Gibson: He has to be a Tory.

Mr. Fleming: Or a Liberal who calls himself an independent.

Mr. Stanfield: I know of one case in particular where a man was blind in one eye and had only 20 per cent sight in the other. They would not give him the blind pension. I have known of other individuals who were nearly as bad, and when they came before the board they were told they could not qualify for the pension. I do not know whether it was for political reasons or not, but it always seemed rather peculiar to me. Will the minister state how blind a person has to be before he can get the pension?

Mr. Martin: The provision as to the extent of blindness is covered by regulation 28. The regulation states:

> An applicant or other person shall be deemed to be blind only when the visual acuity of such applicant or other person, after correction through the use of proper refractive lens, is not more than 6/60 Snellen or the field of vision in each eye is reduced to less than ten degrees.

The result is that a person who has more than 10 per cent vision would not be able to qualify. This is the standard of measurement.

Mr. Stanfield: Since blindness is such a terrible affliction, I believe the department should be a little lenient to a person who has only 10 per cent sight. After all, a man who has only 10 per cent sight cannot carry on with his work. Really, for the few cases that there must be within this narrow margin, the department should be more considerate.

Mr. Martin: I quite appreciate the hon. member's sympathy, but he will appreciate the validity of our position when I tell him that the standard we use is the standard that is recognized by the Canadian National Institute for the Blind, and by oculists and others. It is a standard that is applied not only in this country but in others.

Mr. Murray (Cariboo): Mr. Chairman, none are so blind as those who will not see. At this time I want to pay some tribute to the school for the blind at Brantford, Ontario. I believe the hon. the Speaker of this house represents that riding. I just wanted to say that in all the activities of the institute for the blind at Brantford, he has taken a personal interest, and his good lady also, in the welfare of the students who are there. I have quite an interest in it because some of our people from British Columbia go to Brantford, and men like Mr. Valentine, the principal of the institute, and his very capable staff help these people. I do not know of any work more commendable than that of bringing light into the minds of these persons who are supposed to be blind. I hope you will not falter, Mr. Chairman, in placing a supply of money behind this very worthy enterprise.

Section agreed to.

On section 2—*Definitions.*

Mr. Hansell: May I ask the minister if, under this act, the regulations respecting liens on property or estates is the same as the position explained by the minister this afternoon in respect to the bill we passed before six o'clock.

Mr. Martin: The question the hon. member raises does not come under this section, but to deal with the matter unequivocally, may I say that there are no liens put on any property in such instances by the federal government.

Mr. Knowles: But recoveries have been required because of legislation of the federal government, but that is being done away with by this bill. Why does the minister not point that out? The change is being made word for word as it was in the Old Age Assistance Act.

Mr. Martin: I answered the question.

Mr. Hansell: The position in this legislation is the same as the minister described this afternoon with respect to the other bill?

Mr. Martin: Correct.

Mrs. Fairclough: I have a question with respect to section 2 (d) which defines dependent, and takes it up to the age of 21 years, who by reason of physical or mental incapacity is prevented from earning a livelihood. What about those over 21 years of age who are prevented from earning a livelihood for the same reason?

Mr. Martin: The definition is the same as in the present act.

Mrs. Fairclough: Is it?

Mr. Martin: Yes, the definition is the same.

Mrs. Fairclough: As in the present Old Age Pensions Act?

Mr. Martin: There have been a few minor changes in the wording, but the definition is the same.

Mrs. Fairclough: What has been the practice in the past? What about those who have incapacitated children beyond the age of 21 years?

Mr. Martin: There is no difference.

Mrs. Fairclough: Do they get an allowance for them?

Mr. Martin: They do not get it, but there is no difference in the present situation. What my hon. friend is likely confused by is that there is a slight change of the wording, but it does not alter the meaning. It is just a cleaner way of putting what was there before.

Section agreed to.

On section 3—*Agreements with provinces.*

Mr. Low: Can the minister tell the committee whether or not any substantial number of the provinces requested abolition of the means test in this legislation?

Mr. Martin: Not one single province.

Mr. Low: This bill, as in the case of the one passed this afternoon, represents agreement on the part of the provinces?

Mr. Martin: Yes; this legislation provides for action along such lines and as far as any province asked us to go.

Mr. Low: Is it correct that the abolition of the means test in this legislation probably would necessitate an increased cost of something like $3 million on all the governments concerned?

Mr. Martin: That would be a rough figure. I would not want to give an exact figure, but it would certainly be that.

Mr. Low: Was the matter of total cost and perhaps enforcement among the provinces and the dominion discussed fully at the conference?

Mr. Martin: Yes, this matter was viewed in the totality of all things that would have to be done by the two senior levels of government.

Mr. Low: If the provinces had requested the abolition of the means test in this legislation would the federal government have acceded to it?

Mr. Martin: That is a very hypothetical question which I would have to examine with greater care than I can do at the moment It is difficult enough to declare policy abou

something that you are going to do without having to deal with situations that are purely hypothetical.

Mr. Knowles: First, may I say that we all welcome the change in section 3 (2) (a) (iii), namely, the reduction of the residence requirement to ten years. With respect to another part of section 3, may I ask if the matter of these income ceilings was discussed with the provinces?

Mr. Martin: I will not say that the exact amounts were, but we have gone as far as any province has asked us to go. I am sure that in some instances we have gone a little farther than some provinces expected us to go.

Mr. Knowles: May I point out, Mr. Chairman, that again the figures that are being carried forward in this legislation are the result of an accident that is parallel to the accident that provided the basis for the corresponding figures in the Old Age Assistance Act. We have in this legislation the same figures category by category that were established in the Old Age Pensions Act of 1947, plus $120 across the board. I want to point out again that I felt very pleased in 1947 with the evidence that the government had given conscious thought to the various income ceilings; and those ceilings had been arrived at in relation to the amount of pensions that were to be paid; but with the change in 1949, and again with the change now, there appears to have been no attempt to relate the ceilings to the amount of the pensions to be paid. I wish that had been done in this legislation as well as in the old age assistance legislation. However, apart from the question of how anomalous these things can be, I am at least glad to know that in this case a married blind couple is permitted slightly more other income than a single blind person. It works out to $30 a month other income allowed to a single blind person, and $40 a month other income allowed a married blind couple. To me these amounts are not sufficient in the case of blind persons, but at least I am glad there is that slightly greater amount allowed to a married blind couple.

Section agreed to.

Sections 5 to 10 inclusive agreed to.

On section 11—*Regulations.*

Mr. Pouliot: Mr. Chairman, just a word about the definition of the blind people. There are people who are not totally blind, but who barely see. They cannot read; they cannot work; they need somebody to accompany them on the street. It seems to me that in these cases the government of Canada and the governments of the provinces should be broad enough to include those who do not see well enough to walk on the street alone, or to do something by themselves. They make a distinction only between light and darkness. My hon. friend knows there are cases like that.

Mr. Martin: My hon. friend has brought some of these cases to my department.

Mr. Pouliot: Yes, many of them. I am not going to bring the files that I have here tonight as I did last night, or yesterday afternoon, but I have numerous files, and I am glad that the minister reminds me of that. When he discusses the matter with the provinces I hope he will bring these cases to the attention of the provinces. Moreover, I would be delighted to lend my files to him so that he may have them summarized by somebody in the department and give a summary of those files to each one of the representatives of the provinces when he meets them to discuss the matter with them.

Section agreed to.

Section 12 agreed to.

On section 13—*Repeal.*

Mr. Knowles: Clause 13 has a very interesting saving clause. I understand that the reason for this saving clause is so that in case any province is not prepared to sign agreements under the provisions of this new act the agreements now in effect with that province will continue to have effect. From his discussion with the provinces does the minister feel that this saving clause is really necessary? Does he anticipate that any province will not go along with the provisions of the new act?

Mr. Martin: I do not anticipate, but I try to cover every possible situation that could theoretically arise.

Section agreed to.

Section 14 agreed to.

Title agreed to.

Bill reported.

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, may I take this opportunity to thank the house for its careful consideration of this matter. I have already paid my thanks to the committee for the work it has done, and I would express my thanks again to the committee on behalf of the government.

As Minister of National Health and Welfare I noted with great satisfaction the tributes paid to the officers of the department and those others, notably from the Department of Finance and the Department

of Labour, who assisted and who collaborated in the preparation of these measures.

Special mention was made of my deputy minister on the welfare side. I wish to say how much I appreciate the references made to him. He certainly is deserving of them. He has made a great contribution to our country in this particular matter, just as we would expect, in keeping with the high traditions of our public service.

Mr. Pouliot: Birthday greetings from the whole house.

Mr. Deputy Speaker: When shall the bill be read the third time?

Mr. Martin: Now.

Mr. Knowles: By leave.

Mr. Martin moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

FEDERAL DISTRICT COMMISSION

INCREASE IN NUMBER OF MEMBERS—POWER TO CONSTRUCT RAILWAYS, ETC.

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 397, to amend the Federal District Commission Act, 1927.

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

On section 1—*Federal district commission.*

Mr. Richard (Ottawa East): Mr. Chairman, we have very little opportunity in the House of Commons to talk about the federal district commission, and the work being carried on by that body and the national capital planning committee. I think it is unfortunate indeed that there is not more opportunity, because I think members as a whole are not familiar with the work being carried on in Ottawa and the adjoining district.

I would make the suggestion now that once every four or five years the officers of the federal district commission should come before either the committee on banking and commerce, the public accounts committee or some other body, and explain the work being carried on by the commission, so that hon. members may be informed in more detail as to future plans to be carried out.

This bill contains only a few amendments to be incorporated in the act. However, it stands as another example of a series of amendments to an act that I suggest should be revised, because this is the sixth time since 1927 the Federal District Commission Act has been amended. It is clear that over a number of those years the work of the commission has changed. New plans have been proposed and new burdens placed on the shoulders of those who administer the act.

From time to time the commission has found that it did not have the powers necessary to carry out the duties given to it. In the present instance we are dealing with railways. However, I believe there will be a question connected with the industrial area. As hon. members know, the federal district commission has acquired huge tracts of land for the specific purposes of the act, mainly for parks, roadways and similar facilities around the Ottawa area. However, owing to the recommendations of the national capital planning committee, it is now necessary to consider certain arrangements which have been made with the railways, the city and the municipalities as to the provision of industrial and railway sites. To carry out these duties the federal district commission is finding from time to time that it has not the power to do certain things.

Although by virtue of the provisions of the Expropriation Act the commission has power to buy lands and to expropriate lands for park purposes, it did not have powers for certain other purposes. I understand the commission has had to resort to the device of having the Department of Public Works expropriate certain lands, which in turn will be turned over to the federal district commission for its purposes. This was done because the federal district commission could not acquire or purchase lands for railway and industrial sites. That is an unfortunate situation.

I think all hon. members would be anxious that the commission should have the proper powers to carry out the responsibilities given by parliament. I for one will welcome the day when this act is completely revised.

I should like to say a few words about the acquisition of land. I have had some experience in the operation of the Expropriation Act in acquiring lands for the Department of Public Works and for the federal district commission, and my experience leads me to believe that the Expropriation Act is another act which requires revision. It is an old one, having been used in the exchequer court and the supreme court for years and years. Judgments from those courts have been turned over from court to court, to the point where, although I do not say the Expropriation Act does not give justice, I feel it does not give to the party whose property is being expropriated just what parliament through its legislators would have given, had the circumstances been known.

In present circumstances, when properties are expropriated the law as it was set out in the Expropriation Act is rigidly applied. In this district the homes built along the Ottawa river and the Rideau river have been suddenly expropriated, and the order has been given for their removal. Up to the moment they have not been removed. I must add that the owners have been treated kindly; the terms with respect to their remaining in their homes have been fair, and the officers have been as considerate as they could be; but they are continually threatened by the provisions of the Expropriation Act in so far as the prices they are ultimately to be paid for their properties are concerned.

Under that act there is nothing to be given to these persons, in the sense that the average person would expect. The Expropriation Act says that the value to be given is the actual value of the property at the time of expropriation. All of a sudden a person who built his house fifteen years ago finds that it is to be expropriated, and feels that there is injustice in the fact that he must accept the so-called actual value, and at the same time have to move four or five miles outside Ottawa where there are no local improvements, no water and no sewers. These people are confronted with the necessity of having to build houses which will cost twice as much as they paid for the houses being expropriated. The person in question is not paid anything for displacement. Value is placed on nothing but the actual market value of the house as it stands.

In many cases this is a hardship. The difficulty does not lie with the officers of the federal district commission, or in any suggestion that they have been unfair in their treatment of the people concerned. On the contrary they have left those people where they were in most places, with the promise that they may remain for five years. But the problem would arise in five years' time as to where they shall go. By that time new homes will cost much more than they get through the exchequer court. Furthermore the owner of a house worth $12,000 cannot afford to go to the exchequer court. I just want to bring this matter to the attention of the committee and through the committee to the attention of the Prime Minister, as I have done before. I think it is time that some revision was made in the method of settlement for expropriation proceedings in order that the hundreds and hundreds of people who are faced with these proceedings may be treated more fairly.

The membership of the federal district commission is rather large today and the commission is kept quite busy. Certain relationships must exist between the federal district commission and the municipalities that compose the national capital area. There should be some body to act as a liaison. I should like to end these few remarks by saying that we in this district have the greatest appreciation of the fine work being done by the federal district commission.

Mr. Murray (Cariboo): Mr. Chairman, as one who comes from the upper reaches of our great Canada may I say just a word at this time. As a youth I happened to be in Ottawa when Sir Wilfrid Laurier proposed to build here the Washington of the north. I am amazed that in the interval there have been allowed to be created conditions which make this capital of our great country a place of confusion rather than a place where our aspirations and hopes and ideals can be joined in harmony.

Coming as I do from a more remote area of Canada, I want to see here a city beautiful, a city such as was envisaged by Mackenzie King in his day. I like to wake up in the morning with thoughts of the Peace river country, of the Fraser valley, of the Okanagan or the valleys of Nova Scotia, but I find that I wake up in the morning filled with nausea because of the sulphurous miasma from Hull. That is much against the interest of good government in this country.

We have sulphide mills and paper mills, but they should have their place. Each of us has his place. God does not create any person or any object that does not have a proper place. It is a bad thing to take a sulphurous mess like that and project it into the heart of the government of Canada. I knew the late E. B. Eddy who founded the industry over here. In his day he did great work as we are now doing up in the Peace river and elsewhere. But time marches on, and as time marches on these places should take their proper places with respect to the great objectives of the nation.

I was up at Kingsmere the other day with the hon. member for Yukon-Mackenzie River to pay a tribute at that little cottage where Mr. Mackenzie King lived for so many years. Some of us are rich, some of us are poor, but we all looked upon Mr. Mackenzie King as a great statesman, a man of great heart, and of course power and opportunity. We went out to Kingsmere and saw the humble cottage in which he lived, where he dreamed his dreams and where he wrote out his scheme for Canada. The hon. member and I drove back to Ottawa and as we approached the city we could see the spires of the churches and the towers of the parliament buildings. It looked like a city beautiful, it looked like something that would inspire.

I said to the hon. member that that was something that should make for peace and good will among men. But then we turned here and we turned there, we went this way and we went that way; we went through the confusion and through the mess which man had created. Instead of coming to the great spires of a city beautiful when we did get to Ottawa and pulled up in front of the Chateau Laurier we were met with complete confusion. I defy any man in this House of Commons, whether he be a member of the C.C.F., the Social Credit, the Liberal or the Conservative party, to go across that street at right angles.

Some of us here are trappers, some are miners, some are farmers and some are bankers, but we all come to what should be a city beautiful and find it to be a city of great confusion. Is it not time for us to pause and think a while? I have been a reader of the Ottawa *Evening Journal* for many years and I know that they have their ideas, their hopes and their aspirations. I think it would be a good thing for this House of Commons to make plans in order that this capital of Canada may be a city where ideals can be mingled regardless of our religion or our race, whether we come from the east or the west.

A great city should be built around the Commons of Canada so that people in generations to come will say, "Those people builded well."

Mr. St. Laurent: These speeches may be most interesting and it certainly is desirable to avoid confusion, but I think perhaps we would be avoiding confusion if we reminded ourselves that standing order 58, subsection 2, provides that speeches in committee of the whole house must be relevant to the item or clause under consideration. Section 1 provides for increasing the membership of the federal district commission to twenty so that there may be one member appointed to represent the province of Newfoundland, as since 1946 there has been one appointed to represent each of the other nine provinces.

Perhaps to avoid some other possible confusion the law officers have called my attention to the language used in subsection 5 of the new section 3 in which there is only to be one change, the replacing of the word "nine" with the word "ten", and they have indicated that perhaps it is not very clear. It might bear the suggestion that one man was required to be ordinarily resident in ten provinces. If I could have one of my colleagues do so I should like to move that the intended effect be conserved, but that it be expressed in language less subject to discussion which would be as follows:

The members appointed by the governor in council shall include one member for each province who shall be ordinarily resident in the province for which he is appointed.

If my colleague, the Minister of Agriculture, will be so kind as to move that amendment, I think it would avoid the somewhat inelegant way in which lines 17, 18 and 19 of the bill express what is the intention.

Mr. Gardiner: I move:

That all the words in lines 17, 18 and 19 on page 1 be struck out and be replaced by the following:

"The members appointed by the governor in council shall include one member for each province who shall be ordinarily resident in the province for which he is appointed."

Mrs. Fairclough: Is there a mistake in the numbering of these clauses? In the copy at which I am looking there is the figure "3" and then there is clause 1 and then there are two clause 2's. Is that an error or am I reading it incorrectly?

Mr. St. Laurent: The first is replacing what is contained in the statute of 1946. Section 3 as enacted by the statute of 1946 has five subsections, and this only repeals two of those subsections, 2 and 5, and replaces them. It looks rather strange in the bill, but section 3 would now read:

3. (1) There shall be a commission to be called the federal district commission, consisting of twenty members.

(2) Eighteen members shall be appointed by the governor in council to hold office during pleasure for a period not exceeding five years.

Then subsection 3 is not touched and reads:

One member shall be appointed by the corporation of the city of Ottawa to hold office during pleasure for such period not exceeding five years as the corporation may by bylaw determine.

Subsection 4 reads:

One member shall be appointed by the corporation of the city of Hull to hold office during pleasure for such period not exceeding five years as the corporation may by bylaw determine.

Then subsection 5, which we are replacing, will read:

The members appointed by the governor in council shall include one member for each province who shall be ordinarily resident in the province for which he is appointed.

Mrs. Fairclough: Of course I follow that, but it would seem from a reading of the bill that some explanation has been left out with respect to the numbering of the second clause 2.

Mr. St. Laurent: One is a subsection of section 3, and then the section 2 is a subsection of section 1 of the bill.

Mrs. Fairclough: Oh yes, I see.

Mr. Murray (Cariboo): May I with all respect ask that the Yukon and the Northwest Territories be added to the bill?

Mr. St. Laurent: I think in time they will be added because I think in time they will probably acquire provincial status.

Mr. Murray (Cariboo): Thank you very much.

Mr. Proudfoot: I have some interest in Bill No. 397 because it affects a part of the county which I represent. I have a great deal of correspondence from people in the municipalities of Onslow South, Onslow North and the village of Quyon with regard to the federal district commission and its members. I find on looking over the list of members of the commission that there are six from Ottawa, one from Hull, two who are named by the cities of Hull and Ottawa, I presume, and nine from the provinces. On looking further into the matter I come to the national capital planning committee, and there are thirteen members, I believe, including six from Ottawa, two from Hull, two from Toronto, two from Montreal and one from Manitoba. I am not sure as to the last one. Then I find that in the national capital area there are 364 square miles in the province of Ontario and 536 square miles in the province of Quebec. I quite realize that the city of Ottawa is included in the Ontario area and therefore the population is greater. However, what I am coming to is that I think something should be done for these rural municipalities, not only in the county of Pontiac but also in the counties of Gatineau and Labelle, to provide them with some representation on both of these boards. I do not know whether I am in order, but I would ask that consideration be given to those counties on the Quebec side of the river particularly, inasmuch as I represent the county of Pontiac in Quebec. I suggest that one member of the commission should be from one of the three counties of Pontiac, Gatineau and Labelle, and that a representative from each of those counties should be on the capital planning committee that works together with the commission. I would ask that consideration be given to that matter because I think we should have some representation on the commission and on the committee.

Amendment agreed to.

Section as amended agreed to.

On section 2—*Power to construct railways, etc.*

Mr. Macdonnell (Greenwood): I should like to ask the Prime Minister to say a word about clause 2 which empowers the commission to construct a railway and related facilities. I understand it is a new power.

Mr. St. Laurent: No, it is not a new power. It is a power that was provided in 1950 by an item of $1 in the estimates which authorized the federal district commission to enter into and carry out a contract with Canadian National Railways to build these railway facilities. It is to be found in the statutes of 1950, and is schedule C to the Appropriation Act, vote No. 725. It is quite long, but it reads as follows:

> To authorize entry into and performance of an agreement, including payment of expenditures incurred by the federal district commission thereunder out of the national capital fund, between the federal district commission and the Canadian National Railway Company to provide, on such terms and conditions as may be approved by the governor in council, that
>
> (a) the federal district commission will acquire from His Majesty lands now held by His Majesty for the purpose of a railway cutoff line and freight yard in south Ottawa in accordance with the master plan for the national capital district and will construct, at its expense, the requisite railway facilities thereon;
>
> (b) the federal district commission will grant a right of user in perpetuity over the new facilities to the Canadian National Railway Company in exchange for a conveyance free of charge of lands and facilities now used by the railway company for which the new facilities are to be substituted, such right of user not to exclude use by other railways of the facilities as may be agreed by the commission;
>
> (c) the federal district commission will reimburse the Canadian National Railway Company for costs incurred by the company by reason of the abandonment of existing facilities and transfer of operations to the new facilities;
>
> (d) the Canadian National Railway Company, together with any other railway using the new facilities, will operate and maintain the new facilities at their own expense;
>
> and for matters incidental thereto . . .

That was a $1 vote in the supplementary estimates of 1950. It was felt that though it sufficed at that time to authorize the contract which was made and signed on March 30, 1950, as we were amending the Federal District Commission Act it would be more regular to have the statutory power granted by this provision in that act rather than in an appropriation bill. If the hon. member will look at the estimates for this year he will find under item 327 on page 43 the words, "Appropriation not required for 1951-52, $1." There it is indicated that the details are on page 336, and turning to that page we find this note:

> To authorize the federal district commission to enter into an agreement with the Canadian National Railway Company respecting rearrangement of railway facilities, $1.

We felt the criticism that has sometimes been made in this house that legislation of an enduring character should not be provided by votes in the estimates had some validity, though there are occasions when it is convenient to do it in that way. Having to bring a bill before parliament to deal with the federal district commission, however, we felt that it would probably meet the views of parliament if we put this legislation in the statutes relating to the commission and dropped it from the estimates.

Mr. Macdonnell (Greenwood): Am I correct in understanding that the vote in the appropriation act to which the Prime Minister has referred was for the purpose of carrying out the construction of a certain piece of line which was required?

Mr. St. Laurent: Yes.

Mr. Macdonnell (Greenwood): Then do I understand further that this is really for the purpose of giving unquestioned legal validity to that undertaking?

Mr. St. Laurent: It is.

Mr. Macdonnell (Greenwood): Then I would only observe that this appears to be worded in such a broad way that it is almost unlimited.

Mr. St. Laurent: In 1944 a joint committee of the Senate and House of Commons was set up to look into this question. At that time they recommended a rearrangement of railway facilities which was carried into the general plan with respect to which I tabled a report in this house some time ago and of which a model is now on display in the lobby. The plan required the removal of certain trackage which comes right into the city, the presence of which has much to do with the confusion in front of the Chateau Laurier to which the hon. member for Cariboo referred a few moments ago.

The federal district commission set up this national capital planning board with a railway subcommittee. Officials of the two railways using the Union station are members of that subcommittee; and with the full co-operation of all those concerned a satisfactory arrangement was worked out under which the federal district commission would acquire an area in Ottawa South and construct trackage facilities on it; then when it was ready, under this agreement the Canadian National Railways would cede to the federal district commission the trackage it was abandoning in the heart of the city and would use that being provided in Ottawa South. It is to give the federal district commission such powers as are necessary under the Railway Act to carry out that undertaking that this clause has been drawn. The hon. member will see that anything which has to be done under the clause has to get the approval of the board of transport commissioners. It has to comply with the ordinary requirements of the Railway Act in carrying out these powers.

On February 12 I filed the report of the federal district commission for 1950, in which there is a description of what has been done up to the present time. The act requires the commission to file a report each year showing what is being done. It may be desirable at some time—certainly the government would have no objection—to have this report referred to the public accounts committee or to the committee on railways, canals and telegraph lines, or to a select committee, where the officers of the commission could be called as witnesses to familiarize members of the committee and of parliament with what is being done under the act.

I think there is very effective control by parliament over what the commission does, because for each of the last four years parliament has been appropriating into a special fund an amount of $2,500,000, of which most is still unexpended, for carrying out this work by the federal district commission. The members of that commission serve without remuneration in order to be of service to their fellow citizens. Certainly they are very sensitive to any views expressed by parliament as to the proper way for them to earn the gratitude of their fellow Canadians by this devoted service they are performing for the community. So I do not think there need be any anxiety over the fact that the bill does not precisely describe the extent of the operations necessary to bring about this rearrangement of the railway facilities.

Mr. Macdonnell (Greenwood): I thank the Prime Minister for his clear statement. When he referred to the matter being under the board of transport commissioners do I understand he was referring to section 7A where it says:

> In the exercise of the powers granted by this section such provisions of the Railway Act as are susceptible of application thereto shall apply . . .

Mr. St. Laurent: Yes.

Mr. Pouliot: I entirely agree with the suggestion of the Prime Minister that the matter be discussed by a committee where members of this house could be heard. I understand that the federal district commission is trying to follow the suggestions of Mr. Greber, the architect, who comes from Paris. In Paris there are many railway stations. There is the Gare du Nord, the Gare de Lyon, and there are others right in the heart of Paris,

which is a beautiful city. In London there is the same thing. Waterloo station is right in the middle of the city, and there are other stations which are in the middle of the city. Montreal is a beautiful city. There is the central station of the Canadian National Railways near the Windsor station of the Canadian Pacific Railway right in the heart of the city. I do not see Mr. Greber's idea of having the railway station four miles from the centre of Ottawa, especially now that we have diesel engines that make no smoke and are not an inconvenience to the people. It seems to me that the suggestion by Mr. Greber is uncalled for and untimely. It would be most embarrassing for members of parliament to catch a train in five or ten minutes as they do now, on account of the traffic.

I do not know how we can beautify the city of Ottawa by removing the railway from the centre of the town. It is possible to have freight traffic of the railway outside of the city. It makes no difference.

Mr. St. Laurent: That is all there has been provided for at this time. In spite of the apparent good health of my hon. friend and myself, I do not think we shall live long enough to see the passenger traffic removed from the heart of the city. All we are providing for at the present time is the removal of the freight yards from the position they now occupy.

Mr. Pouliot: I hope the Prime Minister will remain in office long enough to see it is not done.

Mr. Higgins: May I ask the Prime Minister whether the members of the commission get paid for their services?

Mr. St. Laurent: No, they serve without remuneration. There is the secretary, and there are of course officers employed by the federal district commission, but the members of the commission merely get their travelling expenses for the time they have to come to Ottawa to attend to their duties.

Mr. Richard (Ottawa East): The Prime Minister spoke a while ago about an agreement with the Canadian National Railways. Are there similar agreements with the Canadian Pacific and the New York Central railways?

Mr. St. Laurent: The only agreement of which I know up to the present time is that with the Canadian National Railways, dealing with its freight trackage in the heart of the city.

Mr. Richard (Ottawa East): Would this section later apply to the Canadian Pacific or any other railway?

Mr. St. Laurent: This act authorizes, of course after filing the proper plan and upon an examination by the board of transport commissioners, the changing of any railway facilities that might be decided upon in carrying out the general plan.

Section agreed to.

Section 3 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Mr. St. Laurent: Now.

Mr. Knowles: By leave.

Mr. St. Laurent thereupon 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. Dion in the chair.

DEPARTMENT OF AGRICULTURE

38. Marketing of agricultural products, including temporary appointments that may be required to be made notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $6,000, $100,000.

Mr. Higgins: I have a rather important matter to discuss on this item. I shall try to do so as briefly as possible. When we were discussing the administration item the minister was kind enough to intimate that he proposed visiting the province of Newfoundland. He has done that. While he was there he received a very warm welcome. He made an excellent impression, and I believe he had a number of discussions with the farmers. He left them very well satisfied with the ideas he had. On behalf of the farmers I want to say how grateful they are to the minister for that visit. As one of the members from Newfoundland I want to say we are very appreciative of his interest.

In connection with one of the statements he made there I want to ask him a question. At a meeting he is reported to have made the following points where federal aid could or would be applied:

On the problems arising in Newfoundland from the high cost of livestock feeds and grain, and Mr. Smallwood's suggestion, when he introduced the federal minister, that what Newfoundland needed was an elevator, Mr. Gardiner said he thought that Newfoundland was ideally suited as a province for a grain elevator. We could ship the grain out from Fort Churchill, store it in the grain elevators in

Newfoundland and then ship it whenever the purchasing country needs it, he said, instead of having heavy charges on it for freight and ice-bound ports to contend with.

He pointed out that the province of Prince Edward Island had been seeking a grain elevator from the federal government and he thought Newfoundland had probably even more reason for one.

I understand all the other provinces except the province of Prince Edward Island have grain elevators. I think that the minister really believes it could be of great advantage to Newfoundland. Certainly in the event of an all-out war we possibly could help, with the shipment of flour being restricted. St. John's is an ice-free port for twelve months of the year. I ask the minister to give us some indication of whether he can work with the Minister of Public Works on that important point. The Minister of Public Works knows very well that some of the St. John's members have been kicking because they have not been getting their share, and this would be a good time to give them their share.

Right Hon. J. G. Gardiner (Minister of Agriculture): As is stated in the newspaper item, Mr. Smallwood was introducing me and he brought up these different matters. One of them was the building of an elevator. I stated then, and I know it is understood in the house, that elevators are really under the Department of Trade and Commerce. The proposal which I understand is made in Newfoundland is that some businessman of that city is desirous of building a flour mill in St. John's. Of course it is apparent to anyone that if you are going to have a flour mill in St. John's, so far away from where the wheat fields are, it will be necessary to have an elevator.

I am inclined to think that it would be of advantage to the people of Newfoundland and to the advantage of some of those who have grain to ship, particularly for feed purposes, to have an elevator there. I shall, as I said, make representations to that effect. I am not in a position to have that built, but I shall make the representation.

Mr. Higgins: The minister will use his influence on the Minister of Trade and Commerce?

Mr. Charlton: Will the minister explain the item of $92,278 for publicity and advertising and marketing projects as shown at page 108 of the estimates? What is the amount used for, and just what effect has it had on the marketing of agricultural products?

Mr. Gardiner: The amount which is voted is $100,000, and it is for the advertising of any farm products that we may have difficulty in disposing of. The amount was largely spent on honey and butter. We had honey in the early part of the season. We also had butter during the early part of the season, and we did do considerable advertising in connection with the marketing of both of these products.

Mr. Charlton: Where was the money spent?

Mr. Gardiner: It was spent with advertising agencies and others for the purpose of advertising.

Mr. Charlton: But where?

Mr. Gardiner: In Canada.

Mr. Charlton: The minister made a statement last night that there were not going to be many products to sell this year outside Canada. I wonder what this $92,000 is going to be used for this year, if we have not many of these products, as he says, to sell.

Mr. Gardiner: Well, if there is nothing to advertise, there will not be any of it spent. That is a matter which the Minister of Finance looks after very well. We must have reasons for the amounts that are put in the estimates, and the product which we had in mind at the time that this vote was put in this year was cheese in particular. The province of Ontario has a co-operative organization that has been set up for the purpose of handling cheese in Ontario. The province of Quebec has not a similar organization. There has been some discussion on it but they have not got it up to date. The greater part of the cheese which will be produced in Canada this year we expect will be sold in Canada. The part of Canada in which the greater part of it would be sold, if it is sold in Canada, apart from what is required in Ontario and in Quebec where the big sales naturally are, would be in the western part of Canada. In discussing the matter with the dairy people we have said that we are prepared to co-operate with them in promoting the sale of cheese across Canada. That is the one product that I have in mind at the moment. There are some others in a similar position.

Mr. Charlton: Is any of this money spent to subsidize or in any way to aid or to assist cream producers or the federation of dairy farmers of Canada to advertise butter?

Mr. Gardiner: Yes, to advertise. There has been some spent. There has been no grant made directly to them. We have carried on our own advertising program in co-operation with them. They have made requests to us to do certain things in connection with the sale of the product, and we have assisted in it.

Mr. Charlton: Is the advertising done under the Department of Agriculture?

Mr. Gardiner: Yes.

Mr. Charlton: Or under the federated farmers?

Mr. Gardiner: Under the Department of Agriculture.

Mr. Charlton: I have never seen an ad yet for butter under the Department of Agriculture.

Mr. Gardiner: Have you not seen these ads put up in the stores to the effect that it is better with butter? These were our ads.

Mr. Charlton: Was the name of the Department of Agriculture on it?

Mr. Gardiner: Yes, and in all the newspapers across Canada.

Mr. Bryce: Is any of the money for advertising used to advertise our bacon and cheese and so forth overseas, or is it used entirely in Canada?

Mr. Gardiner: No, it has been all done in Canada.

Mr. Bryce: Does the Department of Trade and Commerce do the advertising overseas?

Mr. Gardiner: Yes, the Department of Trade and Commerce does the advertising overseas.

Mr. Wright: Will the Minister of Agriculture use his influence with the Minister of Transport to have a boat built to take this feed grain out of Churchill to the elevator that they are going to build in Newfoundland?

Mr. Ferrie: That is about as smart as you are.

Item agreed to.

Terminable services—

39. Freight assistance on western feed grains, $4,500,000.

Mr. Fair: Can the minister give us a breakdown of the quantities of grain shipped to each province under this vote, and the amount per ton, and the amount given to each province?

Mr. Gardiner: I will get the exact figures in a minute. The amount shipped to Ontario and Quebec is about 65 per cent of the total.

Mr. Laing: This is a very important item in the agricultural estimates because I think that up to a certain extent it is making a permanent imprint upon agriculture in the Dominion of Canada. We have by this policy transferred grains from the grain producing areas of Canada to areas where farm labour, farm equipment and farm buildings were available for the production of livestock, meat, poultry, milk and eggs. I think it has been a very wise policy. I notice a considerable reduction is shown in the estimate for this year. I hope it is not notice of intention that the policy is to be abandoned, because I would hate to see that happen. I think it is owing to the fact that we count the crop year rather than the fiscal year. We in British Columbia have lately had a further interest in this matter because in the year 1933 there was secured a special Canadian freight association tariff No. 145 applying to grain westbound. I want to give credit for the securing of that tariff in 1933 primarily to Mr. Tom Reid, then member of parliament for the city of New Westminster, today a member of the Senate. He worked very hard and arduously and over a long time for the securing of C.F.A. tariff item 145. It amounts to about $1.50 a ton on the shipment of western grain and was a reduction in the receipts of the railways. Our western people have been rather surprised and disappointed at having received a notification from the railways very recently that they were going to cancel C.F.A. tariff item 145, and the only reason they gave is: "Conditions which prompted the establishment of those rates in 1933 do not obtain today."

Now, Mr. Chairman, it is my belief that this loss of C.F.A. 145 would be absorbed in the federal freight assistance. I think that is correct, at least that is the information that has been given me, but that if C.F.A. were ever dropped then the rates on these grains westbound would be up $1.50 a ton.

I want to compliment the minister on this policy across the years of making western feed grains available to farmers in other parts of Canada. It has made a permanent imprint on agriculture in Canada, and I think it has been sound policy for agriculture in the western provinces as well as for the production of livestock and livestock products in the western province of British Columbia, and also the eastern provinces. It is a splendid policy and I hope it will be continued. I draw to the minister's attention the notice given to western receivers of the cancellation of C.F.A. 145.

Mr. Gardiner: May I answer these questions before they get too long? The amount which is in the original vote is $4,500,000. That is just to carry us from the end of the fiscal year down to beginning of the next crop year. In the supplementary estimates, which are here before us and which I will be bringing up immediately these estimates are through, is another $10,500,000. That takes care of the next part of the year which is not covered by this vote. At that time it will be necessary again to vote enough to

carry us to the end of the crop year, because the announcement has already been made that we are continuing this policy through the next crop year.

On the other suggestion that was made in regard to the amounts provided in each province, I wonder if it would suit the hon. member if I were to place it on record rather than read it?

Some hon. Members: Agreed.

Mr. Gardiner: The table follows:

Total Tonnage on Which Freight Assistance Has Been Paid and the Amount of Money Paid in Claims from October, 1941, to May 31, 1951

	Total Tons	Total Amount of Money	Average Rate Per Ton Over This Period
Ontario	11,494,190	$54,825,158.08	$4.78
Quebec	10,168,045	59,117,409.40	5.81
New Brunswick	1,195,439	9,615,800.95	8.04
Nova Scotia	1,419,281	12,481,768.90	8.79
Prince Edward Island	401,629	3,554,080.65	8.85
British Columbia	2,359,489	15,126,154.47	6.41
Newfoundland	29,379	606,900.10	20.66
Grand totals for the period	27,067,452	$155,327,272.55	$5.74

Mr. Fair: Before this item carries may I say that we have no objection whatsoever to the subsidy being paid so that the feeders and farmers in other sections of the country that cannot grow grain as well as we can may have the benefit of our grain to produce livestock for Canada and the export markets.

Mr. Black (Cumberland): Mr. Chairman, I should like to say I am pleased with the assurance the minister has given us tonight. I believe that is the first official statement to the effect that there is going to be a fund sufficient to carry this policy through for the entire fiscal year. The main estimates provide only for expenditures until July 31.

There has been a good deal of uncertainty and of misgiving in the maritime provinces among the dairy people, the stock raisers and the poultry raisers as to the continuance of this grant. In recent years they have been relying upon it. Their occupations require them to make preparations far in advance so as to build up their herds, provide buildings and so on. It is most essential that they know—and they should have known even before this—what they may receive. I might say that disappointment was expressed, and complaints were made by some of the agricultural representatives that they had not been told. However, I am pleased with the announcement made this evening by the minister.

I would point out that this grant is not only of great benefit to the stock raisers in eastern Canada, but is also for the benefit of the grain producers in the west, because it gives them a market they would not otherwise have for a large proportion of their production of feed and coarse grains. One used to hear the complaint that the producers of dairy products in European countries could get feed grains cheaper than we could get them in eastern Canada.

I shall not say anything more, but on behalf of the stock raisers and poultry raisers of eastern Canada I express appreciation of the positive announcement he has given tonight with respect to the provision in connection with freight on feed grains for the entire fiscal year.

Item agreed to.

40. Agricultural lime assistance, $435,000.

Mr. Charlton: Is that $435,000 paid to the provinces?

Mr. Gardiner: It is provided that it be spent in the different provinces; but in actual practice it is nearly all in Quebec and the maritime provinces where lime is required.

Mr. Charlton: Does any of this money come to Ontario?

Mr. Gardiner: About $15,000 or $20,000.

Mr. Charlton: Is that part of the provincial grant we obtain from the province, or is the provincial grant separate?

Mr. Gardiner: That is our part of the payment, which supplements their payment.

Mr. Charlton: A percentage of their payment?

Mr. Gardiner: Yes.

Mr. Wright: Has the minister's department given consideration to paying a similar subsidy on other types of fertilizers? Lime is

not used in the west as a fertilizer, while other types are used. I am wondering how these payments on lime came to be established, and if the department is giving consideration to subsidizing other fertilizers.

Mr. Gardiner: During the war we were subsidizing some other fertilizers. At the end of that period, for what we thought were good reasons, we discontinued all with the exception of this one.

Mr. Wright: The government was subsidizing some other fertilizers during the war?

Mr. Gardiner: Yes.

Mr. Wright: I understand those subsidies were dropped. Has any consideration been given to their re-establishment?

Mr. Gardiner: That was only a short time ago. We did consider the whole matter at that time and we decided it was not something we should carry on from Ottawa. It is being done provincially. The types of fertilizers used in different places across Canada are quite different. For instance there are certain large areas where this particular type is not used at all. For that reason it was looked upon as something that more properly could be carried on in the different provinces, in accordance with their needs.

Mr. Wright: But at the present time you are subsidizing lime which is used only in certain areas. I understand most of it is used in the maritime provinces. I have no objection to that; indeed I think it is a good idea, and it is carried out in many countries. The subsidization of fertilizers is done in most agricultural countries, as a matter of fact. I should think that when the government is subsidizing lime in certain areas it should give consideration to subsidizing the use of fertilizers in other areas, so that there would be a similar policy across the country.

Mr. Gardiner: Where lime is used in considerable quantities it is usually on the least productive of our lands. That is the only reason for providing assistance from the central government as well as the provincial governments, where that condition prevails. We have not thought it advisable to go into other lines in this country. I realize there are other countries where they have only a central government, and where it does all that kind of thing. But in a federated country like Canada we think it is better for the provincial government to take care of matters of this kind in accordance with the needs of the area, rather than that we should take care of it.

Mr. Black (Cumberland): How is the money actually spent? I understood that most of this $435,000 applied to special expenditures, and more particularly in the maritime provinces. The provincial governments there also have a lime policy under which they are able to give fairly cheap lime to the farmers requiring it. They do not use one-tenth as much as should be used for our kind of agriculture.

How is this lime distributed? Is it by bonus, or does the federal department work in conjunction with the provincial government? How much of it goes to the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island?

Mr. Gardiner: The position is as was suggested in the hon. member's question. The administration is carried on entirely by the provinces. We simply add to the amount they are spending. We pay $1.25 a ton on the amount, and the province carries on the administration. It is their policy; we assist them financially, that is all.

Mr. Black (Cumberland): I understand the federal government gives a grant of $1.25 a ton on all the lime used for agricultural purposes in the maritime provinces. How is that distributed in the three provinces I mentioned?

Mr. Gardiner: I am not in a position to give details of policy and distribution. Our inspectors go down to check it, and they are satisfied the money has been properly spent in the policy put into effect by the provinces. We simply give them a grant which assists them in putting out more of it to the farmers than they would be able to do if they had only their own money.

Mr. Black (Cumberland): I am not questioning the expenditure as I think it is most desirable. Can the minister give the figures for each province?

Mr. Gardiner: Some of the expenditure is made on transportation and some for the purchase of the lime but the total amounts were as follows:

Prince Edward Island	$ 23,174.62
Nova Scotia	89,267.62
New Brunswick	68,123.80
Quebec	196,234.39
Ontario	24,377.99
Newfoundland	5,315.17
British Columbia	28,325.21
Total	$434,818.80

Mr. Charlton: Did I understand the minister to say that the government pays $1.25 a ton subsidy?

Mr. Gardiner: We pay 60 per cent of what the province pays up to $1.25 per ton.

Mr. Laing: I think a proper definition should be used in connection with this item because lime is not a fertilizer, lime is a soil amendment which is used to correct acidity

in our soil. Owing to the rainfall in the coastal area the soil becomes highly acid. This matter is not of the same interest to the central provinces because there the trouble is alkaline rather than acid. There is no relationship between fertilizers and lime and I think the definition should be changed. The program is operated jointly with the provinces and has been of great benefit to British Columbia because of the high acid content of our coastal soils.

Mr. Wright: I do not agree with the hon. member that lime is not a fertilizer. A fertilizer is used to correct some condition in the soil, and that is what lime is used for, to correct an acid condition. We have to use phosphorus and nitrogen in our soil to correct the lack of those elements.

Mr. Murray (Cariboo): I wonder when there will be an extension of transportation facilities to the Peace river bloc within British Columbia. At the present time no assistance is being given to British Columbia along these lines. Supposing you were shipping material from Ottawa to Windsor, would you ship it by way of Montreal? No, you would not. But in British Columbia we have to ship it from the Peace river by way of Edmonton in order to get to our natural market on the sea coast.

Item agreed to.

41. To provide for quality premiums on high grade hog carcasses and administration costs, $5,536,000.

Mr. Harkness: I notice that this vote is down by some $318,000 and I wonder if that is due to the department anticipating that there will be fewer hogs marketed this year or to the fact that there will be fewer quality hog carcasses marketed?

Mr. Gardiner: We expect the same number this year. We did overestimate last year and we did not require all that was voted.

Mr. Harkness: In other words, you did not use up the vote of last year by some $300,000?

Mr. Gardiner: There is that decrease.

Mr. Harkness: The minister says he anticipates the same number of hog marketings this year, but is it not a fact that up to date the number of marketings is down considerably from last year?

Mr. Gardiner: They are running about seven per cent below last year.

Mr. Harkness: Do you expect much heavier marketings this fall than took place last fall?

Mr. Gardiner: That is right. The breedings we have a record of indicate that there will be more this fall.

[Mr. Laing.]

Mr. Harkness: Do you anticipate that the number will be enough to bring the total up to approximately the same as last year?

Mr. Gardiner: About the same.

Mr. Charlton: There was only $4,982,437 used last year which is over $600,000 less than the estimate. Is the minister suggesting that hog production this year will require $600,000 more for bonuses than was required last year?

Mr. Gardiner: What is the question?

Mr. Charlton: There was only $4,982,000 expended last year whereas the vote this year is for $5,536,000, indicating an increase over last year in the neighbourhood of $550,000.

Mr. Gardiner: The difference is $318,000.

Mr. Charlton: The expenditures for 1949-50 are shown on page 108 as being $4,982,000.

Mr. Gardiner: The total expenditure for the complete year last year was $5,070,991.10. As I said a moment ago, the vote for last year was overestimated. This year the figure is estimated at $5,536,000.

Mr. Charlton: As I say, the expenditure for 1949-50 shown on page 108 is $4,982,000.

Mr. Gardiner: The hon. member is a year behind us; he is speaking about 1949-50 and I am speaking about 1950-51. The expenditure for the fiscal year 1949-50 was $4,937,031.22, and the expenditure for the next year was $5,070,991.10.

Mr. Harkness: At the bottom of page 108 it states "actual to January 31, 1951, $4,041.88." Then the next line shows "estimated for balance of year, $1,263,544." The minister no doubt has the actual figure for what was paid last year, and I wonder if he could give us that actual figure.

Mr. Gardiner: I just gave it. I have read it twice already—$5,070,991.10.

Mr. Harkness: In other words, it was about $260,000 less than you had estimated for the latter part of the year?

Mr. Gardiner: Yes.

Mr. Black (Cumberland): Before the item carries, would the minister put on the record the distribution of this bonus on hogs by provinces?

Mr. Gardiner: For the maritimes, which are all listed together, the figure is $205,252.43; for Quebec, $1,198,944.41; for Ontario, $1,934,588.55; for Manitoba, $329,810; for Saskatchewan, $157,665; for Alberta, $543,169.54, and for British Columbia, $240,419. That just brings it up to February 24, 1951. Then there have been

added to that similar amounts in each of the provinces bringing the total up to $5,070,991.10.

Item agreed to.

Special—

43. To provide assistance for the replacement of maple production equipment, $500,000.

Mr. Charlton: This is an item of $500,000 for assistance in the replacement of maple production equipment. I think I asked a question about this last year, and it was supposed to carry over a period of ten years. What year was this started? What is the total that has been paid, and to what province has it been paid?

Mr. Gardiner: I think it was started in 1937 or 1938. It was suspended during the war years and it has been resumed since the war. The amount for this year is $500,000. We spend it in three ways. The province puts up a similar amount to what we pay and the farmer has to pay a similar amount.

Mr. Charlton: Is it just paid to the province of Quebec?

Mr. Gardiner: Just in Quebec.

Mr. Charlton: Apparently it had to do with some poor equipment they procured. Is that equipment still in existence? Are you still replacing that first batch of equipment?

Mr. Gardiner: In so far as it has been removed for different farmers it has disappeared entirely, but there is still some of it that has not been removed. Some farmers have not yet been dealt with.

Mr. Charlton: They are still using that equipment that was supposed to be condemned?

Mr. Gardiner: Yes. Maple syrup made with this equipment is used for making cigarettes, and it will not poison you as long as you smoke it.

Mr. Charlton: Why are they still allowed to use it?

Mr. Gardiner: They export this syrup to the United States for use in making cigarettes. The first difficulty arose in 1937 or 1938. We were shipping syrup from Quebec into the United States containing lead. A lead covering had been put on the tin to prevent it from rusting. The buckets were rusting in the sugar bush. In order to prevent that they put this lead covering on them and sold that equipment in the province of Quebec. Then it was found that under certain conditions, with sap standing in the buckets, some of the lead got into the sap and the Americans condemned the syrup. Then they agreed to take the syrup and use it in the manufacture of cigarettes for sweetening the tobacco. They agreed to use it for that purpose provided these buckets would be changed, and we are gradually getting along to the time when we will be shipping all pure syrup there.

Mr. Charlton: None of this equipment was sold in Ontario?

Mr. Gardiner: Not to my knowledge. I am quite sure there could not have been or they would have been after us to do the same thing, and they never have.

Mr. Charlton: What is the total amount that has been spent on this particular item since 1938?

Mr. Gardiner: $2,349,000. That is eight years' expenditure.

Mr. Charlton: From 1938 it has been paid every year?

Mr. Gardiner: In eight years there has been $2,349,000 spent. I think there was some expenditure earlier than that, but this may be the first year that it was made.

Item agreed to.

Mr. Herridge: Would you mind reverting to item 42? I could not be heard on account of the confusion.

Some hon. Members: No.

Mr. Herridge: I rose to speak on item 42, Mr. Chairman, but was not successful in being recognized.

The Chairman: With unanimous consent.

Mr. Harkness: I think that would be reasonable.

Some hon. Members: Agreed.

42. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,100,000.

Mr. Herridge: I thank the committee very much. I want to bring to the attention of the minister the fact that we have two cheese factories in British Columbia and one happens to be in my constituency. It is a small factory that has been of great assistance to the farmers who have ready access to a market for fluid milk. The manager of the factory has brought to my attention that the ninety-day storage clause of the Pure Foods Act is a great hardship to them financially, and in addition it prevents them selling fresh cheese to a considerable number of people who only eat fresh cheese and do not eat cheese after it has been kept for ninety days. I have carried on some correspondence with the pure foods and drugs department, and have been

informed by them that the regulations are occasioned by the danger of typhoid carriers and that sort of thing. However, at the same time I have learned that, while regulations of that sort have been in effect in certain states of the United States, they have been changed. In several states they now permit the sale of fresh cheese. In view of the circumstances of some of those manufacturing cheese and the situation in the United States, can the minister give the house any information with respect to the situation in Canada, and whether there is a likelihood of relaxing these restrictions for cheese producers producing in disease free areas and producing pasteurized cheese?

Mr. Gardiner: I do not know that it was necessary to come back to this item to discuss this matter because it really has not anything to do with the item. The regulation is really a health regulation, and it is a matter which was dealt with quite recently in order to make it more binding than it was before. The reason for that was a typhoid epidemic in the province of Alberta in which several people lost their lives, and it was traced back to cheese which had not been properly matured. That is the claim that was made long before pasteurization was known of at all, that if you made cheese from milk and properly cured it you were then safeguarded against anything of that kind being in the cheese. It has been proven quite recently that there were some people who contracted typhoid from the use of cheese which had not been properly cured. The health regulations make it necessary to mature it for ninety days before selling it. That is what the regulation is. I could not say we would undertake to have it changed. That would have to be considered by the department of health.

Item agreed to.

45. Prairie Farm Rehabilitation Act and water storage, $3,000,000.

Mr. Wright: This and the next item deal with prairie farm rehabilitation, water storage and water conservation projects, and there is a decrease in these votes of some $2,800,000. I know the different departments have been asked to cut back their estimates as much as possible in view of the rearmament program, but I think this is one item under which we might have spent at least as much as in former years. The Prairie Farm Rehabilitation Act has been of immense benefit to western Canada. Unfortunately during the war we had to get by with a minimum expenditure for this purpose, but a great many people in western Canada hoped that after the war we could go ahead with this rehabilitation and do a real job. I would like the minister to tell us just how much under these two estimates or any other estimates is going to be spent on the South Saskatchewan river project this year.

Mr. Gardiner: This item is down $750,000. The next one is down $2,081,515. Last year we bought the Canada Land and Irrigation project for which we paid $2¼ million. The reduction of $2 million is approximately the amount we paid for that project last year. We are not purchasing any irrigation projects this year; in fact that was the only time we ever purchased one. So this does not really mean a reduction in the actual amount of money being spent on this work. I believe the amount will be up compared with every year but last year, when we spent that amount on that project. The $750,000 is simply a reduction in the item for this year due to the fact that we are spending so much money on defence and other things. The amount under this item last year I think was the highest we ever had. It had been increasing year by year, but this year we were asked to reduce, and we did so.

Mr. Wright: Is there another vote under which the South Saskatchewan river project comes?

Mr. Gardiner: No; this is the item, and I was just coming to that. The amount provided here in connection with the South Saskatchewan is $1 million. Just how much is going to be spent I cannot say. We will try to spend a considerable part of it, but whether we can spend that amount on the South Saskatchewan I am not sure. Just in passing I might say that since we discussed the question previously I have found out some things which are a little difficult for me to understand. We are being urged from all quarters, particularly by at least one provincial government, to spend money on the South Saskatchewan. This program, which was agreed to by all concerned, involves the passing of orders in council by the three provincial governments endorsing the division of water made by the dominion-provincial water powers board. As yet no provincial government has passed an order in council, so even if we had $5 million we could not proceed. We have been urging them to get that done, but they keep asking for more information. We have given all the information we have and we hope to have the orders in council passed in due course, but I believe they should be passed before we are urged to go ahead with the project, if it is decided to go ahead with it.

Mr. Wright: That is not the reason the project is being held up.

Mr. Gardiner: It is the reason we could not go ahead with it if we wanted to.

Mr. Wright: I understand that these orders in council have to be passed by the three provinces before the dominion will be prepared to go ahead.

Mr. Gardiner: It is not a question of what the dominion would be prepared to do. We tried to get the provinces to agree to have the water board make the final settlement. They would not agree; they said the matter would have to be consented to by the governments of the provinces before the division of water would be acceptable. That must be done by order in council of the provinces, and that order in council has not been passed by any province.

Mr. Wright: That is the point I was making, that the three provinces have to pass these orders in council agreeing among themselves on the division of the water before the dominion government will be prepared to go ahead.

Mr. Gardiner: Not before the dominion government is prepared to go ahead; before the dominion government can go ahead.

Mr. Wright: No doubt the orders in council will be passed long before the dominion government is ready or prepared to go ahead. There is one further question I want to ask. It has been reported that a bridge is to be built by the dominion government over the North Saskatchewan river at or near the boundary between Saskatchewan and Alberta. Is there any vote in the estimates for that project?

Mr. Gardiner: I do not know who made the report, but if it were to be done it would not be under any of these votes. It would not be done by this department. For many years the dominion government has been building bridges where one end would be in one province and the other in another, but that is not done under this department. The bridge on the boundary line north of Lloydminster is the one the hon. member means, I presume.

Mr. Wright: Yes.

Mr. Gardiner: I presume the river runs across the boundary line at that point at an angle sufficiently off 180 degrees to permit one end of the bridge to be in one province and the other end in the other province, and the two provinces have made application to this government for some assistance in putting that bridge across. The general practice has been for the provinces to build the bridge, actually, with the assistance of this government. That is the case with the bridge across the Ottawa river north of here, where one end is in Quebec and the other end is in Ontario. The bridge is really built by the provinces.

Mr. Fair: The Minister of Public Works is sitting beside the Minister of Agriculture and perhaps he could tell me whether there is a grant for that purpose.

Mr. Gardiner: His estimates are coming up after mine are finished.

Mr. Quelch: For a number of years the Department of Agriculture has been carrying out engineering surveys in connection with the Red Deer river diversion project. When the estimates of the minister were before the house last year he said he hoped that by the end of 1950 these surveys would have progressed to the point where it might be possible for the federal government to enter into an agreement with the provincial governments regarding this project. Can the minister say what progress has been made in that regard?

Mr. Gardiner: We are not in a position to state that we can go ahead with the project, though we have done a good deal of the engineering. The program has been that we would proceed with the St. Mary's project first and then the Bow river project, both of which we have undertaken. Then if it was considered that we should put in the dam on the South Saskatchewan we would proceed with that, and after that the Red Deer project would be considered.

Mr. Wright: The other day I asked the minister in regard to the amount of money being spent out of The Pas on surveys in the Saskatchewan and Carrot rivers area, and he said he would give me the information when we reached his estimates.

Mr. Gardiner: About $60,000 or $70,000, I have not got the exact figure.

Mr. Wright: Have all the surveys been completed? Are there any reports available?

Mr. Gardiner: None I have are completed.

Mr. Wright: No preliminary reports have been made?

Mr. Gardiner: The only preliminary reports are the kind that are made from time to time. I think the director was up in that district on one occasion, met the people, and indicated that they could arrive at certain conclusions from the information that is available.

Mr. Wright: There has been no official report.

Mr. Bryce: I do not need to take up very much time of the committee, because I have

had conversations with the minister and his department concerning the Assiniboine river and the work the P.F.R.A. are doing. Last time I asked the minister about it he had not the exact amount that had been set aside. Could he give that now?

Mr. Gardiner: Would the member mind waiting until we get to the supplementaries? I shall take them right after this, and there is an item in the supplementaries for it.

Mr. Blackmore: It seems only proper that my constituency should express its appreciation of the work the P.F.R.A. has done in the construction of the Lethbridge water conservation project. It is intended to officially open that project this year on July 16, and I believe the minister has been asked to attend the ceremony. We of the Lethbridge federal riding should therefore be thankful to all those who have planned the project, and to the members of parliament throughout the country who have supported it.

Item agreed to.

47. Prairie Farm Assistance Act administration, $516,344.

Mr. Low: I should like to ask the minister if he will, before he leaves his estimates, in the light of the year's experience he has had with the amendments passed to the Prairie Farm Assistance Act in 1950, consider bringing in another amendment now to get away from the inequities the former amendment has caused in the administration of the act.

Mr. Gardiner: At the moment I can just place on the record the results of the activities under that section during the past year. This is for the 1950 crop. The acreage by provinces which has been denied assistance under that section is as follows: Manitoba, 837 acres; Saskatchewan, 814 acres; and the Peace river bloc in Alberta and British Columbia, 54,490 acres. That would indicate that there is perhaps something happening there that ought to be looked into. I have given instructions to our inspectors to make a complete check of the whole matter.

Mr. Low: I should like to thank the minister for his consideration. How many regional offices does the prairie farm assistance division have?

Mr. Gardiner: There are only two regional offices, Regina and Edmonton.

Mr. Low: Are the reports by the field men in the area covered by the Edmonton office channelled back into Regina for action or is the Edmonton office authorized to pass on applications?

Mr. Gardiner: The plan followed is that we have a board that has the right to pass on all of the different municipalities or different townships, and that board meets from time to time. They go through the Edmonton office and from the Edmonton office to the Regina office, and are considered through the Regina office by the board. That is the plan, but in actual practice there are not very many of them that have to be specially considered by the board, but the board must have access to those from all over the three provinces.

Mr. Fair: Will the minister be good enough to place on the record, as he has done in other years, information concerning the number of claims paid in the various provinces, and the amounts? He could just place it on the record.

Mr. Gardiner: May I have permission to put it on *Hansard* without reading it?

Some hon. Members: Agreed.

Mr. Gardiner: The information is as follows:

Payments under the P.F.A. Act in Crop Year 1950
To April 24, 1951

	No. of Awards	Total Payment
Manitoba	1,881	$ 205,500.00
Saskatchewan	22,235	4,938,467.75
Alberta	21,610	3,561,881.25
British Columbia	1,142	189,386.00
Totals		$8,895,285.00

Eligible Townships in 1950 Crop Year

Manitoba	97
Saskatchewan	885
Alberta	953
British Columbia	57
Total	1,992

Item agreed to.

49. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $250,000.

Mr. Wright: Where is this money to be spent? I notice there is a reduction of $100,000 for this year, but in the supplementaries there is an additional $100,000. Just what is the meaning of that?

Mr. Gardiner: This is vote 49, for land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council. There is another $100,000 in the supplementaries.

Mr. Wright: Why was it taken off and then put back in the supplementaries?

Mr. Gardiner: At that time it was not definitely known what we would require this year. We were clearing up some tracts in Manitoba and elsewhere. Now we have definite information we can go ahead with the others.

Mr. Wright: In what province is this $250,000 to be spent?

Mr. Gardiner: There is $100,000 in Ontario and $160,000 in Manitoba.

Mr. Charlton: Did the minister say $160,000 in Ontario?

Mr. Gardiner: No, $100,000 in Ontario.

Mr. Charlton: And where was the $160,000?

Mr. Gardiner: There was $160,000 for Manitoba.

Mr. Wright: This money which is being spent in Manitoba: where is it to be spent?

Mr. Gardiner: In the Dauphin area, and the Manitoba government is paying dollar for dollar.

Mr. Charlton: Is that on the same basis with the Ontario government, dollar for dollar?

Mr. Gardiner: Yes, and it is being spent along the shores of lake Erie.

Mr. Charlton: It is along the shores of lake Erie?

Mr. Gardiner: Yes.

Mr. Blackmore: May we call it eleven o'clock?

Some hon. Members: No.

Mr. Fournier (Hull): There are only two items left, and I would appeal to the house for co-operation so that I could have another minister's estimates dealt with. I think we have had a reasonable discussion.

Mr. Black (Cumberland): I think we should co-operate with the minister in putting this through.

Mr. Blackmore: I am desirous of asking a series of questions under vote 51.

Item agreed to.

50. Maritime Marshland Rehabilitation Act, $800,000.

Mr. Stanfield: I should like to thank the minister and his department for the interest which they have taken in the rehabilitation of the marshlands in our province, and also for the good work of the engineer, Mr. Parker. I know the farmers in my constituency are very grateful for getting their lands fixed up again. We were wondering just what program the minister and his department intended carrying out during the coming year, especially in the province of Nova Scotia. I would be grateful if the minister would give a brief explanation of that.

Mr. Gardiner: I take it from what was said a few moments ago that the members of the committee have no objection to going over the supplementaries. These same two items are covered again in the supplementaries.

Mr. Knowles: A few moments ago the Minister of Public Works asked for co-operation to get through two items, but now the Minister of Agriculture mentions his supplementaries. There are 19 items in the supplementary estimates. I suggest that it is after eleven o'clock and it is Saturday night.

Mr. Fournier (Hull): We will not take up the supplementary estimates tonight.

Mr. Gardiner: But the item I have been asked about is in the supplementaries. If you pass these two items together we will be through.

Mr. Knowles: Eleven o'clock.

Mr. Bryce: I am anxious to get my answer.

Mr. Gardiner: Talk to your friend who is in front of you.

Mr. Bryce: I will keep him quiet; you give me the answer.

Mr. Knowles: No chance.

Mr. Gardiner: I may say to the hon. member who raised the question of the marshlands that we are figuring on about half as much more, which we are providing for in the supplementaries, than is shown in this item, which means that the expenditure this year will be very considerably higher than it was last year.

Then, on the other question that my hon. friend speaks of, there is $75,000 put into the supplementaries to deal with the work that must be done on the Assiniboine river in Manitoba. Last year those works were done under public works, but the item was transferred to this department, and there is $75,000 in the supplementaries for it this year.

Mr. Black (Cumberland): Before this item passes I want to support the remarks of the hon. member for Colchester-Hants. It is a very important expenditure for a great many sections in the different constituencies at the

head of the bay of Fundy. I should like the minister to put on *Hansard* the program for the current year, the different projects they propose undertaking and the estimated cost. It will be satisfactory to put it on *Hansard* instead of reading it.

Mr. Gardiner: I would like to say this. What I am putting on *Hansard* are only the approved ones. There are quite a number of others that are under consideration and will be gone ahead with. I am not in a position tonight to say which ones in particular, but I will put on the record those that are approved.

Mr. Black (Cumberland): What does the minister mean by "approved", approved by the commission or approved by his department at Ottawa?

Mr. Gardiner: By both. It is order in council approval that covers those. We have to pass a different order in council for each project. The list follows:

N.S.	3 Falmouth great dike	$24,000
"	4 Queen Anne	11,100
"	8 Grand Pre	10,500
"	11 Truro Dykeland park	26,100
"	13 Dentiballis	8,000
"	14 Elderkin	13,000
"	16 Castle Frederick	27,700
"	17 Falmouth village	11,100
"	21 Upper Nappan	27,800
"	23 Masstown	13,000
"	27 Newport town	28,200
"	38 St. Croix	61,200
"	40 Fort Belcher	10,000
"	42 Amherst point	6,000
"	44 Converse	12,600
N.B.	5 Westcock	25,000
"	6 Taylor village	72,500
"	13 Dorchester	29,000
"	14 Lower Coverdale	10,000
"	19 Beaumont	7,500
"	21 Memramcook west	33,000
"	24 Aulac	32,000
"	30 Calkins	28,000

Mr. George: I want to associate myself with the hon. member for Cumberland and the hon. member for Colchester-Hants in expressing on behalf of my constituents their appreciation of the work done by the marshland rehabilitation board here and in the maritimes. They are doing excellent work there, and because of the late hour I will not elaborate on it.

Mr. Gardiner: Before the item is carried may I say to the hon. member for Lethbridge that the same item is covered again in the supplementary estimates. If he will permit me to get item 51 through we can discuss it under the supplementaries.

Mr. Blackmore: That is agreeable to me.

[Mr. Black (Cumberland).]

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we wish to take up legislation, and I will give the remainder of the legislation which is on the order paper: Bill No. 399, respecting Canadian National Railways and to authorize the acquisition of the railway of the Quebec Railway, Light and Power Company; Bill No. 375, to amend the Prairie Farm Rehabilitation Act; a resolution in the name of the Minister of Agriculture respecting the Dairy Industry Act; Bill No. 400, to amend the Supreme Court Act; Bill No. 391, to amend the Criminal Code; then a resolution in the name of the Minister of Justice to present a bill to amend the Judges Act. There are two resolutions on the order paper; one, item No. 14, is in the name of the Minister of Finance. I believe he has spoken to some members of the opposition. He would like to move that resolution, have first reading of the bill and then let the matter drop there so that hon. members could receive a copy of the bill. It has to do with the Consolidated Revenue and Audit Act—a revision of it. If there is no objection that will come up sometime during Monday. Then there is a resolution in the name of the Minister of Mines and Technical Surveys, respecting the Canada Lands Surveys Act. The minister would wish also to move this resolution so that the bill would receive first reading and be distributed, but we would not proceed with these two bills.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

38. Marketing of agricultural products, including temporary appointments that may be required to be made notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $6,000, $100,000.

Terminable services—

39. Freight assistance on western feed grains, $4,500,000.

40. Agricultural lime assistance, $435,000.

41. To provide for quality premiums on high grade hog carcasses and administration costs, $5,536,000.

Special—

42. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,100,000.

43. To provide assistance for the replacement of maple production equipment, $500,000.

44. For assistance in construction of potato warehouses under regulations to be approved by the governor in council, $50,000.

45. Prairie Farm Rehabilitation Act and water storage, $3,000,000.

46. Major irrigation and water conservation projects in the prairie provinces, $6,406,985.

47. Prairie Farm Assistance Act administration, $516,344.

48. Land protection, reclamation and development in British Columbia under such terms and conditions as may be approved by the governor in council, $404,592.

49. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $250,000.

50. Maritime Marshland Rehabilitation Act, $800,000.

51. To provide for administrative expenses, Agricultural Prices Support Act, 1944, $91,051.

HOUSE OF COMMONS

Monday, June 25, 1951

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Twelfth report of the standing committee on miscellaneous private bills.—Mr. Winkler.

COUNCIL OF EUROPE

INVITATION TO SEND OBSERVERS TO SEPTEMBER SESSION

Mr. Speaker: I have the honour to inform the house that I have received a communication from Mr. P. H. Spaak, president of the consultative assembly of the Council of Europe, inviting this parliament to send observers to the session of the council, commencing the 24th September next.

QUESTIONS

MING SUNG INDUSTRIAL COMPANY—CONTRACTS FOR SHIPS

Mr. Fulton:

1. Was any amount advanced to George T. Davie and Sons Limited by the Canadian Commercial Corporation for the purpose of enabling the first named company to complete and to deliver ships to the Ming Sung Industrial Company Limited? If so, what was the total advanced?
2. How much of this amount has been repaid?
3. What was the date of such payment?
4. Has any amount been written off?
5. If so, how much, and what was the date of such write-off?
6. Did the government take a first mortgage on the shipyards of George T. Davie and Sons Limited? If so, for what principal amount?
7. Does the government still hold the said mortgage?
8. If so, how much is owing on the said mortgage for (a) principal; (b) interest?
9. If not, when and for what consideration was the said mortgage released?
10. Is the firm George T. Davie and Sons Limited, or any successor thereto presently engaged on any shipbuilding contracts for the government?
11. If so, when were these contracts awarded, what vessels are covered by each contract, what is the cost to the government of each vessel, and what will be the profit to the company under each contract?
12. Who are the directors, and who are the majority shareholders of the firm with whom the contracts referred to in part 10 hereof were entered into?

Mr. McIlraith:

1. Yes. The government, acting through the Canadian Commercial Corporation, undertook to provide George T. Davie and Sons Limited with any deficiency in its working capital necessary to enable it to complete and deliver three ships to the Ming Sung Industrial Company Limited. The maximum aggregate at any one time of the amounts so advanced was $1,011,187.

2. $481,187.

3. At various dates during the currency of the advances, $371,500; on July 7, 1950, $59,687; on September 6, 1950, $30,000; on April 30, 1951, $20,000.

4. Yes.

5. $450,000, as of November 2, 1949.

6. Yes. For $1,450,000.

7. Yes.

8. (a) $80,000; (b) nil.

9. Mortgage not released.

10. Yes.

11.

Date of Contract	Vessel Covered	Estimated Cost to Government
Feb. 16, 1950	1 gate vessel	$500,000
Nov. 9, 1950	1 influence type minesweeping vessel	925,000
Nov. 9, 1950	1 gate vessel	500,000
Jan. 31, 1951	Production of working drawings, et cetera, for gate vessels	25,000
June 8, 1951	1 loop layer basic type J. craft	700,000

The amount of estimated cost to the government includes cost of labour, material and overhead plus a fee of five per cent of the total thereof payable to the company. The amount of the actual profit to the company under each contract cannot be determined.

Questions

12. The directors of George T. Davie and Sons Limited are Andre Delagrave, Brenda Delagrave and Maurice Paquet. The majority shareholders of the company are not known.

POSTAL SERVICE—RURAL MAIL ROUTES

Mr. Wright:

1. How many rural mail routes were in operation in each province of Canada on (a) June 1, 1946; (b) June 1, 1951?

2. What were the number of boxes on these routes in each province on the above dates?

Mr. Rinfret:

1 and 2.

	Number of Rural Routes		Number of Boxes	
	(a)	(b)	(a)	(b)
*Postal District	1946	1951	1946	1951
Vancouver	112	140	21,095	33,440
Edmonton	165	169	9,369	10,059
Calgary	82	78	4,240	4,409
Saskatoon	119	115	4,731	4,563
Moose Jaw	55	49	1,920	1,828
Winnipeg	149	154	8,719	9,933
London	815	821	65,705	73,393
Toronto	573	580	43,863	53,892
North Bay	99	118	4,904	7,053
Ottawa	689	700	42,695	44,020
Montreal	718	751	42,598	52,113
Quebec	503	674	27,370	42,927
Saint John	349	359	14,265	19,325
Halifax	245	284	11,543	17,707
Charlottetown ..	177	178	9,232	10,244

*Rural mail delivery statistics are kept by postal districts instead of provinces.

QUESTION PASSED AS ORDER FOR RETURN

SUBSIDIES OR OTHER ASSISTANCE TO MANUFACTURERS

Mr. Fulton:

1. How many boards or agencies are in existence now or have been in existence since January 1, 1946, which have paid any form of market or production subsidy to, or given any form of capital assistance to, industrial manufacturers?

2. What is the name of each such board or agency?

3. What is the total that has been paid to recipients in each province by each such board or agency since January 1, 1946, or since the date of establishment of the board or agency if established after that date?

MOTIONS FOR PAPERS

CORRESPONDENCE WITH MING SUNG INDUSTRIAL COMPANY AND DAVIE SHIPBUILDING COMPANY

Mr. Diefenbaker:

For a copy of all letters, telegrams, and other communications since January 1, 1949, and to date, in connection with the nine ships built for the Ming Sung Industrial Company Limited and/or its Canadian subsidiary, by the St. Lawrence Metal and Marine Works and Davie shipbuilding company, which have passed between the government of Canada and (1) the said Ming Sung Industrial Company Limited and/or its Canadian subsidiary, or on behalf of either of said companies; (2) the Davie shipbuilding company or any of its officers or other persons on its behalf.

[Mr. McIlraith.]

Mr. Abbott: Mr. Speaker, there is no objection to the passing of the order; but, for reasons which will be obvious, the correspondence asked for is voluminous, a good deal of it being of a purely routine character in relation to the contract referred to. I had a word with my hon. friend, who, I understand, will be quite prepared to examine the original correspondence and indicate which portion of it he desires to have copied and produced in accordance with the order.

Mr. Diefenbaker: That is correct.

Mr. Speaker: Carried, subject to the remarks made by the Minister of Finance.

MING SUNG INDUSTRIAL COMPANY—CORRESPONDENCE WITH GOVERNMENT OF HONG KONG

Mr. Diefenbaker:

For a copy of all letters, telegrams, and other communications which, since January 1, 1949, and date hereof, have passed between any department of the government of Canada and any official of the government of Hong Kong, relating to exemptions granted to the Ming Sung Industrial Company Limited, under both the Canadian and British shipping acts of the said company.

Mr. St. Laurent: There is no objection on the part of the government to the production of these papers, and the usual courtesy application has already gone forward to the government of Hong Kong for its consent. The trade commissioner there was asked to make dispatch in getting an answer from the government in Hong Kong.

Mr. Diefenbaker: Would it be possible to have it before the end of the week?

Mr. St. Laurent: I hope so. As I say, the commissioner was asked to make dispatch in getting an answer.

Mr. Speaker: Carried.

FISHERIES

NEWFOUNDLAND—LOSS OF CODFISH ON ACCOUNT OF SCARCITY OF SALT

On the orders of the day:

Hon. R. W. Mayhew (Minister of Fisheries): Mr. Speaker, on Thursday last the hon. member for St. John's West (Mr. Browne), while I was out of the city, asked a question which was directed to the Prime Minister, about a shortage of salt in Newfoundland.

My advice from the chairman of the Newfoundland fisheries board is that some shortage did exist, but its extent was exaggerated. In a wire from him this morning he confirms that there is no shortage at present. I am informed that in some localities in these bays, fish had struck into the shore traps earlier than usual. In some areas the local merchants had not adequate supplies on hand, and in trying to effect a quick distribution of salt to these areas the shortage of small boats for transportation delayed supplies. My information this morning is that stocks are generally ample and well distributed geographically, through the action of the trade itself. In other words, there is no general shortage of salt in Newfoundland at the present time. There is difficulty in getting it from one place to another as speedily as they would like, but other supplies are coming in gradually.

KOREA

STATEMENT OF MR. MALIK AS TO NEGOTIATIONS FOR CEASE-FIRE AND ARMISTICE

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): In view of the extremely important statement made by Mr. Malik on Saturday and since the Secretary of State for External Affairs (Mr. Pearson), who is in London, has commented on that statement in London, is the Prime Minister in a position to make any comments that would enlighten the house as to the attitude of the government toward this statement? May I say that I am not pressing for any statement, my question being prompted only by the fact that comments had been made in London by the Secretary of State for External Affairs.

Right Hon. L. S. St. Laurent (Prime Minister): I understand that some newspaper men in London put certain questions to the Secretary of State for External Affairs to which he replied. I have not had time to consider the replies carefully because I received the clippings just as I came into the house. There is no doubt that the Secretary of State for External Affairs, like all the rest of us, regards that statement as an important development. It is one with which the United Nations will no doubt be dealing expeditiously, and I think it might perhaps be convenient to put on the record of this house the statement made by the secretary general, Mr. Trygve Lie, which was in the following form:

> In recent weeks, the qualified spokesmen of many of the governments whose forces are participating in the United Nations action in Korea, and I, as secretary general, have expressed hope for a military cease-fire in Korea in the vicinity of the 38th parallel. The delegate of the U.S.S.R., deputy foreign minister Jacob A. Malik, now has also expressed his hope for such a cease-fire.
>
> The United Nations forces have been fighting in Korea to uphold peace and security under the United Nations charter. From the outset, the United Nations have made it clear again and again that the first step to the restoration of peace in Korea must be a cease-fire. Such a cease-fire should involve only the military arrangements necessary to stop the fighting and to ensure against its renewal.
>
> I urge that negotiations for a military cease-fire now be entered into at the earliest possible date.
>
> If such a cease-fire can be attained, the political issues involved in the restoration of peace and security in Korea can then be appropriately discussed in the competent organs of the United Nations.

I am further informed that Mr. Entezam, president of the general assembly, and also chairman of the good offices committee, has come from Washington to New York in order to be in touch with the representatives of the United Nations there and to take such immediate action as may be appropriate and to do so in the hope that this is a statement of a real desire to see a cease-fire and a withdrawal of opposing troops on either side of the 38th parallel brought about at once.

I think hon. members would be interested to know that among the clippings I got was one referring to a radio broadcast in the capital of communist China reporting this statement of Mr. Malik and an editorial saying that if America was willing to stop the war she should bring in at once those just and reasonable measures for peaceful settlement which have been repeatedly proposed by the people's republic of China, the Soviet union, and other countries desiring peace.

Of course that statement was along the same line; even Mr. Malik's statement was much along the traditional line of having about fourteen minutes of violent vituperation and then a half a minute in which to make the statement that he thought the problem of armed conflict in Korea could be settled at this time. That is the usual manner in which such proposals are put forward by the U.S.S.R., but we have had former experience of their violent vituperation having been followed by something which was really serious and intended to be effective. I hope this may prove to be another such example.

Mr. Drew: In view of the statement made by the Prime Minister, may I join in the hope which he has expressed, and I am sure every Canadian will join with me. In view of the important part that Canada is bound to play in any discussion which takes place, and the desirability of achieving such a measure of

unanimity as may be possible in this house, no matter what our views may be on other subjects, I urge the Prime Minister to keep us fully informed as to the developments, subject of course to such terms of secrecy as necessarily are associated with extremely important considerations of this kind.

As the Prime Minister has pointed out, the statement by Mr. Malik was hardly designed to make an impression of sweet reasonableness; nevertheless on this anniversary of the attack in Korea, I think we should bear in mind that the Russians have backed down on other occasions—as they did in Greece; as they did in Azerbaijan; as they did also in connection with the airlift to Berlin. Certainly I think all of us will hope that this is not merely a part of a sham peace campaign, but a genuine offer to terminate hostilities, which can certainly benefit no one, and which, if terminated, may be the beginning of a period during which, by the combined strength of the free nations, we may attain the measure of security for which we are all hoping.

Mr. St. Laurent: I may add that this morning the Secretary of State for External Affairs is conferring with Mr. Herbert Morrison, the United Kingdom foreign minister, and that our ambassador in Washington was in touch yesterday and is in touch today with the Secretary of State there. The language of this declaration is being carefully scrutinized, and there is no indication anywhere that it will be brushed off. It will be explored with a sincere desire, at least on our side, to have it produce some results.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I should like to associate the members of this group with the remarks of the Prime Minister and the Leader of the Opposition. The statement made on Saturday by Mr. Malik is one of exceeding importance, and whether or not its purpose is propaganda, the United Nations should now have sufficient experience, if that is the intention, to turn it back on the Soviet union. But perhaps its purpose is not propaganda. We should and do welcome the statement made by the secretary general of the United Nations. It must be the earnest hope of everyone that a cease-fire order may be possible. Once a cease-fire order is made, it is doubtful that the fighting would begin again.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—QUESTION AS TO COMMITTEE OF EXPERTS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Agriculture. Have there been any acceptances by persons approached to act as a committee of experts with respect to the matter of the economic feasibility of the South Saskatchewan river dam and irrigation project?

Right Hon. L. S. St. Laurent (Prime Minister): Perhaps I might answer that question. There have been confidential approaches, and I expect to have information today from our ambassador in Washington.

CANADIAN NATIONAL RAILWAYS

ACQUISITION OF THE RAILWAY OF QUEBEC RAILWAY, LIGHT AND POWER COMPANY

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 399, respecting Canadian National Railways and to authorize the acquisition of the railway of the Quebec Railway, Light and Power Company.

Mr. Macdonnell (Greenwood): Is the minister going to make a statement?

Mr. Chevrier: I propose making a statement. I thought I might make it in committee, unless there is some objection.

Mr. Macdonnell (Greenwood): I think that would be convenient. I have one question at this stage. I should like to ask the minister whether he proposes to do what was done in the other place, namely, refer the bill to a committee other than the committee of the whole?

Mr. Chevrier: I was hopeful that we could dispose of it in committee of the whole.

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

On section 1—*Authority to purchase railway of the Quebec Railway, Light and Power Company.*

Mr. Chevrier: Mr. Chairman, perhaps I should give a general explanation of the object of the bill. This bill seeks to authorize the Canadian National Railways to purchase, and the Quebec Railway, Light and Power Company Limited to sell, the line of railway owned by the latter company extending in an easterly direction from the city of Quebec to the village of St. Joachim, a distance of 25·75 miles. The purchase price is $750,000. The bill also seeks to confirm an earlier purchase by Canadian National Railways from the same company of a stretch of line extending from St. Joachim to Cap Tourmente, a distance of 5·08 miles, for the sum of $75,000. This purchase was made in 1947, and there has been no official act of parliament dealing with it. The purchase of this line by Canadian National Railways will provide a connecting link for the C.N.R. lines between the city of Quebec on the one side

and the Murray Bay subdivision of the Saguenay and Murray Bay Railway on the other.

In other words, between the Canadian National Railways on the west and the Murray Bay subdivision of Canadian National Railways on the east lies this Quebec Railway, Light and Power Company Limited line which the C.N.R. is now purchasing for the sum referred to a moment ago. The purchase price includes not only the right of way but roadbed and track, overhead trolley lines and associated equipment, stations, power conversion equipment, rolling stock, and other fixed assets, including stores. In the opinion of Canadian National Railways this purchase will increase the income position of Canadian National Railways by approximately $160,000 to $170,000, but, when certain allowances are made, roughly speaking by $50,000.

There are a number of advantages in the purchase of this line, first of all from the industrial standpoint, and second from the point of view of the traffic that will flow to Canadian National Railways. There is also the improvement that can be made in train schedules and the elimination of the St. Joachim terminal. Canadian National Railways, because of the purchase, will be in a preferred position so far as the solicitation of certain traffic is concerned. Then of course there is the income position that I mentioned a moment ago.

The directors of Canadian National Railways have authorized this purchase and the government has seen fit to recommend it to parliament.

Mr. Macdonnell (Greenwood): As I understand it, under some arrangement Canadian National Railways have been using the first twenty-five miles from Quebec on the way to Murray Bay. Will the minister say under what arrangement it has been using it in the past, whether on a basis of rental or otherwise?

Mr. Chevrier: The arrangement was what is known as an "interline carrier" arrangement. That means that if the freight rate is $1, let us say, for an article moving over the Quebec Railway, Light and Power Company line, and the freight is carried three-quarters of the distance over the line of that company, seventy-five cents will go to the Quebec Railway, Light and Power Company and twenty-five cents to the C.N.R. It is pretty difficult to give the arrangement in detail, but I understand it is a common arrangement entered into between railways. When traffic is carried by one railway over the line of another, whether the traffic originates on that line or whether it comes from other lines, the interline carrier arrangement is one which is pretty much standard between railways.

Mr. Macdonnell (Greenwood): I understand that under the Quebec Railway, Light and Power Company there was a separate unit known as the Montmorency unit, and that it showed a special operating result of its own. Could we be informed what that result was?

Mr. Chevrier: Yes. The income account I have before me for the Quebec Railway, Light and Power Company, covering the period from 1946 to 1950, indicates net corporate income of approximately $115,000 per year. To be more explicit, the figures are:

1946	$120,451
1947	187,681
1948	116,189
1949	36,086
1950	103,365

Mr. Macdonnell (Greenwood): I am a little puzzled by these figures, because I notice that in the other place the figures given were: 1946, $236,000; 1947, $301,000; 1948, $230,000. They are substantially different from the figures given by the minister. Is there some adjustment that has to be made? Just let me add that on the face of it, with the figures one has here, it is surprising that the company should have wished to sell for $750,000 if actually they were making $300,000 a year, and I wondered if there was some explanation.

Mr. Chevrier: Although I have not read the Senate report, the figures given by my hon. friend are accurate. The figure for 1948, $230,996 is before charging depreciation. Depreciation charged for that year was $114,807, leaving a net corporate income of $116,189.

Mr. Macdonnell (Greenwood): I understand that a feature of this arrangement is the acquisition of certain rolling stock and other equipment. Is there a figure at which that is valued? I understand it is diesel equipment. How will that fit in with the steam operation of the national line?

Mr. Chevrier: It is also electrically operated. There are 144 pieces of equipment owned by the railway, one of them being a steam locomotive and six being electric locomotives. I have the statement broken down as between locomotives, passenger cars, freight cars and other cars.

Mr. Macdonnell (Greenwood): Just the total.

Mr. Chevrier: The total is 144 pieces, including 7 locomotives, 39 passenger cars, 88 freight cars and 10 other cars.

Mr. Macdonnell (Greenwood): I meant the total value of the equipment.

Mr. Chevrier: The estimated cost of the equipment at present day prices is $3,775,000, which, less depreciation, would amount to $650,000.

Mr. Browne (St. John's West): Is this the line that runs from Quebec through Ste. Anne de Beaupre?

Mr. Chevrier: It is.

Mr. Browne (St. John's West): Is that line not in poor condition? Will the Canadian National have to rebuild the line and replace the rolling stock, or do they intend to use the rolling stock that is being acquired?

Mr. Chevrier: The line is in fair condition. Some of the rolling stock will have to be replaced, and the Canadian National Railways estimate they will have to spend a substantial amount of money to improve it; not only the equipment but also the trackage. They have estimated that and charged depreciation and interest.

Mr. Browne (St. John's West): I asked that question because I travelled on that line last year and it seemed to me in bad condition. I really believe this would be a good investment for the Canadian National, however.

Mr. LaCroix: Will all the privileges already possessed by the employees of the company so far as pensions are concerned be looked after by the C.N.R.?

Mr. Chevrier: I should think their position would be better, though I am not familiar with the matter at the moment. When this line is integrated with the Canadian National I should think the employees of Quebec Railway, Light and Power would have the same privileges as the other employees of the Canadian National Railways.

Mr. Macdonnell (Greenwood): It is unfortunate that we in this house have not had a chance to hear the officials of the railway; nevertheless the minister has made a very clear statement. One thing still bothers me. There must be some further consideration or we would not be getting for $750,000 equipment which cost $3 million plus a railway which would cost at least something like $1 million, with the railway station. There must be some other disadvantages. Far be it from me to complain because we are getting a good deal; but one would like to feel that he understands what he is doing, and at the moment I frankly confess to being puzzled. Unless this equipment is run down to the point where it has no value; or unless, as the hon. member for St. John's West has indicated, the railway has to be entirely rebuilt, there must be something else. I appreciate the fact that the over-all figure the minister has given from the competent officials of the Canadian National indicates that they believe this is a profitable deal, and I go a long way toward accepting their view. But I would like to feel that I understand this deal before voting for it.

Mr. St. Laurent: I think the hon. member is overlooking one factor which I know exists; that is, the personal relations between the vendor company and the public. Because of the existence of the two railways, during the winter the service to the public was very unsatisfactory. There were difficulties in keeping the cars properly heated. They had to be at a very high temperature before being set out, and they got very cold before being coupled to the train operated by a steam locomotive. The service has been complained about, and for a long time there has been this effort to have the C.N.R. take it over and give a satisfactory service. The C.N.R. would not pay any more than it thought it could justify on economic grounds.

Section agreed to.

On section 2—*Conveyance free of charges.*

Mr. Knowles: Where will the power come from? Is the C.N.R. buying the source of power as well, or will it purchase power from this company?

Mr. St. Laurent: An arrangement has been made, which I understand the C.N.R. look upon as very satisfactory, for the supply of electric power by the Quebec Power Company, which was the parent company here. At the time this sale was arranged, quite a long term contract was arranged for the supply of power for the operation of the railway in the hands of the C.N.R.

Mr. Knowles: Then will this vendor company actually go out of business?

Mr. St. Laurent: I am not in a position to give a positive answer. This was the company that operated the street car service in the city of Quebec. The street cars have been replaced by busses. I do not know whether that was done by another subsidiary, or whether the old street car company acquired the busses, but the street cars have been completely removed from the streets of Quebec and the public is now being served by busses.

Section agreed to.

Sections 3 and 4 agreed to.

Schedule agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Chevrier moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

FINANCIAL ADMINISTRATION ACT

PROVISION FOR AUDIT OF PUBLIC ACCOUNTS, FINANCIAL CONTROL OF CROWN CORPORATIONS, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to consolidate and revise the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931, and certain other acts; to provide for the organization and functions of the treasury board and the Department of Finance, and the appointment and functions of the comptroller of the treasury; to regulate the collection, management and disbursement of public money, public borrowing, the management of the public debt, and the acquisition, recording and issue of public stores; to provide for the keeping of adequate public accounts, the audit thereof, and the appointment, salary and functions of the Auditor General of Canada; to provide for the control of the financial affairs of crown corporations; to regulate the terms and conditions upon which contracts may be made on behalf of His Majesty; to provide a procedure for the write-off of debts owing to His Majesty that have become uncollectible; and to provide for the management of the consolidated revenue fund and for the making of certain payments therefrom.

He said: It is not the intention of the government, Mr. Speaker, to proceed with this measure at the present session. This bill is to provide for the revision of the Consolidated Revenue and Audit Act. I have had a word with some of the hon. gentlemen opposite, and have explained it would be my wish, if it met with the views of the house, to make a comparatively brief statement when we are in committee explaining the objects of the bill, and have it given first reading in order that it may be available to all members before the next session. At the next session we will reintroduce the measure and have it given second reading and referred to the public accounts committee. I would not want to take the time of the house to debate it at this session.

Mr. Macdonnell (Greenwood): I doubt if there would be any widespread insistence that we should embark on a detailed study of this bill at the present time. The suggestion of the Minister of Finance (Mr. Abbott) seems a wise one, and it was the course adopted a short time ago in connection with the Income Tax Act.

Mr. Knowles: We understand the position, and we take it that in the fall the bill will have to be introduced in the usual way, by a prior resolution. In other words, by agreeing to the resolution now we do not prejudice our right to discuss the matter at all stages this fall.

Mr. Abbott: None whatever. My sole purpose is that the bill could be given first reading to enable hon. members to examine its terms now.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Abbott: This resolution, Mr. Chairman, seeks leave to introduce a bill to provide for the financial administration of the government of Canada, the audit of the public accounts and the financial control of crown corporations, and as I indicated, I should like to make this statement at this time.

Briefly stated, the purpose is threefold. In the first place, it is proposed to consolidate in one statute, in simplified, clarified and, where necessary, in amended form, the provisions relating to the financial organization and administration of the government of Canada and the audit of the public accounts, which are now included in the Department of Finance and Treasury Board Act, the Consolidated Revenue and Audit Act and certain other statutes.

In addition, certain new provisions will be introduced which experience has shown are essential for the administration of the collecting, disbursing, borrowing, and accounting activities of an enterprise of such magnitude as the government of Canada.

In the second place, it is proposed to provide a statutory basis for the management and control of public stores similar in principle to that provided in the Department of Transport Stores Act. Thirdly, it is proposed to establish a more uniform system of financial and budgetary control, and accounting, auditing and reporting, for crown companies.

The Department of Finance and Treasury Board Act has been on the statutes in virtually unchanged form since 1869. The Consolidated Revenue and Audit Act has not been amended since 1931. The pronounced and rapid growth in the size and complexity of government business in recent years, and particularly in the war and post-war period, has shown the need for certain changes in the existing legislation. In bringing together in one statute the principal provisions of these acts relating to the financial organization and administration of the government, some obsolete and unnecessary provisions have been eliminated, and a number of amendments have been introduced.

After this resolution is approved the bill will be given first reading. There will not be time for further action on it at this session, but it is the government's desire that the bill be given full and careful study, and by introducing it in the house at the present time it is hoped that hon. members and others interested will have an opportunity to consider fully its terms. When it is reintroduced at the next session of parliament in the autumn, it is the intention to refer the measure to the public accounts committee for detailed consideration; and it is our hope that by making it public at this time its consideration then may be facilitated.

Financial operations as extensive as those of the government would, under any set of circumstances, require an elaborate administrative organization. Day-to-day operations must be carried on smoothly and efficiently, and decisions based on accurate and current information must be made and executed without delay. This calls not only for a high degree of speed and technical efficiency in the collecting and disbursing processes, and in recording and classifying financial transactions; it also means that those who are required to make decisions must be in a position to do so promptly. Inevitably, in an enterprise of any magnitude, this involves some delegation of authority. However, the government's financial business must be carried on with full regard to the traditional relationships which exist under our parliamentary system of government between the legislature and the executive. With the substantial increase in the amount of public business which comes before it, parliament can no longer deal, as it once did, with the details of administration. However, the government is the executant of the will of parliament, and must look there for its authority, and a broad measure of control and accountability is both necessary and proper.

The working out of the precise degree of control that should be exercised raises many difficult problems, but I believe that when hon. members have had an opportunity to study the provisions of the bill in detail they will agree that a very real effort has been made to preserve for parliament the final word on those fundamental matters which are, and indeed which should be, for parliament alone to deal with. When authority has been granted to the executive a full measure of accountability has been assured. In short, the aim has been, by the proper delegation of authority, to achieve business efficiency in operations with full regard for the fundamental concepts of parliamentary sovereignty and executive responsibility.

One of the most important parts of the bill is the provision for the continuation of an independent audit of the public accounts on behalf of parliament. The office of Auditor General, as we know it today, had its genesis in 1878, when provision was made for an examination of the accounts of Canada by an officer independent of the executive and responsible directly to the House of Commons. In succeeding revisions of the Consolidated Revenue and Audit Act, the Auditor General's independence as a servant of parliament was carefully preserved. The present bill makes no change in this regard, except to remove the present rather anomalous requirement that the Auditor General shall, if so directed by the governor in council, examine the accounts of any branch of the public service before payment.

Although in practice in recent years the Auditor General has been called upon to undertake few pre-audits, it has seemed to us wholly inconsistent that, on the direction of the governor in council, he should be obliged to commit himself to the propriety of expenditures before payment. It is the statutory duty of the comptroller of the treasury, as an executive officer, to make the necessary prepayment examinations and satisfy himself that there is authority for proposed disbursements. To project the Auditor General into this administrative process is, I am convinced, wrong in principle, and for this reason it is not proposed to re-enact this provision in the bill.

The treasury board is an integral part of our machinery of government. The new bill will replace the main portion of the Department of Finance and Treasury Board Act, but provision will be made for establishing the department and providing a statutory basis for the board's existence and position as a committee of the privy council. It is proposed to provide a clearer definition of the board's powers and field of operations, to authorize it specifically to make regulations with respect to various financial matters and the administration of the public service, and, when authorized by the governor in council, to perform certain purely administrative duties now performed by the council.

One of the most pressing problems of central administration in recent years has arisen from the fact that council has been obliged to concern itself with a multiplicity of minor matters of purely administrative character. To relieve it of some of these routine matters, it is proposed to introduce a provision enabling it to authorize the treasury board to exercise a number of the administrative powers conferred on it—that is, the council—under the civil service and certain pension and superannuation acts. Not only will this result in a considerable reduction in the volume of work which now comes before council,

but it will enable many of these routine matters, which are referred to the treasury board before being considered in council, to be dealt with more expeditiously than in the past.

A number of new provisions are being introduced with respect to the collection, management and disbursement of public moneys. Most of them are of a technical nature relating to the mechanics of the financial processes, and are designed either to clarify existing legislation or to improve or simplify present administrative practices, and I think it would be more appropriate if they were explained in the committee stage of the bill. However, there are two or three of the proposed revisions which I believe are of more immediate interest to the house, and I should like to refer briefly to them. First, however, I might say that the provisions relating to the office of the comptroller of the treasury, which was established when the Consolidated Revenue and Audit Act was amended in 1931, are being re-enacted in substantially unaltered form, with such additions as experience has shown are advisable.

Among the new provisions of the bill it is proposed to include specific provision making it clear that the Minister of Finance may purchase, hold and sell securities of Canada. The authority to invest balances of public moneys not immediately required for use has always been regarded as vested in the minister as part of his duties in managing the consolidated revenue fund. In placing the practice on a statutory basis the purpose is to give a clear definition of these powers as part of the general function of managing public moneys and the public debt, and to provide a direction as to the accounting treatment to be given profits and losses incidental to the investment operations.

Another new provision will relate to writing off uncollectible debts owing to His Majesty that have been outstanding for many years. At the present time there is no parliamentary authority to write off such debts, and considerable expense has been incurred by departments in maintaining records of claims that are valueless. The problem of dealing with these uncollectible items has been considered from time to time by the public accounts committee, and hon. members will recall that in its third report last year the committee recommended that consideration be given to the establishment of a procedure whereby amounts which have been outstanding for the previous ten years could be written off. A procedure is now being proposed for dealing systematically with such bad debts of limited size, which I commend to the public accounts committee for its consideration.

It is also proposed to include a clause to provide that when a guarantee has been given under the authority of parliament, any amount required to be paid under the terms of the guarantee may be paid without any further appropriation. I believe it is a matter of the utmost importance that when the government, in the name of His Majesty and under the authority of parliament, has given a guarantee, there should be no question that its terms may be implemented and any necessary payment made without delay.

Another important new feature of the bill is the proposal to establish a system for the control of public stores. The principle involved is not new. It is essentially that now followed under the Department of Transport Stores Act, but it has seemed desirable to provide more comprehensive legislation which may be applied to the stores of any department. Briefly stated, the proposed measure provides for the general regulation of the acquisition, custody and issue of departmental stores, and establishes the accounting machinery for financial control through the operation of revolving funds. It is not intended that a revolving fund should be established for every department, but for those departments where the requirements of several services financed from different appropriations may be met by centralized purchasing and warehousing practices, there should be substantial economies in the use of such funds. The use of revolving funds will be subject to the approval of parliament, possibly through the inclusion of an appropriate item in the estimates; and when a department has been authorized to operate a fund and the amount that may be charged to the fund at any time has been fixed by parliament, the department's stores investment will be limited to the amount authorized.

One of the important new parts of the bill is that providing for the control of the financial affairs of crown corporations. The crown corporation form of enterprise is not a new type of organization, but in recent years, as the work of government has become more complex, increasing reliance has been placed on it as the appropriate instrument for administering and managing many public services in which business enterprise and public accountability must be combined. In the schedules to the bill some thirty-three corporations are listed, engaged in activities ranging from the production of munitions and synthetic rubber to the provision of housing, transportation and broadcasting services. Apart from the Government Companies Operation Act of 1946, which applies only to certain crown companies incorporated under part I of the Companies Act, 1934,

there is no comprehensive legislation dealing with the financial operations of these enterprises and their financial relations to the government. In the present bill it is proposed to remedy this omission and to make systematic provision for the financial control of those crown corporations that are listed in the schedules of the bill and such others as may be designated by the governor in council as falling within the several categories established in the bill.

It is apparent from an examination of the acts under which the existing corporations were established that parliament has not granted all of them the same degree of independence and autonomy. Ultimate accountability to parliament has in all cases been a prime objective, but the way in which this has been achieved has varied widely. At the one extreme are those bodies which, as departments of government, are responsible for administrative, supervisory or regulatory services and are subject to more or less continuous day-to-day control and direction of the government or a minister, but which, for one reason or another, have been given corporate status. At the other extreme are those bodies that conduct lending and financial operations, or manage commercial and industrial operations involving the production of or dealing in goods or the supplying of services to the public, and are normally required to pay their own way. These proprietary corporations, as they are designated in the bill, have usually been given a considerable degree of managerial freedom, and such control as is exercised by the government or a minister may be compared to that of the equity shareholder of a business corporation.

Falling neither within the class of departmental corporations on the one hand, nor of proprietary corporations on the other, are those crown corporations which are created to manage trading or service operations on a quasi-commercial basis, or to undertake procurement, construction or disposal activities on behalf of the crown. These bodies, which we term "agency corporations", are normally dependent on appropriations to meet deficits, and it is this characteristic which suggests that they should be subject to somewhat more detailed financial control than are proprietary corporations.

It is proposed that departmental corporations will be governed as at present by the same provisions as are applicable to departments generally.

With respect to agency and proprietary corporations, it is proposed that the terms of the crown corporations part of the bill should apply, but in the event of any inconsistency between the provisions of that part and any other act, it is specifically provided that the provisions of such other act shall prevail. The purpose is to lay the groundwork for uniform financial control and to legislate with respect to those matters which the present acts do not cover. At some future date the financial provisions of the special acts may be reviewed, but for the present it is proposed that they should continue to operate.

I will not attempt at this time to cover all the provisions of this part of the bill, but I might say that it is proposed that the annual capital budgets of both agency and proprietary corporations, as approved by the governor in council, should be laid before parliament. Provision will also be made for regulating the establishment of reserves and the treatment of surplus moneys; for enabling corporations to meet emergency requirements for working capital; and, in the case of agency corporations, for prescribing the conditions upon which they may undertake contractual commitments. It is also proposed to make provision for keeping proper books of account, for the preparation of financial statements and the submission of annual and other reports, and for auditing the accounts and financial transactions of corporations.

In the provisions relating to the appointment and reports of auditors of crown corporations it is proposed in some respects to override existing legislation. We propose to qualify the Auditor General for appointment as the auditor, or a joint auditor, of a crown corporation, in any case in which he is not now eligible for appointment, and to require the auditor to report on the financial affairs of the corporation in the terms specified in this bill.

In effect, the auditor is now being asked to examine the income and expenditure statement as well as the balance sheet, and to satisfy himself not only that transactions have been accurately reported, but that they do not exceed the powers of the corporation. In recent years the scope of the auditor's examination and the phraseology of his report have been subjects of serious consideration in the United Kingdom and in the United States, and in both countries within the past three or four years new forms of report have been introduced. This is a field in which professional accountants and auditors are well qualified to give advice, and, in seeking to develop a satisfactory form of audit certificate applicable to crown corporations, I would welcome an expression of views from accounting organizations and others professionally interested. The bill, as

I have indicated, will be reintroduced when the house meets again in the autumn, and in the intervening time I should be pleased to receive and consider any recommendations or suggestions which may be submitted.

I think I have mentioned, Mr. Chairman, the more important aspects of the bill. There are a number of other proposed provisions, such as those relating to the management of the public debt, placing the government officers' guarantee fund on a statutory basis, and re-enacting the provisions of the Debts Due to the Crown Act, which will be repealed; but I think that it is more appropriate that these be explained in committee.

In bringing together in one place the provisions covered by the proposed bill, it will be possible to repeal a number of existing statutes which hon. members will find listed in a schedule to the bill.

I know, Mr. Chairman, that it is not customary to call the attention of the house to the work of departmental officers in connection with the preparation of legislation, but on this occasion I feel impelled to depart from the usual practice and to mention the name of my deputy minister. In the preparation of this bill, as in so many matters of importance to this house and this country, Dr. Clark's contribution cannot be overemphasized, and I consider it fitting that I should record this fact.

I should like also to express my appreciation of the valuable and constructive advice and assistance which I and my officers have received from the Auditor General at every stage in the preparation of this bill. All of the suggestions proposed by Mr. Sellar have been worthy of, and have received, the most serious consideration, and many of them are embodied in the text of the measure covered by this resolution.

The bill will provide a more positive and effective regulation of financial transactions and public stores and property; it will ensure a more satisfactory control of the financial affairs of crown corporations, and it will enable parliament to receive a full accounting of the manner in which public moneys have been collected and spent. I commend the measure to the committee, and ask that the resolution be adopted.

Mr. Knowles: Mr. Chairman, first of all it is clear that the public accounts committee will have a full-time job when they meet in the fall.

The Auditor General, in statements he has made from time to time, has commented on the practice of legislating by votes in the estimates. The minister knows that the Auditor General has indicated that he sees no objection to that procedure as an occasional instance; but he does dislike it as a continuing practice. Will this bill relate to that practice in any way, or will it open up a discussion of the matter?

Mr. Abbott: Unquestionably that subject could be discussed before the committee on public accounts. The bill makes no specific reference to it, because, of course, parliament is master of its own procedure. What the Auditor General indicated in his statement before the committee of the house on the dollar items, for the purpose of legislating, is certainly not illegal, although it may be undesirable in certain cases. But I would hope that that question might be fully explored—not only the dollar items.

Mr. Macdonnell (Greenwood): You are dealing with direct methods, not indirect methods.

Mr. Abbott: That is right.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 401, to provide for the financial administration of the government of Canada, the audit of the public accounts and the financial control of crown corporations.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the bill be read the second time?

Mr. Knowles: Next session.

PRAIRIE FARM REHABILITATION

AMENDMENT OF ACT TO PROVIDE FOR APPOINTMENT AND SUPERANNUATION OF CERTAIN OFFICERS AND EMPLOYEES, ETC.

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 375, to amend the Prairie Farm Rehabilitation Act.

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

On section 1—*Employees.*

Mr. Diefenbaker: Mr. Chairman, in view of the fact that any work that will be done under the Saskatchewan river dam irrigation plan will be under the Prairie Farm Rehabilitation Act, and the fact that Mr. Thomson, who administers this branch, has spoken highly of the efficacy and economic efficiency of the dam, both as a means of developing power and for purposes of prairie farm

rehabilitation, is the minister in a position to bring the House of Commons and the country up to date on the question I asked this morning?

I put my question in this way because I do not want to transgress upon the propriety of asking a question that would imply that I had certain information. I therefore simply ask whether the minister is prepared to give an interim report on the present situation, and in particular on the matter to which my question was directed this morning.

Mr. Gardiner: An order for return was passed asking for all the correspondence between the provincial governments and the federal government, which I hope to bring down this week, if not tomorrow then the following day. When it is brought down the correspondence will give full information about the present position as to the possible construction of the dam.

It is true, as the hon. member for Lake Centre states, that the director has spoken highly of the possibilities of the South Saskatchewan dam. It is also true that I have spoken in optimistic terms at different times as to its possibilities. But there are certain things which will require to be done in order to proceed with the building of the dam, even if the government were to decide that it should be proceeded with. One of them has to do with the division of water as among the provinces. I have found, in preparing the file, that it is not nearly as complete as I thought it was. The order in council which set up the water board made it necessary for this government to appoint two members, with the three prairie provinces appointing one each, making a board of five. When we were setting out the duties of the board, the provinces insisted that after any question had been determined by the board it should be sent to the provincial governments for approval. That is, the board might make a decision that a certain amount of water should be permitted to go across the Alberta-Saskatchewan boundary, or that a certain amount of water should be permitted to cross into Manitoba, but that would not decide the question. The separate provincial governments would have to pass orders in council agreeing with the decision reached. All of them would have to pass orders in council before it would become effective. So far no provincial government has passed that order in council. There has been some correspondence, and there has been information asked for during the last few weeks since the matter has been under discussion, but until those orders in council are passed it will not be possible to proceed any faster than we are proceeding in deciding whether we should go ahead.

It has been announced to the house that a committee will be appointed and that all information available will be referred to that committee. The question asked this morning was, in effect, whether the government is prepared to name the committee, and the Prime Minister indicated that we are proceeding as rapidly as we can in that direction. Inquiry has been made where it was necessary to make it in order to get the consent of certain people to act. As soon as that consent has been obtained, my understanding is that the government will name the committee and have all information available referred to it.

I do not think I can say anything more about the committee at the moment, as that brings the position up to date. One reason why it is impossible to mention names is that we have no definite assurance that individuals who have been recommended will accept the appointment. I do not think the committee would expect me to be using names at a time when we may have to turn to some others in order to fill out the committee.

Mr. Diefenbaker: In view of the fact that the minister has stated that none of the three provinces has passed the necessary order in council confirming the orders made by the water board, can he say whether or not any objection has been raised to the issuance by any province of such order in council? Has the government of Manitoba given any indication that it is going to refuse to allow the necessary allocation and diversion of water on the South Saskatchewan? Has the government of Saskatchewan been approached in connection with this matter, and has it given any indication that it is not going to pass such order in council? I ask the same question with regard to the government of the province of Alberta.

I can say that within the last few days the association in Saskatchewan, a voluntary body, had a meeting in connection with this matter and expressed itself directly and definitely, because apparently commencement of construction is being indefinitely postponed.

As to the question I asked this morning, and the answer given by the minister, with respect to the personnel of the committee of experts, I am in agreement with him, because I realize that any indication of names at this time would be quite improper. But I am disturbed about the fact that having believed that something was going to be done, and it

having been decided that a committee of experts must be satisfied on the question, we are still faced with a hurdle in that all three provinces must consent. That is one reason why I raised such strong objection when this matter of the water board was before the committee. The possibility that one province could completely prevent the doing of work so necessary as this indicates the difficulties that will be experienced if the government of Manitoba should take the stand that any diversion of waters necessary for this project would be detrimental to the province. That is why I asked the minister the specific question, and I hope he will give an answer.

Mr. Gardiner: I think it would be wrong to say that any province has raised objection to the building of the South Saskatchewan dam. I do not think that that question would be submitted to any province except Saskatchewan, and I doubt if Saskatchewan would have any objection.

Mr. Diefenbaker: To the diversion of water.

Mr. Gardiner: That is what I am going to say. The matter of building the South Saskatchewan river dam would not be affected by that. When the board was set up—I am sorry I have not the exact dates this morning, but I sent for the letters in order to make up the return that is to be brought down; I believe it was several months ago, and I am not sure that it may not have been one or two years since we were first discussing the form of the water board for the three provinces. During that time, Manitoba, being the last to receive the water, naturally was much concerned as to whether the board was going to be able to make the final decision. So far as this government was concerned, we were quite prepared at that time to say that the board could make the final decision. But the provinces were not prepared to accept that, more particularly the province of Manitoba. I think Manitoba was fairly strongly supported by the other two provinces. Eventually we agreed to the board being set up with the undertaking that any decision reached would have to be approved by the governments of the provinces before it would become final.

There were no discussions then which would indicate that anybody was opposed to anything; it was only that they wanted the right to protect their own interests when it came to the time to deal with the matter. As I recall the correspondence, which will be on the file when it comes down and I think will verify what I am going to say, the only objection raised by the Saskatchewan government that could be called an objection was raised by the minister of agriculture on behalf of the government, in a letter written wishing to know, before they consented fully, whether or not sufficient water was being allowed to pass the boundary line of Alberta into Saskatchewan to fill up a dam such as the South Saskatchewan river dam and make water available to do the things that we were maintaining could be done. An attempt has been made to satisfy them on that point, and I really think they are satisfied.

Mr. Diefenbaker: Is that the government of Saskatchewan?

Mr. Gardiner: That is the government of Saskatchewan. The only other question that has been raised, as a result of which we consider it advisable to refer the matter to certain others, is a report which was brought down, not at our request but at the request of the Saskatchewan government. I do not think the Saskatchewan government accepts it as final, or even as good advice. However, a report was brought down by Cass-Beggs, an economist or engineer from Toronto, who was asked by the provincial government to make a report. He puts up an argument to the effect that you may be able to produce power more cheaply from coal than from the water that would be available at this dam. That is a point concerning which some people would like to be satisfied, and I do not know that any great delay is going to be caused. I doubt very much if any delay will be caused in arriving at a decision because of the appointment of the committee. I think the committee will speed up rather than slow down a decision on all these points I have mentioned.

Mr. Diefenbaker: I should like to ask the minister how this man came to make that report. At whose request did he make it?

Mr. Gardiner: At the request of the government of Saskatchewan, but I do not think it was done for the purpose of preparing a report either for or against the dam. He was making a report on the possibility of developing power in Saskatchewan, and he argues therein whether or not the water development could be a substitute for coal.

Mr. Wright: I do not think the Cass-Beggs report had anything to do with the South Saskatchewan river dam. As I remember it, he was the engineer called in to make a report on the power situation in Saskatchewan with respect to methods of developing power and the distribution thereof within the province. That was what his report was concerned with. It may be, as the minister states, that somewhere in that report he makes the statement that power could be developed by the use of the coal in the

southern part of the province as cheaply as it could be developed by utilizing water in certain other areas. I have not read the report. The minister states that is contained in it, but the report had nothing to do with the South Saskatchewan river dam. It had to do with the development and distribution of power in the province of Saskatchewan.

Mr. Diefenbaker: There is one other point. When this body of experts have concluded their investigation, and if the international reputation of those chosen be such that it will command attention and authority, and the report is in the affirmative, is there any assurance that the work will be proceeded with?

Mr. Gardiner: I do not think I should attempt to prophesy as to what the decision of the government will be. Because of a remark made when the hon. member for Lake Centre was on his feet previously, I believe I should say that I do not think the decision or advice of the committee, no matter which way it may be, must necessarily be taken by the government. It is one of those cases that often arises. I myself, for example, have had more to do with this dam than anyone else. I instructed the engineers in the first place to study the possibility of building a dam on the South Saskatchewan river. For three or four years before anybody discussed the matter publicly we were discussing it from week to week in the department. Therefore I feel I am under some obligation personally to the taxpayers of Canada to say: If you are going to spend $68 million, you are going to get something for it.

As I said previously when we were discussing this matter, I am convinced that a lake in the middle of Saskatchewan would be a good thing, even if it did not produce any power or any water for irrigation at all; from some other points of view a lake there might easily be worth a great deal of money to the whole of Canada. But even so, I have been in politics for a long time, and I do not believe I have any white elephants hanging around yet; therefore I would prefer to be absolutely certain before asking the government of Canada to arrange to spend $68 million, together with $33 million of the province's money, to develop a project of this kind. I should like to feel absolutely certain, as near as one can, that it will be a success when it is built. I can hardly think of anything the committee can say which would make me more convinced than I am now.

Mr. Diefenbaker: Will make the government more convinced.

[Mr. Wright.]

Mr. Gardiner: But there is the possibility that the experts, in looking at it, may point out things that have never occurred to me, and possibly have never occurred to the members of this House of Commons. It will be on that basis that their information will be considered. As has been suggested, the hope is that, when we finally get the consent of the three individuals to act, they will be persons whose opinion will be accepted anywhere in Canada.

Mr. Wright: From the information the minister has at hand, is there any serious objection by the province of Manitoba to the division of the amounts of water to be allowed to cross the various boundaries as set out by the Saskatchewan rivers board?

Mr. Gardiner: I do not think so. I do not think there is any definite objection raised. Within the last two or three weeks they have asked for more information, and they have received that information from our officials at Regina. They are hopeful that some action will be taken on the water board's decision within a reasonable time. I recite these facts only in order to show that I think a little too much emphasis, both outside the house and inside, has been placed on the fact that a committee is being appointed. It is not a delaying procedure, and there is the possibility that it will not delay the procedure at all, because we must have these orders in council, or we must change the whole understanding between ourselves and the provinces before we can proceed in any case.

Mr. Ferguson: For years this dam project has been discussed by political dam builders prior to elections, and they are always positive that it will start some time in the very near future, or shortly after the election. We have heard it discussed. As a Canadian and a resident of Ontario who knows a little about Saskatchewan, Alberta, Manitoba and British Columbia, and being desirous of seeing Canada built up on a good solid foundation, I would advocate that as soon as possible really expert men who know what they are talking about take hold of this problem in a businesslike manner. Fire those who are not competent; obtain expert advice and proceed with the project, or tell us why it should not be gone ahead with at once. If it will benefit Saskatchewan it will benefit Canada as a whole, and the sooner we reap those benefits the better. Let us stop making a political football of it and go ahead with the job if it will benefit the whole country.

The Chairman: This is a specific measure amending an act. It contains two specific clauses, and in my opinion we cannot permit a general debate.

Mr. Blackmore: I could not follow all you said, Mr. Chairman, so I was wondering if it would be in order to say a word in support of the minister's general attitude on this question of building this dam. I believe it would be of value for several reasons to have this dam built. I understand it will help the water table. Now that the United States is beginning to worry because its water table is sinking, it seems to me that this project would benefit both Canada and the United States.

I congratulate the minister on the attitude he has taken. We want him to proceed as carefully and cautiously as he did in connection with the St. Mary project. I am sure that if he comes to the conclusion that this is the right thing to do, it will not be a matter of politics but a question of whether or not it will benefit the dominion as a whole.

I might point out one other matter that should be kept in mind. Hon. members will have noticed that this has been an exceedingly wet year in southern Alberta, so much so that for a time the St. Mary river dam was almost in danger. Occasionally we have such a year of heavy precipitation. 1902 was such a year; so were 1908, 1916 and 1928. The effect of such years of heavy precipitation on filling this reservoir is something I believe should be kept in mind when contemplating the feasibility of the whole project.

Mr. Jones: In view of the ruling just made, I hesitate to ask this question, but I think it should come under this bill. Has the minister given consideration to extending the operations of this act to British Columbia?

The Chairman: That question would be out of order.

Mr. Diefenbaker: This section gives the minister very wide power. He is given authority to appoint a director of rehabilitation, an associate director and all other officers and employees required to carry out the provisions of this act except engineers, clerks and stenographers. If the dam were proceeded with, would this not give the minister power to appoint everyone connected with that project except those specifically excepted under section 6(1)?

Mr. Gardiner: My answer I think will strengthen the ruling the chairman gave a few moments ago. The dam will not be built under P.F.R.A. funds at all. A special vote is put in the estimates for larger irrigation projects. Those who are carrying on under that vote will not be affected by this provision. They would be appointed under the terms of the vote itself, so this would not apply to them except to the extent that engineers associated with P.F.R.A. may be working on the dam.

Mr. Diefenbaker: How many employees are there now?

Mr. Gardiner: About 900.

Mr. Wright: Will the years of service these various employees have given the department be taken into consideration when they are brought under the Civil Service Act, with respect to pensions and other benefits?

Mr. Gardiner: The rules and regulations governing the civil service generally will apply. There is a plan under which that is always done, and that will be followed in this case.

With regard to the authority of the minister under subsection 2, since this question was raised when we were discussing the matter previously I would call attention to the words:

—but the salaries and expenses of all persons appointed by the minister under this subsection shall be fixed by the governor in council.

I think everyone will agree that really means the appointments are made by the governor in council. The salaries are set up in that way, and they must go before treasury board.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Gardiner moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

CANADA LANDS SURVEYS ACT

REVISION AND CONSOLIDATION OF DOMINION LANDS SURVEYS ACT—REMUNERATION OF BOARD OF EXAMINERS, ETC.

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to repeal the Dominion Lands Surveys Act and to enact in substitution thereof the Canada Lands Surveys Act, a revision and consolidation of the former. Provision is made in the revised act for increased

remuneration for the members of the board of examiners and the secretary of the board and for special examiners.

Mr. Knowles: Do I understand the minister is going to make a statement?

Mr. Prudham: In committee.

Mr. Knowles: Do I understand also that when the resolution is adopted it is the intention simply to bring in the bill and let it stand over until the fall?

Mr. Prudham: That is right. We propose to have the bill printed and put in the hands of hon. members and proceed with it at the next session of parliament.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Prudham: This measure is entirely technical in nature and is designed to bring up to date the federal law relating to surveys of public lands coming under federal government jurisdiction. This revision is the outcome of changed conditions and of developments in modern surveying practices. A modification of the existing law has become necessary because of legislative changes in the last few years. The Dominion Lands Surveys Act has become inoperative because it applies to classes of lands coming under the old Dominion Lands Act, which was repealed last year and replaced by the Territorial Lands Act.

Three main changes are proposed in this new Canada Lands Surveys Act. First, the public lands to which it applies are redefined. Second, its provisions have been adapted to modern surveying practices. Third, the qualifications of surveyors have been restated.

As I have said, this bill, being purely technical in nature, should be non-controversial.

Resolution reported, read the second time and concurred in.

Mr. Prudham thereupon moved for leave to introduce Bill No. 402, respecting the surveys of public lands of Canada.

Motion agreed to and bill read the first time.

CANADA DAIRY PRODUCTS ACT

ESTABLISHMENT OF NATIONAL STANDARDS—REGULATION OF TRADE

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure repealing parts I and II of the Dairy Industry Act and substituting therefor a new act intituled, the Canada Dairy Products Act, for the purposes of establishing national standards for dairy products and of regulating interprovincial and international trade therein.

Provision is made for the appointment of inspectors, graders and other persons necessary for the administration and enforcement of the act.

[Mr. Prudham.]

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Charlton: Is the minister prepared to make a statement about this measure?

Mr. Gardiner: The proposed act will replace the Dairy Industry Act, and it is made necessary by reason of the decisions of the supreme court and the judicial committee of the privy council on the margarine reference. Consideration was given to whether it would be sufficient to amend the act in all its different sections in order to provide for the changes that were necessary because of those decisions, but on the advice of the Department of Justice new legislation has been drafted.

The main points of difference as compared with the present act are as follows: First, the manufacture and sale of dairy products will no longer be controlled. The provision in the act prohibiting the manufacture and sale of dairy products substitutes will be dropped. Second, the control of interprovincial and export movement of dairy products for which grades and standards have been established is added to the import control as provided for under the present act. In other words, the method of attack in connection with the enforcement of regulations having to do with dairy products is through control of the interprovincial and international sides of the handling of the product rather than through control of production and sale within a province.

Mr. Sinnott: Is it the intention of the minister to go ahead with this bill this year?

Mr. Gardiner: My hope is that we shall get it through tomorrow.

Mr. Charlton: We have no wish to hold up this resolution, because a revision of this act is long overdue. We consent to the passage of the resolution on the distinct understanding that we do not jeopardize our right to discuss the bill when it is brought forward.

Resolution reported, read the second time and concurred in.

Mr. Gardiner thereupon moved for leave to introduce Bill No. 403, to establish national standards for dairy products and to regulate interprovincial and international trade in dairy products.

Motion agreed to and bill read the first time.

SUPREME COURT ACT

AMENDMENTS WITH RESPECT TO APPEALS IN FORMA PAUPERIS

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 400, to amend the Supreme Court Act.

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

On section 1—*Appeals in forma pauperis.*

Mr. Diefenbaker: I should like to ask the minister how frequently the right has been used to take an appeal to the Supreme Court of Canada *in forma pauperis* since the change has been made in the law. At the time the law was changed it brought a right to the individual that he had hitherto not enjoyed, in that regardless of his poverty he was enabled to take his appeal, having regard to the limitations contained in the law, to the Supreme Court of Canada. It would be a matter of interest to know the extent to which that privilege has been used. Is there any case in mind or outstanding at the present time to which this section will be applicable, or is there any appeal that would be taken that has been denied by reason of the fact that the prospective appellant has not taken advantage of his right within the period of time provided by the statute?

Mr. Garson: This suggestion came to the department and the government from the Chief Justice of the Supreme Court of Canada, who felt that the amendment indicated in the bill should be provided. We have accepted this view without much question. So far as the questions my hon. friend has asked are concerned, I shall be glad to get the exact information and let him have it after the noon adjournment.

Section agreed to.

Sections 2 and 3 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time?

Mr. Garson: Now.

Mr. Knowles: By leave.

Mr. Diefenbaker: Not until this afternoon, so that the information will be forthcoming. I notice also that the amendment will be deemed to have come into effect on December 23, 1949, which would indicate that it is to cover some cases that have been before the court or that have been denied the opportunity of coming before the court. That is the reason for the questions I asked.

Mr. Deputy Speaker: Later this day.

CRIMINAL CODE

VARIOUS AMENDMENTS RELATING TO OFFENSIVE WEAPONS, PENALTY FOR OFFENCES OF A SEDITIOUS NATURE, IMPROPER USE OF MAILS, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 391, to amend the Criminal Code.

Mr. Knowles: Is the minister not going to speak to the motion for second reading of this bill?

Mr. Garson: Mr. Speaker, I was called out, on exceedingly short notice, from a conference with the attorney general and deputy attorney general of Alberta, and I was forced to come here without my file on the matter.

Mr. Knowles: Let us call it one o'clock.

Mr. Diefenbaker: Yes; call it one o'clock, Mr. Speaker.

Mr. Garson: I think that course might be preferable. As a matter of fact I am anxious to close my discussion with the attorney general of Alberta, as he just has a short time to be here.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Garson: Mr. Speaker, when one o'clock was called I was about to proceed with a few remarks on the motion for second reading of this Criminal Code amendments bill.

On the motion for second reading the points we should discuss are those of principle. These annual batches of Criminal Code amendments that are brought forward every year include a number of clauses which may involve no particular point of principle but rather some point of procedure or of administration. On the other hand, by including in one bill all the suggestions which come to us from a variety of sources and concerning a variety of subject matters, all of which have to do in some way with crime and the administration of criminal law, we usually get, as we have in the present bill before us, a number of quite different principles that are involved in certain clauses of the bill.

Not only would it save a great deal of time of the house, but I believe it would make for a clearer discussion if, with the consent of hon. members, we could have the understanding that we go at once into committee. Then, in committee, as each of these principles is encountered, in the clause or group of clauses in which it is involved, perhaps I

might be permitted to lead off with a statement concerning the principle of that particular clause or group of clauses. We might then have the understanding that debate would proceed upon that principle and the related sections, and we would conclude the debate on this principle before we opened another debate on the next principle and its related sections. If that is satisfactory I shall content myself in supporting the motion for second reading by indicating those clauses and groups of clauses in respect of which I suggest important principles arise.

First of all there are clauses 3, 4, 5, 6, 8 and 9, which establish an important new principle with regard to treason and sedition; and clause 18, which provides a new offence of sabotage. Then there is another group of clauses which deals with a general revision and consolidation of all those sections of the Criminal Code relating to the registration of pistols and revolvers, the principle of that particular group being that of modernizing these sections and making them applicable to present conditions.

The next group contains clauses 12, 16 and 20, which deal with offences relating to His Majesty's mail.

The next group in that connection with which there are certain important principles involved is that relating to what has been termed drunken driving.

A new principle arises also in clause 21, which has to do with a device which has been suggested to us by the Department of the Attorney General of Ontario to deal with the stamping out in that province of bookmaking and other gambling offences.

I believe we will make much better progress if we follow the course I have suggested. With that thought in mind I shall now terminate my remarks, and hope that we may have second reading at once.

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

On section 1—*Canadian forces.*

Mr. MacInnis: Mr. Chairman, I am amazed at the lack of concern about the principle of this bill. Amendments to the Criminal Code are naturally of great importance, because in nearly all cases they involve the freedom of individuals, while at the same time they are for the protection of the citizens of the community. Therefore I believe we should have more time to consider the bill so that we might find out the views of the people in the constituencies before we are compelled to deal with it in this hodgepodge fashion. It would have been much better if several amendments had been brought in separately, so that we would deal with minor amendments in the manner in which such amendments may be considered, but where a definite principle is involved it could have been considered by itself.

I know some members are receiving a great many communications in regard to certain clauses of the bill. I am not greatly concerned about that, because I generally know the sources from which they come and the motives the people concerned have. But even there we should, I suggest, if we must err, err on the side of caution.

I suppose what I have said should have been said before Mr. Speaker left the chair. I am very sorry that this measure has come before us in this way at this late hour of the session. If the amendments are urgent, then we should have had them earlier; if they are not urgent, then I see no reason why they should not lie over until the fall session.

Section agreed to.

Section 2 agreed to.

On section 3—*Assisting enemy.*

Mr. Garson: I think perhaps the principle involved in this clause is of sufficient importance to warrant my making a statement, which I shall try to keep as short as possible.

Section 74, subsection 1, paragraph (i) of the code as it stands at present provides that treason is assisting any public enemy at war with His Majesty in such war by any means whatsoever. The amendment that we are now considering broadens this definition by making it treason to assist any armed forces against whom Canadian forces are engaged in hostilities whether or not a state or war exists between Canada and the countries whose forces they are.

Thus it will be treason to assist any armed forces against whom Canadian forces are engaged, whether or not a legal state of war exists between Canada and the country whose forces they are, and whether or not those forces can legally be described, that is in the technical sense, as being enemy forces. Moreover, the amendment removes any doubt that a person may be tried for the offence in Canada, whether or not the offence is committed in Canada.

Mr. Diefenbaker: The objective of this clause is laudable, but its implications are very dangerous. I should like to find out from the minister what other parts of the commonwealth have brought in a provision such as this. I know of no case in four or five hundred years' interpretation of the law

of treason that goes as far as this amendment. Is there within the British commonwealth or in the United States anything approaching this amendment? I read the discussion that took place by reason of the fact that several persons in this country had gone behind the iron curtain and returned to glorify what they had seen. I have been told of others that have gone to Korea to give comfort to the forces operating against the United Nations. But when the Canadian parliament is asked to pass legislation that makes it treason to assist any public enemy either while in Canada or out of Canada, I should like to ask, however laudable the objective may be, what authority there is for so doing, and whether or not the law officers of the crown have concluded that such a course is lawful.

I can think of an example recently where the authority of the Canadian government did not extend to the making of an order in council legalizing the use of Chinese crews in ships operating under the Canadian ensign in Asiatic waters without having first secured an order in council applicable to Hong Kong. Under this section the Canadian parliament is asked to grant the power to punish for wrongdoing beyond the confines of Canada so far as the crime of treason is concerned. It is for these reasons that I ask that we do not pass an amendment to the Criminal Code that is not within the powers and the jurisdiction of parliament.

Mr. Garson: My hon. friend raises two questions with regard to government policy. First of all, he questions whether we have the power to pass in this parliament an amendment which will apply to an offence which takes place outside of Canada or, to put it in one or two words, whether this parliament has extraterritorial powers. I am sure that if my hon. friend reflects he will remember that when Canada was a colony this parliament did not have extraterritorial powers, but that following the passage by the British parliament of the Statute of Westminster in 1931 this parliament was placed in possession of extraterritorial powers which have not since been questioned.

My hon. friend asks whether this has been considered by the law officers of the crown. It may be that at common law there is the power to try a case for treason which was committed beyond the confines of the realm and to punish for it if one can secure the offender and try him. Treason within the meaning of the Criminal Code prima facie is under the Criminal Code as it stands at the present time, before this amendment, an offence only if committed inside Canada. The statute as it stands now does not provide extraterritorial operations. As I understand my hon. friend, he is objecting to our exercising extraterritorial jurisdiction.

Mr. Diefenbaker: I am asking for information; I am not objecting.

Mr. Garson: As I was saying, an offence of treason at common law may be tried by a court notwithstanding that it is committed outside the country in which the court has jurisdiction.

Mr. Diefenbaker: That is the Joyce case.

Mr. Garson: No; that Joyce case dealt with another point altogether—whether a person who was an alien acquired a certain liability to the United Kingdom at criminal law by reason of the fact that he was operating under a British passport. The case that establishes the point I am referring to now was an even more famous case, the King *v.* Casement, which was decided in 1917. As hon. members will recall, in that case Sir Roger Casement was charged with high treason alleged to have been committed outside the United Kingdom contrary to the Treason Act of 1351. That was a statute of Edward III which provided, *inter alia:*

> —if a man do levy war against our lord the king in his realm or be adherent to the king's enemies in his realm, giving to them aid and comfort in the realm or elsewhere . . . it is to be understood that in the cases above rehearsed, that ought to be adjudged treason which extends to our lord the king . . .

Chief Justice Reading, at page 123 of 1917, 1 King's Bench report, 98, stated:

> I have no hesitation myself in stating that if a man adhere to the king's enemies without the realm he is committing the offence of treason; and that he is committing the offence of treason at common law, notwithstanding that the offence is committed without the realm.

Other members of the court agreed with the chief justice. In the court of appeal it was held unanimously that the statute of Edward III applied and reference was not made to the common law in the appeal court judgment. In the result, therefore, it would appear that at the present time to assist outside of Canada an enemy at war with Canada is an offence at common law, punishable in Canadian courts. It may also be that this statute of Edward III operates in Canada. But the purpose of the present clause of the bill is not what my hon. friend fears, to establish some new invasion of the liberty of the subject. It is to put beyond doubt the position of the common law in Canada and to settle the question whether or not the Canadian parliament, perhaps by reason of the fact that in the Criminal Code it had dealt with this subject, had thereby ousted any effect that the statute of Edward III might still have in this country. We contend that the proposed amendment will

remove these doubts. That is the reason we submit it, and we disagree with my hon. friend that it involves any new invasion of the liberty of the subject.

The other point my hon. friend referred to was whether there was any example in the other countries of the British commonwealth of nations of treason being defined as an offence in cases where the armed forces of those parts of the commonwealth were contending against enemy armed forces, but where a state of war did not formally exist between the member of the commonwealth and the nation which had put these armed forces in the field. I—and I am sure I can speak for my staff as well—did not take a poll of what has been done by other members of the commonwealth in this connection, but I should think it is very questionable indeed whether these other countries have taken any such action as we now propose. The reason, I would imagine, for this might be that so far as I am aware we have had before in the history of the commonwealth few if any situations parallel to that which is now occurring in Korea, where, with no declaration of war between the nations whose forces are engaged in the Korean campaign, the soldiers are actually fighting one another. Our view in submitting this clause to the house is that anyone who gives aid and comfort to armed forces with which Canadian forces are in fact engaged in hostilities is in substance just as guilty of treason as if a formal declaration of war had been made and no hostilities were in progress, as was the case during the so-called cold war in the early part of world war II.

Mr. Diefenbaker: I was seeking information and not taking a stand on this question. I said it was a laudable objective, and I was seeking information; but certainly the Casement case does not help my hon. friend. The Casement case and the reference to the statute of Edward III had to do with enemies with whom the nation was at war. I now ask my hon. friend whether it is the interpretation of the law officers of the crown that what is taking place today in Korea is indeed a state of war with an enemy, although undeclared.

Mr. Garson: I am not maintaining, nor is it necessary for the justification of this clause to maintain, that what is taking place in Korea is a state of war. The point of this clause is that even where there is not what is technically known as a state of war between opposing sides, but where the armed forces of the opposing sides are killing one another in hostilities, there exists in substance, if not in form, a state which warrants our defining the offence of persons who in fact give comfort to the enemy forces as one making such persons guilty of treason under the code.

Mr. Pearkes: As a layman may I ask this question? Is this clause broad enough to take care of the case of an individual who transports an enemy agent, or somebody who is known to be proceeding to an enemy country, a country whose forces are opposed to the forces of Canada, either knowing or not knowing that the individual is an agent of the enemy or is proceeding to a country which is engaged in operations against Canada?

Mr. Garson: I am afraid, Mr. Chairman, anxious as I am to answer my hon. friend's question, that what he is asking me is to give—

Mr. Diefenbaker: An example of how it will work.

Mr. Garson: It is something more than a legal opinion. He wishes me to consider in relation to a set of hypothetical facts the law that is applicable under the code, asking whether it would apply. I am sure that my hon. friend, although he is a layman, knows that when you get down to an actual case at law, the facts, such as those the hon. gentleman has stated hypothetically here this afternoon, have nuances, shades, qualifications. It is for the court to decide whether, upon the evidence put forward in that case, a conviction or acquittal shall be registered. I do not know whether it would help him, but I can read—it is rather long—the definition of treason in the code. It covers subsections (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), with certain subparagraphs in some of those subsections. I think my best course is merely to refer him to those sections, and I think he will find there the answer, so far as it can be given in an abstract way, to the question which he has just asked.

Mr. Pearkes: I shall be pleased to endeavour to understand the language of the sections to which the minister has referred me; but let me put a more definite case. Suppose that the pilot of an aircraft knows that an individual is proceeding as an agent to the enemy's area of operations. Would this section be broad enough to cover such a case?

Mr. Garson: I am sure my hon. friend is aware that in all crimes under the Criminal Code there is an element referred to by lawyers as *mens rea,* the guilty mind. To have a guilty mind, of course, is, in terms of my hon. friend's question, to begin with a knowing mind. In other words, if the pilot is conducting some person whom he has no reason to suspect of any desire of helping the enemy—

Mr. Pearkes: Believing that he is.

Mr. Garson: —then very likely he cannot be convicted. However, in that connection I want to make this point clear, and I am sure that the lawyers present, and especially those who deal with the criminal law, will agree with it. Just as gold is where you can find it, so in a criminal case a conviction is where you can obtain it from the jury because it hinges upon a question of fact. Once you have it, unless there is some misdirection or something of that sort which will result in a quashing of the conviction, there it is, and it justifies itself. As I have said, the accused has to have a knowing mind, but he has to have a little more than that; he has to have a guilty mind. In the case my hon. friend states it would be for the court to decide as a fact upon the evidence brought forward whether the knowledge he had coupled with the other circumstances brought home against him constituted the *mens rea* or guilty mind which would be a necessary foundation for any conviction that might be registered against him. I do not know whether that answers my hon. friend's question, but I am afraid that is the best I can do.

Mr. Pearkes: To put it in very simple language, if he was proved guilty could he be punished for that offence under this act?

Mr. Garson: Oh, certainly.

Mr. Pearkes: So it is broad enough to cover such a case?

Mr. Garson: Yes.

Mr. Pearkes: I realize the man has to be proved guilty, but I wanted to know if this amendment was broad enough to cover such an act.

Mr. Garson: Take the very clause we are dealing with. It is very simple; there is nothing technical about the language: "assisting, while in or out of Canada, any enemy at war with Canada." That is only one of the subclauses of the general charge of treason. If it can be proved that this pilot or whoever he may be charged under this section of the code, as it will be when it is passed, assisted the enemy, then if the jury so found certainly he could be convicted.

Mr. Pearkes: And he could be considered as assisting the enemy by taking an enemy agent into his lines? If that was proved he could be charged under this amendment?

Mr. Garson: The jury would have to find that in the particular case whatever the accused was doing constituted assistance to the enemy within the meaning of the statute.

Mr. Pearkes: How would this apply to the master of a Canadian ship, registered in Canada and flying the Canadian flag, transporting enemy personnel to an enemy country?

Mr. Garson: If on the trial the jury finds that the accused, whoever he may be, has assisted the enemy within the meaning of the statute, then he can properly be convicted of so doing.

Mr. Pearkes: If the master of that ship was not a Canadian citizen but the ship was of Canadian registry and flying the Canadian ensign, having been granted permission by the proper authority to sail that ship without being a British or Canadian subject, would he come within the scope of this section?

Mr. Garson: I would answer that question yes, but lest I leave a misunderstanding I do not think I should stop there. There is an old saying that before you can have rabbit stew you must first catch the rabbit. The difficulty in charging or trying to convict anyone outside Canada of treason against Canada is that before you can try him within this country you must first arrest him and bring him before Canadian courts. Assuming that this master has been arrested and that it has been possible to bring him before a Canadian court, no matter what country he is a citizen of, regardless of his occupation or anything else, he can be convicted of treason under the statute.

Mr. Pearkes: To bring it down to one definite and particular case, could the master of the *Yen Men*, a ship of the Ming Sung Company trading out of Hong Kong carrying communist repatriates to Canton, a man named P. Hanisch, who I understand was born of Austrian-Chinese parents and who is a naturalized Chinese, be tried for treason under this section if he were detained in Hong Kong and brought back to Canada, say by a Canadian destroyer?

Mr. Garson: I am very much afraid that under the guise of asking me questions with regard to this bill my hon. friend is endeavouring to get me to identify myself with his viewpoint in connection with the rather contentious matter to which he refers.

Mr. Pearkes: I am only repeating information the government has already given.

Mr. Garson: For that reason I do not wish to express any opinion with regard to what my hon. friend might claim to be concrete facts. But I believe I can answer the question, as indeed I have already answered it, by saying that if such a master, whether a Canadian or not, can be brought before a Canadian court and charged under

this proposed section of the code with assisting the enemy, the jury can certainly convict him providing it can be proved that what he did was in fact assisting the enemy within the meaning of the section. It may be that the activities to which my hon. friend is referring, assuming they do exist—and I do not even admit that; I do not know—have no particular connection with assisting the enemy's military operations at all, and the jury would so find. That is a question of fact the jury would have to decide. There is the other proviso, as my hon. friend knows, that you cannot do anything under this section until parliament enacts it; and only things done after this bill becomes law may be the subject of prosecutions under it.

Mr. Knowles: The minister may feel that in legalistic terms he has answered the question that is bothering me, but as a layman I would like to put it again since one can always hope to get a layman's answer, even from the minister. What bothers me is the meaning of this word "assisting". The minister keeps using it, and keeps saying that a conviction would depend upon the jury being satisfied that the person charged had actually assisted the enemy. I note that it is the same word that is in the present subsection (i). Is there any place in the code, or in statutory form anywhere, where the meaning of "assistance" is spelled out? Is it confined to overt acts? Can it include the spoken word or the written word? Can it include trading—I am not referring now to the case mentioned by the member for Nanaimo—by any company in Canada, shall we say, with a country some of whose nationals might be engaged in hostilities with Canadian nationals?

I press the point, Mr. Chairman, because it is a rather serious matter with which we are dealing. We are amending a section of the Criminal Code to which is attached the penalty of death, and we should be sure what we are doing is necessary, and that it is being done properly. The only other point I should like to draw attention to is that subsection (i) as it now stands in the Criminal Code, while it is limited to countries actually at war, and by that we mean a state of war being declared, did contain the phrase "assisting any public enemy by any means whatever". I notice that in the revised form the words "by any means whatever" are left out and we are just left with the word "assisting". Will the minister comment on what I have just said?

Mr. Garson: My comment would be this. "Assisting" is a word which has been in the Criminal Code for very many years. The only useful answer that might be given to the hon. member would be to refer him to the cases which have been decided under this section. I do not think there are very many in that time. But I am sure that if he will stop and reflect upon the matter he will realize, whether he be a lawyer or a layman, that the purpose of this word "assisting" in the bill is to describe a certain concept. Now, this particular branch of the crime of treason, that is "assisting the enemy", is one which I suggest to him could take place in a great variety of ways. If the draftsman, instead of using the one word "assist," attempted to specify or spell out all the ways in which assistance could be given to the enemy, he would have a section which would be very much more voluminous than the one before us, and I think less clear and less enforceable. The only question which the jury have to ask themselves on a prosecution under this wording is, did the accused, on the facts which have been brought before us, assist the enemy? To that simple question they could give an answer of acquittal or conviction.

Mr. Knowles: May I ask whether there is any significance to the fact that the words "by any means whatever" have been dropped? What is the difference between assisting on the one hand, and assisting in any way whatever on the other?

Mr. Garson: The draftsmen tell me that they were left out because, much in line with the reasoning I have been attempting to lay before the hon. member, they do not add anything to the word "assisting". "Assisting" means assisting in any way whatever.

Mr. Wright: As a layman, I should like to ask the minister this question. Supposing a person or a company were trading with, let us say, China. It is lawful to trade with China except in certain prohibited materials. Could they, under this act, be accused of assisting the enemy? If it were lawful to do so under one act, could they, under this act, be convicted of doing something that was lawful under that other act?

Mr. Garson: Earlier in my remarks, I indicated that one of the indispensable ingredients of any crime under the code was *mens rea*. In the case to which the hon. member is referring it would be necessary to bring home to the accused, who under our law as the hon. member knows is innocent until he is proven guilty, that he did not only assist the enemy forces but he knew that he was assisting the enemy forces and he did so with a guilty mind. Within those three qualifications, the only answer to a question of that sort in any given case is the jury's verdict.

Mr. Ferguson: The great body of Canadians, Mr. Chairman, are laymen, not lawyers or

members of parliament. They know we are at war with China, without any fooling or diplomatic correspondence about the silly thing at all. The diplomats are walking around with eggs in their shoes, because they are afraid they might bring on an all-out war; that is the truth of the situation. The people of Canada, not the lawyers but just John Citizen, are wondering how many times we are going to have an undeclared war where our men and women are being killed in defence of this country and our principles. How much longer are we going to ship munitions to a country, whether they are wrapped up in packing cases or cellophane or any other—

The Deputy Chairman: I am quite ready to listen to the argument of the hon. member, but this bill has no connection with the shipping of munitions of war to another country. I think the hon. member's remarks are linked to the hypothetical cases which have been introduced, and upon which the minister has given answers. I hope the hon. member will make his remarks pertinent to the section.

Mr. Ferguson: Mr. Chairman, I was speaking of the laymen, the great majority of the people in Canada, not the lawyers. I am not sure whether they are fortunate or unfortunate. I am just John Citizen, a member of parliament. I want to know if this is what we need in order to make sure that the only people who can ship to the countries with whom we are at war will be the government. Everyone else will be so afraid they are going to break this particular law that they will not even ship cream puffs. I do not want to see the enemy starve. If we want to send them some wheat, let the government do it. I am afraid when the laymen get into that business and it is not under the direct supervision of the government, grenades will be underneath the wheat that is shipped. I am sorry to say that even natural-born Canadians might be involved in actions of that kind. With the great majority of people, we cannot afford to take a chance.

I am hoping that this section is what we have been trying to get for three wars. I am hoping it will stop shipment of anything out of this country that will be useful to the enemy in killing our men and women. There should not be any pussyfooting on this amendment. It should be quite clear and concise, not stepping all around the situation and saying: Well, if a man does not know that steel can be made into a hand grenade or a 25-pounder, if he cannot prove that in his heart he knew that, if he is just a simpleton, we have to let it go at that, and find that, three weeks later, grenades made of that simple bar of steel are being chucked back at our men. That sort of thing must stop. The people of Canada are crying for it.

I only hope that the minister knows what the people of Canada want and that he has, beyond doubt, put the necessary teeth into this amendment so that there may be no more skating on such thin ice, as has been done repeatedly in the past right until there is a declaration of war, right until the enemy stock up enough munitions to come out with a war. Munitions were being continually shipped in the first great war and the second great war, and even now it is going on. I hope that the minister knows what the people of Canada are praying for, and that the teeth are in this amendment beyond any shadow of doubt, to such an extent that no person will dare to do this because he would be afraid he is breaking the law, for fear that he will be put against the wall and have his brains blown out, as he justly deserves to have done. I hope that provision is in this amendment.

Mr. Diefenbaker: I listened with interest to what the Minister of Justice said with regard to the proposition advanced to him by the hon. member for Nanaimo. Am I right in understanding the minister to say that a crew on a ship such as the hon. member for Nanaimo described, a Chinese crew sailing into Chinese ports, would be subject to any prosecution under this legislation?

Mr. Lesage: No, no.

Mr. Garson: I think that I would much prefer to have my language speak for itself in *Hansard*.

Mr. Lesage: They do not owe allegiance to the king.

Mr. Diefenbaker: My hon. friend may have his language speak for itself. It certainly was unintelligible if it was speaking for itself.

Mr. Garson: My hon. friend should speak for himself.

Mr. Diefenbaker: Yes. My hon. friend answered the hon. member for Nanaimo and he said that under the circumstances such a person, if he could be brought before a Canadian court, would be subject to prosecution. That is utter nonsense. These men owe no fealty whatever to His Majesty the King if they are Chinese nationalists. I ask the minister this question: Does he say that because a Chinese crew is on a ship of Canadian registry, they therefore become liable in treason in Canada? May I repeat the question after the minister has consulted and had an opportunity of a second guess? Does the minister suggest that a Chinese crew

that would be on a ship of Canadian registry, sailing munitions into China, a country at war, would be guilty under this offence? I ask the minister that question.

Mr. Garson: I think that I prefaced my reply—in fact, I am quite sure that I did so—by the assumption that the accused in the case in question has been successfully brought before a Canadian court.

Mr. Diefenbaker: But whether successfully brought before a Canadian court or not, suppose they are alien Chinese.

Mr. Garson: In the cases that have been discussed here, those are alien Chinese on a ship, as I understood the hon. member for Nanaimo—and I hope he will correct me if I am wrong—of Canadian registry.

Mr. Pearkes: A ship of Canadian registry, flying the Canadian flag.

Mr. Garson: Right.

Mr. Pearkes: And granted special exemption to do so.

Mr. Garson: If it were possible to bring them before a Canadian court, then I think the consequences which I stated would follow. But I clearly indicated that, before you can try them, you must get them here; and that is the great problem.

Mr. Diefenbaker: But before you try them, they have to owe allegiance to the king of Canada.

Mr. Lesage: Oh, no.

Mr. Diefenbaker: What allegiance do these people—as Chinese on a Canadian ship or ship of Canadian registry—owe to Canada? I have the authorities here, and I should like greatly to hear what the minister says.

Mr. Garson: I think my hon. friend is getting into a cross-examination.

Mr. Diefenbaker: No. I am getting at the facts.

Mr. Garson: That is quite all right. I have no objection in the world; but I think he is getting into a cross-examination on some of these fine points.

Mr. Diefenbaker: Oh, no.

Mr. Garson: I am sure he realizes that my end of this thing is being conducted on an extemporaneous basis. But if my hon. friend wants an answer to the question on that basis—I would not give it as a formal opinion; I would not sign my name to it at this moment—I will give it. Under the exigencies of this questioning I would say offhand that a Canadian ship is a Canadian territory, and that an alien Chinese on Canadian territory, committing treason against Canada, would be in the same position as an alien would be in if, within Canadian territory in Canada, he had committed treason against His Majesty here. Not only is that the case, but in the very case to which my hon. friend himself referred not so long ago, the case of The King *v.* Joyce, he will remember that this was the case of a United States citizen who committed treason against Great Britain, not in Great Britain but in Germany.

Mr. Diefenbaker: That is right.

Mr. Garson: He was afterwards convicted because he held nothing more of British origin than merely a British passport.

Mr. Diefenbaker: That is right.

Mr. Garson: And he owed some allegiance to Great Britain on that account. I want to say that I am not in the habit of handing out legal opinions offhand in this way; but since my hon. friend has raised the point, may I say that I think that so far as these Chinese aliens that he speaks about are concerned, if they are on a Canadian ship or Canadian territory, I think the question of law that he raises would be answered in the manner I have indicated.

Mr. Diefenbaker: I want to thank the minister for that opinion. When the house passes this bill I hope that, having regard to the fact that on June 16 the *Foreign Trade* magazine of Canada stated that one of these Ming Sung ships has been and is now engaged in taking repatriates to Canton—in other words, taking communists to Canton—the proper action will be taken against these people for thereby contravening the provisions of this new amendment.

Mr. Lesage: That is not army personnel, or enemy personnel.

Mr. Diefenbaker: Is there a difference between taking personnel to a country where ultimately they may fight against us and taking army personnel? That is exactly what is wrong with this type of legislation. If the parliamentary assistant to the Secretary of State for External Affairs is right, this legislation does not cover such a case. It is an extremely serious situation if we are going to continue to allow ships under Canadian registry to be used to repatriate Chinese, as admitted by the Department of Trade and Commerce in the issue of June 16 of *Foreign Trade*, and to take them back into Canton. Surely something will be done in this regard. I asked the question—and I am sure the hon. member for Nanaimo had the same motive—in an earnest desire to see whether or not the amendments that are being passed really have in them the teeth that the hon. member for

Simcoe North mentioned or are merely window dressing. Here is an opportunity to use them. It seems passing strange that a crew of Chinese, no doubt communists or they would not be getting into Canton, travel on a Canadian ship with a Canadian flag. We can hear them sing: O Canada, we stand on guard for thee.

I say I would like to see this cover cases such as that. In view of the fact that the minister—though he is not supported by the parliamentary assistant to the Secretary of State for External Affairs—and the responsible officer, says, "If we can actually take them in custody, then they are subject to punishment under this act, because they are on a Canadian ship"—then, that being so, when they are in Hong Kong, in a British possession, would it not now be open to the government to stop the things that have been going on and that were brought before the house by the hon. member for Nanaimo?

Mr. Higgins: Mr. Chairman, with reference to that rabbit the minister was going to take out of the hat a little while ago, and assuming the facts brought forward in connection with the Ming Sung controversy to be established, and forgetting whether a jury would or would not convict, in law, would the directorate at Montreal be liable, under the law, to a conviction?

Mr. Garson: Mr. Chairman, I am always most anxious and willing to co-operate in matters of this kind. I do suggest however that the question the hon. member has asked is not necessarily connected with the section before the house.

Mr. Higgins: Why?

Mr. Garson: For the simple reason that to answer my hon. friend's question, as my hon. friend who is a lawyer probably knows —it may be that is why he has asked it— one would have to have a good deal of clarification as to whether the people he speaks about knew about this, whether they had a guilty mind. As my hon. friend knows—and I am sure he does know—particularly in a charge of treason the guilty mind is of the essence; and unless that is brought home to the accused person it is impossible to establish a conviction. I do not mind answering hypothetical questions within reason, but I must draw the line at that one.

Mr. Higgins: We say that these people have a guilty mind, and you know what they are doing. Then what?

Mr. Ferguson: It is up to a jury to decide whether they have a guilty mind or not.

Mr. Fulton: I would ask the minister to enlighten me as to whether or not this section, in its present form, would be sufficient to cover a person who is not assisting the actual armed forces of a country against whose armed forces Canadian forces are engaged in hostilities, but a person who gives general assistance to that country, not specifically related to its armed forces.

I have in mind a case such as that which was reported recently. That was the case of Mrs. Roscoe Rodd, who as someone has just pointed out, come originally from Windsor, Ontario. She broadcast the results of her alleged visit to Korea. Her broadcast material included certain references which were hostile to, and certainly not intended to assist, the cause of the United Nations, of whose forces the Canadian brigade forms a part.

I ask this question because the section is confined to a person who assists any armed forces against whom Canadian forces are engaged in hostilities. It seems to me that a skilful defence counsel might very well raise the defence that such person was not directly assisting the armed forces of that country, but was simply broadcasting an expression of opinion. I should like to know whether this section is sufficient to cover a case such as that, which it seems to me is clearly in broad general terms a case of treason. But, because we are not at war with China or Korea officially or legally, it might be argued that the mere act of broadcasting in favour of China or Korea, which it would be said is not assisting their armed forces, would not be brought within this section.

If the intention of the section is to cover the case of a person giving aid and comfort to the country with whose forces our forces are engaged in hostilities, although we are not legally at war with that country, would the minister say this section is broad enough to cover the case of Mrs. Rodd?

Mr. Garson: Mr. Chairman, as I said, I am exceedingly anxious to co-operate as much as I can; but to ask me to prophesy with regard to a set of facts which may be only partially recorded in the newspapers, and then to ask me if that set of facts is covered by the section, is I suggest hardly fair. I would find it exceedingly difficult to do so. My hon. friend is a lawyer, and he is asking me in effect to express a legal opinion upon a set of facts on which he would never dream of expressing a legal opinion.

Mr. Fulton: No, I am not asking the minister to do that. Perhaps I have not made myself clear. I do not wish to be narrowly technical. I take it the intention of the section is to enable us to deal with persons who go out of Canada and who, if I may use the

general expression, give aid and comfort to a country which would be described as an enemy, except for the fact that we are not legally at war with it. That is why the original words of this section are being amended.

It seems to me that when reference is made to a person who assists the armed forces of such a country, you may have to prove that the aid or assistance was given directly to the armed forces. Because, as my hon. friend knows without my mentioning it, when you are attempting to prove a charge under the Criminal Code you have to relate the evidence specifically to the intent of the charge.

I am wondering whether it would not be safer if, as I take it, the intention of the section is broadly speaking to cover such treasonable acts, to use some such words as I shall suggest—and in doing so I am not trying to be narrowly technical. I am just trying to cover the general case, because it seems clear to me that Mrs. Rodd was guilty of treason, whether or not she could be found guilty under the present wording of the act.

It does seem to me we would cover a case such as that if we used these words: "Assisting while in or out of Canada any country against whose armed forces Canadian forces are engaged in hostilities." In this way the offence is the assisting of the country, which is a more general term than the armed forces of the country.

That is the proposal I place before the minister. I believe if we are going to make it workable we must make it cover such cases as treasonable activities of the kind indulged in by Mrs. Rodd.

Mr. Garson: Perhaps I can answer now, because I believe I understand the question better. As the hon. member for Lake Centre indicated earlier today, the present provision is a great departure; there is no doubt about that. It is designed to deal with a situation which is illustrated by what has happened in Korea, a situation where we may be engaging armed forces the identity of whose country may be somewhat open to question. My hon. friend shakes his head; but I suggest that in the news we get back from Korea, indicating that we are opposed against this branch or that branch of the armed forces, we are not too sure whether they are North Koreans, Chinese or others. And when we are dealing with a situation of that kind, in drafting this legislation we have related it, as my hon. friend correctly points out, to the armed forces; because that is the definite thing with which we can connect the legislation.

[Mr. Fulton.]

For my own part, I would not want to recommend any change in that. I am sure the draftsmen of the statute would not want to change it, because these points my hon. friend has raised were all very carefully considered in the drafting of what I suppose is one of the first examples of this kind of thing to be attempted anywhere. The hon. member for Lake Centre is probably right in his surmise that there is no precedent for what we are attempting to do here.

Mr. Diefenbaker: It is more than a surmise because I looked over the statutes in England and the United States.

Mr. Garson: Then the hon. member is doubly right. I am sure that he and the hon. member for Kamloops will approve of our having used caution in drafting this section which we think will hold water for what it purports to do.

Mr. Fulton: I shall not press the minister to give a legal opinion on a hypothetical set of circumstances, but is he able to say whether the officers who drafted this bill had in mind that broadcasts such as those undertaken by Mrs. Rodd or by Joyce would be construed as giving aid or assistance to the armed forces? Is that the assumption on which this section is drawn?

Mr. Garson: Will not my hon. friend agree with me that whether a broadcast was considered as assisting the enemy would depend altogether upon the circumstances under which the broadcast was carried on. If the broadcasting was done from army headquarters in Korea to the armed forces in an effort to incite when translated into their language, it might be one thing. I am always hesitant about tying myself down in connection with a hypothetical case, but I think under those circumstances you might still bring home a charge to the accused although the jury might throw it out. If the broadcasting were done under a different set of circumstances it might not by any conceivable concept of the matter be considered as giving assistance to the armed forces. I think my hon. friend will agree with that statement.

Mr. Fulton: Yes. That is why I feel that there should be something by way of seeking to make any act of aiding the enemy or hostile country a treasonable offence. We have, for the very reason the minister has given, to make it clear that such assistance is not necessarily confined to direct assistance to the armed forces of a hostile country, but is in fact any act which assists a country against whose forces we are engaged in hostilities, even though a legal state of war may not exist.

The minister put his finger upon the very difficulty I envisaged, and that is that it might well be held by a jury that this type of broadcast did not directly assist the armed forces of that country, yet the broadcast may have been made with the direct intention of assisting the country although it had no relationship necessarily to the armed forces of that country.

I realize that you cannot go too far in one jump, but it seems to me that here we have a section with the clear intent of making it a treasonable offence to assist the country with whose forces Canadian forces are engaged in hostilities, and yet we stop short of expressing the whole offence in proper legal language. We express only a very narrow part of that offence, the part which is perhaps the least likely to take place, that is giving assistance to the armed forces of that country. It seems to me that with the legal language in the section as it stands we have stopped far short of the actual intent which we had in mind when we set out the purport of the section itself.

Mr. Diefenbaker: There is just one thing in connection with that. I do not think anyone reading that section could ever conclude that it would be an offence under that section to do the things referred to by the hon. member for Kamloops. It would be going a considerable way to make it an offence punishable with death to broadcast unless it directly incited or assisted the enemy. However, as this happened in Canada, I think the sections dealing with sedition would cover it. If any alleged offence has been committed by this woman in broadcasting or if anyone else aroused disaffection to His Majesty and his subjects, it would likely be an offence under the section dealing with sedition, sedition being defined as follows:

> Sedition consists in acts, words, or writings intended or calculated, under the circumstances of the time, to disturb the tranquility of the state, by creating ill-will, discontent, disaffection, hatred or contempt towards the person of the King, or towards the constitution or parliament, or the government, or the established institutions of the country, or by exciting ill-will between different classes of the King's subjects, or encouraging any class of them to endeavour to disobey, defy, or subvert the laws or resist their execution, or to do any act of violence or outrage, or endangering the public peace.

If any offence was committed, it would be committed under that section which of course is subject to the following proviso:

> 133A. No one shall be deemed to have a seditious intention only because he intends in good faith,—
>
> (a) to show that His Majesty has been misled or mistaken in his measures; or
>
> (b) to point out errors or defects in the government or constitution of the United Kingdom, or of any part of it, or of Canada or any province thereof, or in either house of parliament of the United Kingdom or of Canada, or in any legislature, or in the administration of justice; or to excite His Majesty's subjects to attempt to procure, by lawful means, the alteration of any matter in the state, or,
>
> (c) to point out, in order to their removal, matters which are producing or have a tendency to produce feelings of hatred and ill-will between different classes of His Majesty's subjects.

If these alleged broadcasts suggested by my hon. friend are what he indicates they are, an offence might very well have been committed under the sedition section which is designed to cover cases such as those that have been mentioned. Lord Haw Haw, or Joyce, was convicted of broadcasting, not because of the disaffection set up by his broadcasts, but because of his incitement to the commission by people under the King's jurisdiction of acts to destroy the state from within. In view of what my hon. friend has brought to his attention, in view of what has appeared in the press, I suggest that the minister have the law officers give consideration to the use of the section in question where and if in the opinion of the officers an offence has been committed beyond what is allowed under the head of freedom of speech.

Mr. Ferguson: I am glad the hon. member who has just spoken has brought that matter to the minister's attention because only a few minutes ago the minister said that he as Minister of Justice was not so sure what kind of troops were actually fighting in Korea; he was not quite positive whether they were Chinese troops or Russian troops. I strongly advise the minister to get firmly established in his mind without any further delay that there are Chinese fighting against the countries of the United Nations, that there are actually Chinese trained soldiers, armed by Russia, fighting in South Korea.

Only a few minutes ago he made the statement that he was not quite sure whether there were Chinese trained soldiers fighting against our men. The minister must be in an awful frame of mind when trying to make the laws of Canada if at this late date he is not quite positive that there are Chinese trained men fighting and killing our men in Korea.

Mr. Garson: Of course the point was not whether they were Chinese, but whether they were soldiers of the Chinese government or perhaps only Chinese volunteers in North Korea serving under the North Korean government. I do not want to labour this point. I have great respect for the hon. member for Simcoe North, and I would not want to get into an argument with him on any subject at all.

Mr. Ferguson: Particularly this one.

Mr. Garson: But if in the context of discussion as to whether the treason is for dealing with the enemy itself rather than the armed forces of the enemy, if you are identifying the enemy as being the government which controls the armed forces you must have regard to whether they are Chinese volunteers in the Korean army or whether they are Chinese soldiers in the Chinese army. I should imagine there may be cases on the Korean front where that question might be rather difficult to establish, and as to whether you might not even have some Chinese soldiers in the Russian army, or vice versa.

Mr. Ferguson: There is a resemblance between the Koreans and the Chinese. There is no doubt that I could not pick out one and say he was a Chinese trained by the Chinese and armed by the Russians or a South or North Korean, but I am positive the minister can obtain absolute proof that these are out and out Chinese communists fighting in North and South Korea.

Mr. Knowles: At the outset I was a bit concerned about this clause, but I must say I am glad to hear that it does not go as far as the hon. member for Kamloops would like it to go.

Mr. Fulton: Why?

Mr. Knowles: Because it seems to me that along with our responsibility to devise laws that protect the security of the state we also have the responsibility to see to it that we do not completely whittle away our civil liberties. It seems to me one of the civil liberties we must protect is the right to discuss the policies of this nation even in relation to any war in which we might be engaged. If the position taken by the hon. member for Kamloops were the law, I can think of excellent speeches made by the Secretary of State for External Affairs which might make him subject to a charge of treason. He has gone out and said that we cannot defeat communism by military means. The kind of interpretation that the hon. member for Kamloops is advising could result in such statements being regarded as giving aid and comfort to the enemy.

I was glad to hear the hon. member for Lake Centre suggest that if anything is to be done against a person because of something that he has said or broadcast it should come under another section, but I think even when we get to that other section we have to be careful. I realize how carefully one has to pick his words when he is discussing these matters today, and I repeat what I said a moment ago as to our responsibility to devise the kind of laws that protect the state. We have a difficult time in this day and age, a difficulty that the great proponents of liberalism in the last century did not have to deal with. We have the difficulty of people using the very freedoms that we espouse to try to destroy our freedoms. Nevertheless we must hold on to our freedoms—our civil liberties—and I am glad to know, as I have already said, that this section does not go as far as the hon. member for Kamloops wanted it to go.

Mr. Fulton: I would not say anything about that except that I want to answer the assumption by the hon. member for Winnipeg North Centre by which he has taken to himself the role of being the sole guardian of civil liberties in this house. The interpretation which he placed deliberately upon the sentiments which I expressed goes so far beyond what is reasonable, probable, natural or in any way to be assumed as being my intention, that it becomes ridiculous. It is, I think, an interpretation which he placed upon it simply in an effort to portray himself as the great guardian of civil liberties and to portray those of us who are concerned with these treasonable acts as persons who would unduly abridge civil liberties in this country, a situation which he knows perfectly well does not exist.

Mr. Knowles: Answer your own colleague's criticism.

Mr. Croll: Would you answer a question, please?

Mr. Fulton: I shall endeavour to do so.

Mr. Croll: Did I understand you to say earlier in the debate that in your opinion the lady in question was guilty of an offence?

Mr. Knowles: Of treason.

Mr. Croll: Of treason. I wondered whether I had heard you correctly. I thought I heard you say that.

Mr. Fulton: I asked the Minister of Justice whether this section—

Mr. Croll: No, please. You do not have to answer the question, but I was going to make a few remarks and I did not want to misquote you. I thought I heard you say that. Did you or did you not? If you did not we will leave it at that.

Mr. Fulton: I suppose *Hansard* will show what I said.

Mr. Croll: It will be too late for me then.

Mr. Fulton: What is the hon. member asking? He does not want me to clarify his question.

Mr. Croll: I thought I heard the hon. member say in the discussion that in his opinion the lady in question was guilty of treason.

Mr. Fulton: I think what I said was that, on the basis of the newspaper reports we have received, the actions of this lady, if the reports are correct, are giving aid and assistance to a country with whom Canadian forces are engaged in hostilities. I asked the Minister of Justice whether or not, if the newspaper reports are correct and that was the nature of her actions, her actions would be covered by this section. It seems to me her actions are treasonable and should be covered by this section if that was the nature of her act. That is what I said.

Mr. Low: I do not know whether I quite get what the hon. member for Kamloops is asking, but perhaps I can embody it in this question for the Minister of Justice. Will it be possible under section 3 to prosecute a person who assists a country not at war with Canada, but whose forces are engaged in hostilities with Canada, even if such assistance is not directed to the armed forces of the country?

Mr. Fulton: That is my question exactly, and if I might be permitted another word, based upon the newspaper reports which we have received, it seems to me that Mrs. Rodd's actions were exactly of the nature described by the hon. member for Peace River. That is what I said, and if that is the case do her actions come within the ambit of this section? If that was the nature of her actions I think it should be brought within the ambit of this section. I have no hesitation in saying that.

Mr. Garson: I should like to answer the question of the hon. member for Peace River unqualified by any remarks by the hon. member for Kamloops. No.

Mr. Fulton: That was exactly my question in the first place.

Mr. Low: The answer is "no"?

Mr. Garson: The answer is no.

Mr. Drew: The Minister of Justice has said quite correctly that this constitutes quite a great departure in principle from the existing law. When he has been asked certain questions with respect to the possible application of this section he has indicated that, while he is ready to co-operate, to use his words, he seems to think there is some limit to the extent to which he should go in seeking to explain to the committee just what the effect of this would be. I think one of the difficulties confronting hon. members is to understand exactly how far it does go. It seems to me that, before members adopt an amendment which is a great departure in principle, they should know exactly what it is they are doing. The Minister of Justice has already had his attention drawn to two very famous cases relating to conduct such as might be embraced by an amendment of this kind. One was the famous trial of Sir Roger Casement in 1917, and the other the more recent trial of William Joyce in 1945. The defence in the Casement case sought to protect the position of their client by asserting that the offence if any had taken place outside the jurisdiction of the courts of the United Kingdom. The question of his citizenship did not enter into the defence. In the Joyce case the question of where the offence took place did not assume the same importance. The important thing in that defence was whether or not Joyce owed an allegiance to His Majesty the King, and further what the nature of that allegiance was. In response to the hon. member for Lake Centre, who pointed out the importance of that consideration, I understood the Minister of Justice to indicate that we need not be unduly concerned as to the allegiance or nationality of the individual in view of the fact that Joyce was an American citizen who happened to have a British passport. Would the minister indicate whether that is a correct interpretation of what he said?

Mr. Garson: Not precisely. In connection with the question that had been asked my point was that these alien Chinese sailors on the vessels in question, under Canadian registry and under the Canadian flag, were in effect on Canadian territory, the law being that anyone who commits treason on Canadian territory, even though he may owe no allegiance to Canada, can be charged with and convicted of that treason. It was not quite the point my hon. friend has made. It has nothing to do with the Joyce case except that that case established a principle of somewhat the same order in saying that instead of being on British territory he was operating under a British passport and in that capacity owed allegiance to the British crown.

Mr. Diefenbaker: To the extent of the protection he received.

Mr. Garson: Yes, in the same way that a person on Canadian territory, whether that territory be in Canada or a Canadian ship, and whether that person be an alien or not, owes allegiance to His Majesty as the King of Canada.

Mr. Drew: I am raising this question because this is the high court of Canada in which at this time laws are being made of immense consequence to the people of Canada. For that reason no one need apologize for seeking to clarify in every possible way the legal consequences of the amendment and the explanations given as to precedents. For that reason I would point out

that there seems to be some misapprehension as to how it was that Joyce was found guilty. In that case the indictment left no doubt that it was necessary to establish that he did owe a positive allegiance to the king. The original indictment read "a person owing allegiance to our lord the king." Then when the question arose as to whether that was a sufficient measure of obligation to the crown the attorney general, representing the crown, indicated that he wanted no doubt as to the measure of obligation that was under consideration, and moved to amend the indictment so that it would read "British subject owing allegiance to our lord the king." In other words this was not simply an American citizen who happened to have the protection of a British passport; it was a British subject. In the arguments before the court it was quite frankly admitted that unless they were prepared to find that he was a British subject their case might fall on that ground alone. The point upon which the court was able to find that he was a British subject and therefore came under the indictment was in these words: that at the time he applied for his passport he made a declaration which used these words:

> I, the undersigned, William Joyce, hereby declare that I am a British subject by birth, having been born at Rutledge Terrace, Galway, Ireland, on the 24th day of April, 1906, and not having lost the status of British subject thus acquired, I hereby apply for a passport for travelling.

That was the declaration which, in spite of certain attempts to show that Joyce had acquired citizenship in the United States, was used as the basis for the argument that ultimately led to his being found guilty under the wording in the indictment which I read. I have referred to that for this reason. I hope we shall not be placed in the position of accepting pious declarations as to our intention to deal effectively with activities of the nature contemplated by an amendment of this kind, if in fact the amendment does not do what we want it to do. This is the time to be sure that if we are going to deal with treason of this kind, in other words with these communist traitors, our laws will make it possible to do so effectively. As I understand, the questions were directed to the minister so that this house could have some information as to whether in fact this amendment was more than a general declaration that those who assisted an enemy with whom we were at war, or the armed forces fighting against our forces even though a state of war had not been declared, could in fact be found guilty under the Criminal Code. I would like to know the basis upon which the minister thinks this amendment will be adequate to deal with the sort of case that has been under discussion, and how he thinks it would be effective in meeting the kind of situation that has been described. Moreover, while I agree with the statement of the minister as to the difficulty of outlining all possible circumstances, I do think we should have placed before us some examples of the acts of treason which in his opinion would be dealt with under this section and which could not now be dealt with under the Criminal Code.

Mr. Fulton: On a question of privilege just before the minister answers, I am now given to understand that in the question I asked the minister having relation to the case of Mrs. Rodd, I said the broadcast to which I had reference, which I felt should come under this section, was made after her return to Canada, and I gather that this statement gave rise to the question by the hon. member for Spadina. If I said that I was not expressing the thought I had in mind. I do not recollect saying it, and I certainly did not mean to say it. I understood clearly from the press reports to which I had reference that her broadcast was made in Korea, and that it was made while she was in North Korea. It was in reference to an action of that kind that I asked whether that type of broadcast, in a country against whose forces Canadian forces are engaged in hostilities, would come within the ambit of this section, the broadcast not necessarily being of direct assistance to the armed forces of that country but rather of general assistance to the country itself. I have no hesitation in saying that in my opinion a broadcast made in those circumstances comes within the broad general definition of treason and should be within the ambit of this section. That would not apply to a broadcast made after her return to Canada, which as the hon. member for Lake Centre has pointed out would come within the definition of sedition, and I certainly did not mean to refer to any broadcast but the one made in North Korea.

I wanted to clear up that point. My question had reference to the type of broadcast made by Joyce during the war and made by Mrs. Rodd in Korea under circumstances which are not war, because we are not legally at war, but which in effect was designed to aid a country against whose forces Canadian forces are engaged in hostilities.

Mr. Garson: The leader of the opposition has rightly said that this is a matter of considerable importance. He is also quite right in saying that we should do everything we can to make sure that before passing this section the members clearly understand what it means. After all the discussion that has taken place I must confess that I do not

know of any better way of attempting a further clarification of this section than to start with the law as it stands now, and show the change that has been made by this section; then state what seems to me to be the effect of that section.

Section 74 of the Criminal Code starts out with the words "Treason is", and then,

(a) the act of killing His Majesty, or doing him any bodily harm tending to death or destruction, maim or wounding, and the act of imprisoning or restraining him;

Then there are paragraphs (b), (c), (d), (e), (f) "levying war against His Majesty . . ." and so on; (g), (h), and then the one we are now amending, paragraph (i) which reads as follows, taking in the first two words of the section:

Treason is,
(i) assisting any public enemy at war with His Majesty in such war by any means whatsoever;

Now, that is the law as it stands at the present time. That law, as I have indicated, being part of the Criminal Code applies, in terms of the Criminal Code and not of the common law or under this statute of Edward III, only where the act is committed within Canada. Now the first thing which our new section does is to provide that the assistance which constitutes the treason can take place either within Canada, as the law now states, or without Canada. Therefore, the section says "assisting", and then adds these words, "assisting, while in or out of Canada, an enemy at war with Canada." That is the first new principle, the new principle of extraterritoriality. Perhaps it is not new, and perhaps it is covered already under the common law or under this statute of Edward III, but at any rate this section removes any doubt that there might be upon that score and makes it clear that if anyone assists the enemy with whom we are at war, whether it is within Canada or out of Canada, he can be prosecuted and convicted under this section.

This clause then goes on to say, "or any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are." In other words, in order to support a charge of treason under the law as it now stands it would be necessary, as one of the points that had to be proven in the prosecution, to show that Canada was at war with the other country; whereas under this new provision it is not necessary to show that we are at war with any country. We can show merely that our armed forces are engaged in hostilities against the armed forces of some other state, whether there is a condition of war between us or not. Now, that is a very new departure in principle, because the cases which the leader of the opposition has cited could not have resulted in a conviction on the circumstances of the Korean situation. Sir Roger Casement and William Joyce were both accused of treason where there had been a formal declaration of war between the United Kingdom and the country against whom the United Kingdom was at that time at war.

Those are the two principles which are involved in the bill. I do not know how I can elucidate them any further than I have. I believe part of the confusion has arisen in connection with this discussion from the fact that the leader of the opposition has correctly stated treason is an offence which is a violation of the allegiance which the subject owes to the king. The hon. member is quite right in stating that. I gathered that the point which he was making, in terms of the question previously asked by the member for Nanaimo, was "How could these Chinese alien sailors on a Canadian ship be convicted of treason since they do not owe allegiance to the king of Canada?" It is true that they do not owe allegiance in the sense in which the hon. leader of the opposition uses that word. But the allegiance necessary to support a charge of treason, as I have had occasion to remark in other debates on other occasions, is not only the allegiance which is owed by someone who may have sworn an oath of allegiance to the king, but it is as set out in Crankshaw's "Criminal Code", and which in turn is a quotation from Halsbury's "Laws of England":

The essence of the offence of treason lies in the violation of the allegiance which is owed to the king; and this allegiance is owed, not only by subjects of the king, but also by an alien living in this country, and receiving the protection of its laws, so long as he is a resident here, even if the state to which he belongs is at war with the king.

Even though he may owe allegiance to his state, while he is in this state he owes allegiance to the king, in this context. So that if an alien has lived in this country under the protection of the laws, and the state of which he is a subject invades the territories and the alien assists the invader, which may be within the terms of his own allegiance to his king, the alien is guilty of treason.

As I said before I dislike intensely giving off-the-cuff opinions, but my offhand opinion is that these alien Chinese, who owe no allegiance to the king of Canada, in the narrow sense, yet if they were as aliens upon Canadian territory, namely a ship of Canadian registry flying the Canadian flag, I should think the probabilities would be that, in that capacity, they would owe sufficient allegiance to the Canadian crown

to support a charge of treason; and therefore, upon a proper set of circumstances being proven against them, they could be convicted of treason under this new section we are considering.

Mr. Diefenbaker: I suggest a rereading of this section in order to cover the situation that we are trying to guard against. This section make it an offence,

(i) assisting, while in or out of Canada, any enemy at war with Canada, or any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are,

In other words, originally the law of treason provided that a person was guilty of that offence if he was guilty of assisting any enemy at war with Canada. Let us take the example mentioned by the hon. member for Kamloops. Somebody leaves Canada, goes over to Korea, broadcasts over there, tells the Koreans and the Chinese communists that they are right, that Canadians know they are right, that Canadians are forced to fight over there, and that the United Nations organization has no business to be there. When that person afterwards returns to Canada, in my submission that person under the law as it is now constituted is guilty of no offence. That person is not guilty of sedition because the only jurisdiction under the law of sedition as it now stands is as to any offence committed within Canada. If that were not so, the offence of treason would be wherever it is committed, under whatever circumstances. I suggest that a slight rewording of this section would cover the situation.

I suggest that it be reworded in this way:

Assisting, while in or out of Canada, any enemy at war with Canada, or any country with which Canadian forces are engaged in hostilities, whether or not a state of war exists between Canada and the country whose forces they are,

Mr. Fulton: Any country with whose armed forces Canadian forces are engaged in hostilities.

Mr. Diefenbaker: Alternative suggestions can be made. But as the section is now worded, assisting an enemy at war with Canada is the offence of treason as it is now constituted.

My hon. friend says he wants to cover a situation of assisting any country that, while not actively at war with Canada, is in direct hostilities with the forces of Canada, whether or not a declaration of war has been made. That is the situation that is to be covered. If that be so, I suggest a couple of changes there would effect the desired result. As it is now, if a person went over to China, or went to Korea and did any act at all to assist Korea other than assisting the armed forces, he would not be guilty of treason. I do not think it was ever intended to limit the offence in that way. The offence that we are now creating is that of assisting any armed forces against whom Canadian forces are engaged in hostilities. That does not cover assisting the nation whose armed forces are engaged in hostilities with Canada.

I point that out most definitely, and I ask the minister to follow those words, because what it means is this. If a person went over to Korea and supplied the government of Korea with assistance, he would not be guilty of treason under the section which parliament is asked to pass. It is only when it is assistance of the armed forces, not of the nation as such. As it now stands, I submit that a person could go over to Korea, get on the radio and do what Lord Haw Haw did, namely, make the most incendiary of speeches, condemn Canada out of hand, as well as the commonwealth and the United Nations, and there would be no offence under that section and he would not be subject to punishment for sedition either because of the position in which the alleged offence was committed. I ask the minister whether he has given consideration to that point. I know how in 1940, again under the exigencies of the moment, we passed the Treachery Act. It was going to be an act that would protect Canada from within. As a matter of fact we rushed it through so fast and in my opinion it had so many loopholes in it that it was never used during the entire period of the war. In this legislation, as it is now drafted, I feel that we are leaving a loophole through which any guilty Canadian could escape by simply saying: If I had assisted an enemy at war, I would have been guilty; but because of the fact that I was assisting a country against which Canada is engaged in hostilities by reason of her obligation under the United Nations, I am not guilty of any attempt because I did not assist the armed forces.

To me the situation is most clear, and it was not as I listened to it read and reread. After all, that is the way—out of discussion—that we finally arrived at a conclusion. We are not trying to prejudice the minister in any way. We are trying to make this something more than merely a delusion. We want to make it a treasonable act for Canadians to use their citizenship in order to go abroad and there to assist the government of Korea or of any other nation with which, in the future, we may not be officially at war as a nation but will be in the position of a punitive agency under the United Nations. We want to deny to Canadians the opportunity to use their citizenship abroad in effect to destroy Canada's efforts in that regard and to endanger human lives, and the opportunity

to say that by reason of the fact that they do not directly assist the enemy they are guilty of no offence. I ask the minister whether he will give consideration to an alteration. As it stands now the crown has to prove that what was done assisted the armed forces, if the offence is committed abroad. If treason is committed with nations with which we are at war, what has to be established is that the assistance was to the enemy at war. But if it is an enemy with which we are not at war, you have to prove that the assistance was of the armed forces and not the enemy as such.

Mr. Higgins: Mr. Chairman, Thomas Wang, manager of the Ming Sung Shipping Company, gave an interview to *The Ensign* newspaper. In that interview he praised the efficiency of the communist regime and declared that agrarian reform in China was designed to make everybody happy. Am I correct in saying that if the Chinese in Korea were regarded as not being volunteers, that statement would be regarded as treasonable? If so, how far are you going to go with this fiction of volunteers? How did the Chinese get in Korea?

Mr. Garson: When my hon. friend asked his question, the page was speaking to me and I did not catch the whole of it. Would he mind repeating it?

Mr. Higgins: Yes. An interview is reported in the newspaper *The Ensign* and it is given by Thomas Wang.

Mr. Diefenbaker: Who is Thomas Wang?

Mr. Higgins: He is manager of the Ming Sung Shipping Company, 1410 Stanley street, Montreal. He states, or it is stated in the paper, that he praised the efficiency of the communist regime and declared that the agrarian reform in China was designed to make everybody happy. I say that if you did not recognize the fiction of these Chinese in Korea being volunteers, that statement would be regarded as treasonable or seditious. Just on that point as to volunteers, it strikes me as a fiction, because how do these volunteers get there? As the minister knows, some time last August, I believe it was, the Prime Minister of China, Mao Tse-tung told the United Nations that if they crossed the 38th parallel the Chinese troops would be sent in. The parallel was crossed, and the Chinese troops were sent in.

Where is this fiction of volunteers to begin and end? I cannot see it myself. I think we have to be fair about this; we must be honest in recognizing these Chinese for what they are. I would ask the minister to comment.

Mr. Garson: I do not think I have any comment to offer.

Mr. Fulton: I should like to follow up what the hon. member for Lake Centre said a moment ago because, with his usual clarity, he has stated in much shorter form the point I wish to lay before the minister, and which I was trying to make earlier this afternoon. However, it appears to have become somewhat confused, because, if I did say so, I said inadvertently that the broadcast was made in Canada. My comment was made upon a broadcast made in a country with which we were engaged in hostilities. I hope I shall have permission to make the correction, if it was the other way.

The hon. member for Lake Centre has put the point clearly, that this broadcast was made to give comfort, and to assist the country itself. We have a case which can be discussed, not hypothetically but factually. It is not the Chinese communist troops regarding whom there may be some controversy, as to whether they are volunteers or actually Chinese government troops, but rather the country of North Korea, with whose troops we are engaged—and there can surely be no question about it, that it is with those troops that Canadian forces are engaged in hostilities at this time.

If a person makes a broadcast in North Korea designed to give assistance to the country of North Korea, although of no immediate assistance to the armed forces of North Korea, or if, as was suggested by the hon. member for Lake Centre, a person actually gives financial aid to the government of North Korea, but not arms or equipment to the army of North Korea, does that person come within the purview of the section? I do not think he or she does, because in the case of the country with whom there is no legal state of war—and that covers both North Korea and communist China—the section confines itself to giving assistance to the armed forces of that country.

Surely no one will argue that the making of a broadcast in that country, in support generally of the country with whose troops we are engaged in this or in any of the other forms of assistance, other than assistance to the armed forces, is not equally treasonable, but it does seem to me that that is not covered by this section, and that was the question I raised at the outset.

The question, then, was asked clearly by the hon. member for Peace River, and has been put equally clearly by the hon. member for Lake Centre. As I understood the minister, in replying to the hon. member for Peace River, when that hon. member asked the question I had asked, or had intended to ask,

he said that such action would not be covered by the statute. I think it should be covered, and I have suggested the wording.

May I suggest again the wording which I believe would cover this. My suggestion is that the words—

—or any armed forces against whom Canadian forces are engaged in hostilities—

Should read:

—or any country against whose armed forces Canadian forces are engaged in hostilities—

It seems to me that would cover it, because surely assisting a country must embrace assisting the armed forces. So that you have not excluded assistance of the armed forces. You have preserved that, but have enlarged it to include assistance generally of the country.

Would the minister answer this? Unless the minister can advance some reason why it should not be done, I am inclined to offer it as an amendment.

Mr. Garson: I feel we have almost exhausted the possibilities of this topic as a subject of discussion. I do not know that I can elucidate the matter further than I have attempted to do already.

There is this fact my hon. friends should keep in mind, and that is that we are really not at war in Korea. We are engaged in a police action of the United Nations which we all most devoutly hope will not result in a war, but in the very opposite of a war. As a matter of fact the proceedings this afternoon were opened by a question of the leader of the opposition upon the government's attitude toward a suggestion made by the Russian representative to the United Nations with respect to the possibility of a cease-fire arrangement.

In this clause we have attempted to invoke a new principle growing out of and related to circumstances, not of war but of this police action. The hon. members ask us to give consideration to these matters they have raised. We have given consideration to them, and this section as it stands represents our best judgment. My hon. friends may not agree with us, but we think that in introducing this new principle we have gone quite far, and this is as far as we are inclined to go. It is not an offhanded opinion; it is our carefully considered judgment in the matter.

Let me take one example of the sort of difficulty we may encounter under the suggestions which have been made by hon. members in the opposition, particularly the hon. member for Lake Centre and the hon. member for Kamloops. Supposing some Canadian is engaged in the treasonable activity of smuggling arms in to the armed forces, and it is desired to prosecute the traitor. All that would be necessary, under the section as it now stands, would be to prove what happened. The offence would then take place in relation to the armed forces.

But if we had to identify the nation for whom those armed forces were acting, our prosecution might fail; because if we could not identify the nation we could not prove that we were assisting that nation as the enemy to whose armed forces the arms were being run. So we need not suppose for one moment that if we change the wording from what it is now to this other wording we are necessarily making matters easier. We may make them much more embarrassing for effectual enforcement of this clause.

The fact we are faced with in Korea is this, not that we are at war, but that in the course of police action which we are taking as part of the United Nations forces in that country we are faced with soldiers on the other side fighting us. We have drafted a section under which that is the only thing of which we have to take cognizance. Any assistance given to these soldiers is an offence.

There has been a great deal of discussion at one time or another as to whether there should or should not be normal trade—I do not mean trade in critical materials or materials of war—carried on between Canada and these other countries. There is a large body of responsible and sincere opinion in the United Kingdom and other nations of the United Nations which feels that ordinary peaceful trade should be carried on. If we adopted the language advocated by the hon. member for Kamloops I think he will be the first to admit that you would immediately create a condition of affairs under which it would be extremely difficult, if not impossible, to give effect to that body of opinion. I want to emphasize that I am not saying that that opinion is right or wrong, but what we have attempted to do in the Department of Justice is to draft a clause which would invoke a new principle in such a way that we could make it effective in a practical manner without creating a lot of embarrassment to the policies of the United Nations.

We think that after giving consideration to all these matters which have been raised by members of the opposition and others—we were able to give it longer attention than has been possible this afternoon—this wording represents our best judgment as to the most effective manner of dealing with the question.

Mr. Fulton: I appreciate the difficulty which the minister has mentioned although I do not admit that it is insurmountable. It

is perhaps not fair to put a definite question, but I will put what I want to say in the form of a general question. Surely the minister will agree with me that an act such as broadcasting, to which reference has been made, in hostile territory, and of a nature favourable to the hostile country, is actually a treasonable act? Yet the minister said earlier this afternoon, as I understood him, that such an act is not embraced within the section as it now stands.

Mr. Garson: I did not say any such thing. What I said was to the effect that if under a set of facts it was possible to commence a prosecution for treason under this clause, and to establish that the broadcast in question had the effect of granting assistance which the clause contemplates, then it would be possible for a jury to find a verdict of guilty. I do not know what language I could employ to make my meaning any more clear. My hon. friend as a lawyer knows perfectly well that you can pass all the laws you like, but when under those laws you prosecute people you have to prove your case.

Mr. Fulton: Quite—if it can be proved that the broadcast or act in question did in fact assist the armed forces then it would be within the section. I am not going to push the minister any further on that at the moment, but I understood the minister to say earlier in reply to a question asked by the hon. member for Peace River that such a set of circumstances as referred to in connection with the Rodd case would not be within the section. However, I shall deal with the minister's most recent answer. I must take it from that answer that there could be a number of cases where broadcasts were designed to assist an enemy country but carefully framed so as not to give direct assistance to the armed forces of that country and they would by that very fact not be within the ambit of this section.

May I just complete my argument so that the minister will understand what I am driving at. I think we are all agreed that such acts are in essence treasonable. All we are asking is that the scope of the section be enlarged slightly so as to embrace such acts and make then treasonable in law, and yet avoid the embarrassment which the minister has foreseen and which he has just described where a person is supplying goods which assist the other country but where it is difficult to prove that the armed forces against whom we are engaged are in fact part of the official army of the country itself. The amendment which I have suggested is not, I think, open to the objection the minister has mentioned. It would still be necessary to prove that the armed forces of the country were engaged in hostilities and that they are in fact the armed forces, say of China.

Mr. Garson: Supposing you could not prove it?

Mr. Fulton: If you could not prove that, then a broadcast in aid of China would not be within the ambit of the section. The minister foresees international complications, and I am trying to avoid them. If it cannot be proved in a court of law that these Chinese individuals who are fighting in Korea are in fact the armed forces of the Chinese government, then I agree that you could not have a conviction against the person who made a broadcast in support of China.

But if it can be proved that the armed forces of Korea are in fact engaged in hostilities with the Canadian forces, then it would be within the section to make it treason to make a broadcast in Korea in support of Korea. In the amendment which I have suggested we are using the words "or any country against whose armed forces Canadian forces are engaged in hostilities" and I suggest that they meet that difficulty.

If it can be proved that Canadian forces are engaged in hostilities with the armed forces of Korea, then to make a broadcast in support of Korea is an act of treason. If it cannot be proved that Canadian forces are engaged in hostilities with the armed forces of China, then to make a broadcast in support of China would not be treason within the section. It seems to me that the amendment meets the difficulty the minister foresees.

Mr. Lesage: Suppose it could be proved?

Mr. Fulton: If it could be proved that we are engaged in hostilities with the forces of China it should be treason for a Canadian to make a broadcast, in China, in favour of China.

Mr. Garson: May I ask my hon. friend a question about something rather more tangible than broadcasting? Supposing a Canadian is treasonably smuggling arms to some cove in Korea where they are picked up by the forces and used against Canadians. Supposing that person is prosecuted for treason and it is not possible, as I do not think it would be, to prove that the particular men who received those particular arms were volunteers in the Korean army or in the Chinese army: would you want to have the

whole prosecution fall because you were unable to identify the enemy nation under the wording you have suggested?

Mr. Fulton: Surely if you can prove, and you have to prove under the minister's present wording, that those arms and equipment—

Mr. Garson: Went to the armed forces.

Mr. Fulton: —went to the armed forces, would you not under the minister's wording have to prove that they were assisting a country against whose armed forces Canada was engaged in conflict?

Mr. Garson: Not at all.

Mr. Fulton: It seems to me that if you could prove the one, you could always prove the other, because they are the armed forces.

Mr. Drew: Mr. Chairman, I do not propose to extend this argument simply for the purpose of extending the debate on this section. When the minister raises the point that it might be difficult to obtain a conviction under such amendment in whatever actual wording it might be interpreted, I would point out how difficult it is going to be to obtain a conviction under this section as now drafted. I do not like passing an amendment simply as a gesture if I do not think it is going to produce some results. This strikes out the old subsection of the section in the Criminal Code dealing with the various definitions of treason. It strikes out paragraph (i) of subsection 1 of section 74, and the words it strikes out are, "assisting any public enemy at war with His Majesty in such war by any means whatsoever." In this case the suggested amendment, after striking out those words, would provide that it was an offence to assist, while in or out of Canada, any enemy at war with Canada. So far that is the same as the old section even if there is a slight change in that it provides "in or out of Canada." In that respect I repeat the observation I have made as to the difficulty of extending the law unless they are Canadian citizens or British subjects, but we will leave that for the moment.

It then goes on to the second thing that is regarded as important and that is the situation that the Minister of Justice has described as new, where forces sent from Canada along with forces from other countries are actively engaged in a deadly war with an enemy supplied by a nation against whom there has been no declaration of war. An attempt is made to provide an offence where there is assistance to those undeclared enemies. The way that the amendment would do it is to provide that it is an attempt to assist any armed forces against whom Canadian forces are engaged in hostilities. May I point out that the proof would be almost an impossibility. How are you going to prove it is helping the enemy forces? Are you going to take an officer you have captured and have him swear that he was assisted in a certain battle by supplies he got? Are you going to be able to call into the witness box people from the enemy forces and have them declare that a broadcast was of assistance to those forces? How are you going to prove it? Surely it would not be acceptable evidence for someone on our side to say that they thought that the enemy must have obtained some benefit from the broadcast, weapons or supplies which reached it.

I do not think it is possible to prove, except in the most unlikely case, that assistance actually reached the armed forces, but it is easy enough in many cases to prove that assistance reached the nation from which those armed forces come. So far as I am concerned, I think we should stop pussyfooting. We are at war with China under its present government. We may not be in a declared war but this war as it stands at the present time is a war that has already killed more men than were killed in the whole Pacific war in the first year after Pearl Harbor. It is true that it is not a declared war, but let us, without suggesting that it is necessary for us to declare a war, admit that, while we seek peace with China on terms that are honourable and that will lay a foundation for peace, we also recognize the fact that from their statements in conferences they have attended, from the broadcasts that have been received by our monitors, the government of China is not only accepting responsibility for the Chinese troops in Korea but is boasting to their own people what those troops are doing.

Therefore we know perfectly well that the nation that is supplying the troops against whom our troops are fighting is communist China, not the people of China but the China of today under a communist government, just as we were dealing a few years ago with the Germany of Hitler although we thought that there were many decent Germans, and just as we were dealing with the Italy of Mussolini although we thought there were many decent Italians. We must deal with the nation as it is, and we are dealing with a nation under a government which boasts of the achievements of its armed men in Korea. I think the time has come when, far from seeking to define our enemies in a way that we shall not give offence to those who might trade with them, we should say we want laws that will make it impossible to trade with those people until we have established a basis of

peace, and that we do not want an amendment which we simply cannot possibly hope to enforce on the basis of any evidence available.

I do not want to reduce this matter to a basis any less serious than it really is, but as I was looking at some figures with respect to the war in Korea I could not help noticing an advertisement with the words, "What might the Mings have done with Alcoa aluminum?" That happens to be a by-product of certain aluminum products. Obviously this is not referring to the Ming Sung company but there are certain Mings connected with it who can do a great deal with aluminum if they see fit. They are doing a lot of things with other products that undoubtedly in some way are assisting those against whom we are fighting at the present time.

The minister has left the impression this afternoon that in certain cases this amendment might make it possible to deal with those who are operating these ships under Canadian registry if in fact it could be proved that the things they were delivering were of assistance to our enemies. I submit that under this amendment they could not because they are carrying the things such as they are carrying to Canton, to a great seaport of the nation which provides the troops, but there is no suggestion they are carrying these things to the seaports along the Korean coast. Yet unless we had people who could go there, see what was taking place and give evidence in a court that they had actually seen the delivery of these things to the men against whom we are fighting, this section would be absolutely ineffective. Unless the Minister of Justice, in whatever words he sees fit, is prepared to go so far as to make it an offence to deliver to the nation from which the armed forces are provided who are fighting against our troops without a declaration of war, then I submit this section can have no value whatever, and I do not think we should be called upon to pass it.

Mr. Pouliot: I regret very much the discussion that is taking place because we are not at war with anybody. The United Nations are policing Korea. We are not at war. There has been no declaration of war, as my hon. friend and everybody else knows.

Mr. Low: We are just kidding ourselves.

Mr. Pouliot: It is an abnormal situation. By virtue of international law, which everybody knows, we are either at peace or at war with other nations, and in the Korean adventure conditions are different. There has been no declaration of war, and in normal times the matter would be viewed sternly by international jurists, but the books on international law are kept on the shelves of public and private libraries. In order to meet the objection of the leader of the opposition and his brilliant and young colleague, the hon. member for Kamloops—

Mr. Drew: I am sure we all envy him his youth.

Mr. Pouliot: I envy his brilliance and his youth. If the leader of the opposition only envies his youth it is because he is too modest.

Mr. Knowles: Which one of them is modest?

Mr. Pouliot: Both, all of us. The amendment I suggest would read thus "(i) assisting while in or out of Canada any person resisting the policing of any country by the United Nations and by Canada, or any enemy at war with Canada" and so on. In view of the fact that there has been no declaration of war we cannot speak of anyone who is at war with Canada. Canada is not at war with any country. Everybody has said it, and I will call all the experts of the Department of External Affairs one after the other to establish that we are not at war with anyone; we are policing. It is a new interpretation of international law, but it is agreed by Trygve Lie and all the superior minds in the United Nations that we are not at war with anybody.

Mr. Drew: I do not want to interrupt the hon. member when he has extended such courtesies to us, but I would ask him this. If there is no war, what is it they are trying to arrange a peace about?

Mr. Pouliot: I will interrupt my remarks to answer my hon. friend and tell him that while Truman says "the United States is ready to talk peace but it must be real", according to the five o'clock edition of the newspapers, he does not say we are at war with China. If my hon. friend will be patient and let me finish my argument I am sure he will agree with me. In the first place he will agree that in virtue of the modern international law, not as it is taught in universities but as it is practised in this world, Canada is not at war with anybody. We were at war during the first and second world wars. We were at war during the South African war. We were at war with the Indians in the first days of the colony. At the present time we are at war with no one though our soldiers go there with guns and ammunition and shoot the Chinese and others. We are just policing the world for the United Nations, and this must be taken into account in drafting our law, because our law must apply not to the past but to the present and future. My hon. friend will admit that. What is the use of adopting legislation that is inoperative and

will serve only for academic discussion? My hon. friend mentions war and says we are at war with China. If that is the case the legislation cannot operate because in theory we are not. I admit it is a very strange situation, but we must take it as it is.

Therefore very seriously I suggest to the minister that he add something concerning policing and resistance to the policing of any country by the United Nations. The minister, who is a learned jurist and who has had experience as minister for quite a long time, must realize the value of that argument. You cannot catch a bear with a mouse trap. I submit the matter to him. I do not insist, since we are about to end the session, but this is a serious matter which deserves the consideration of everyone, the Department of Justice as well as the opposition. Now I challenge the expert jurists of the opposition group; I will ask my genial friend from Lake Centre in all honesty to tell us if we are officially at war with any country now. To be at war we must have made a declaration of war. There is none. We are just trying to improve the morals of the Asiatics by sending men with munitions of war to police them. Instead of using the big stick we see in the hands of the constables of any municipal police force or the stick that adorns the uniform of the constables of the House of Commons, our soldiers go there with rifles and bullets and bayonets. They act just the same as though they were at war, but they are not at war juridically, and my hon. friend will admit that they are not at war.

Mr. Diefenbaker: That is right.

Mr. Pouliot: Thank you. Therefore the amendment is as we say in French un coup d'epee dans l'eau. That is all. I ask the minister to kindly take this into consideration and see to it that the law operates according to the anomalies and very strange conditions of our day in international affairs.

Mr. Fulton: I take it we are agreed that the desirable thing would be to prevent people from going to other countries and giving them assistance and aid, provided that aid benefits a country with whose forces we are engaged in hostilities. We think the section could be enlarged to cover the larger offence, and in order to bring the matter to an issue I move:

That the clause be amended by deleting the words "or any armed forces against whom the Canadian forces are engaged in hostilities" where they occur at lines 33 and 34, and substituting therefor the following: "or any country against whose armed forces Canadian forces are engaged in hostilities."

Mr. Pouliot: This is not an improvement. Canada is not engaged in hostilities in any country.

[Mr. Pouliot.]

Mr. Diefenbaker: That language is used in the government's amendment.

Mr. Pouliot: Yes; but if you please I have asked the government to kindly modify that amendment, and I say the same thing to my hon. friend. There is no hostility legally. There is no hostility on the part of Canada in sending troops to Korea, because they do not go there to fight anyone; they go there to maintain peace just the same as a constable does.

Mr. Fulton: If my hon. friend finds those words acceptable, "or the armed forces of Canada are engaged in military operations" I would ask permission to substitute those words for the words in my amendment.

Mr. Pouliot: I am making progress, and I thank the hon. gentleman. Hostility—enmity, and the word "enmity" as well as enemy contains an element of warfare; so much so that the dictionary goes on, "state of warfare, acts of warfare, opposition in thought," etc. Opposition in thought is hostility, but it is parliamentary. I am satisfied with the progress made, and I hope the minister will accept the amendment.

Mr. Fulton: In the hope that the hon. member for Temiscouata and the rest may arrive at an agreement may I ask, if it is agreeable to the committee, that the words "engaged in hostilities" be deleted and the words "engaged in military operations" be substituted therefor.

Mr. Pouliot: Let us see the real meaning of the word "military". Perhaps the hon. member will come to my suggestion to use the word "policy". It says "acts done by soldiers". As they are called soldiers and not constables, I would be satisfied with the words "military operations".

The Deputy Chairman: Has the hon. member leave to delete the words "engaged in hostilities" and substitute therefor "engaged in military operations" in his amendment?

Some hon. Members: Agreed.

The Deputy Chairman: Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those against will please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it. I declare the amendment lost.

Section agreed to.

On section 4—*Assisting or harbouring deserters or absentees.*

Mr. Nowlan: This section amends the old one which dealt with desertion. It now reads:

> Everyone who aids, assists, harbours or conceals a person whom he knows is a deserter or an absentee without leave from the Canadian forces is guilty of an offence and liable on summary conviction to a fine not exceeding five hundred dollars.

I wish the minister would give us some reason for including the words "or an absentee without leave". After all, as I understand it, one only has to be a.w.o.l. for twenty-eight days when he becomes a deserter. Can you imagine any parent whose boy came home without leave not assisting him? I cannot understand why such a parent would have to be classed as a criminal and fined $500. I personally feel that the section should be left to deal with deserters only. If it does deal with persons absent without leave the words "aid and assist" should be left out. I would ask the minister to give us some explanation concerning this.

I would suggest that the words "absent without leave" be deleted or at any rate if they must remain for any good reason, certainly no prosecution should be instituted under this section except upon the representations of the attorney general of the province. I have an example in mind which occurred a few months ago. A lad came home on Christmas leave, and immediately after Christmas his mother had a heart attack. She lingered for ten or fourteen days and then died. By staying with his mother the young lad was a.w.o.l., but he was not a deserter. Under this section his father was liable to a fine because he aided and assisted a person who was absent without leave. I am suggesting that a person only has to be absent without leave for twenty-eight days—at least that used to be the case—when he automatically becomes a deserter. I think that section should be amended and the words "absent without leave" be deleted. At any rate some safeguard should be put in there, so that a prosecution could not be instituted by some neighbour who wished to cause trouble for some parent who aided a boy who came home and overstayed his leave.

Mr. Garson: I find the hon. member's remarks rather impressive with regard to the absent without leave, and I can imagine a set of circumstances under which some spite work might be done. I do not think it would be fair to the attorneys general of the provinces to saddle this responsibility upon them, in respect of a federal statute. I would be willing to recommend to the committee that, where necessary, the Attorney General of Canada should be written into the act, if that would be all right. I think we shall draft a provision and have it moved after the dinner adjournment. Let the clause stand.

Mr. Pearkes: There is all the difference in the world between absent without leave and desertion, because in desertion you have to prove the intent to desert whereas absence without leave might be due to accident or something of that sort. There is one other point I should like to make in connection with this section; should it not apply to a deserter from allied forces? I ask that question because we might have allied forces operating in Canada, and a deserter from those forces might be harboured by a Canadian citizen. It seems to me that there should be some clause to cover that point also.

Mr. Garson: This section of the bill is consequential upon the National Defence Act. I think what might be done is to examine the two statutes to see if the point my hon. friend introduces is not covered. If it is not, I can bring it up.

Section stands.

Sections 5 and 6 agreed to.

On section 7—*Possession of weapons.*

Mr. Harkness: In connection with section 117 which comes under section 7 of the bill, it says that:

> Every one who carries concealed an offensive weapon other than a pistol or revolver is guilty—

Will the minister explain why it relates to weapons other than pistols and revolvers?

Mr. Garson: This is a revision and consolidation of the existing provisions of the code from sections 115 to 129. If my hon. friend will examine the provisions of section 117, as compared with the old provision 119 (1) (a), he will see that we have not made any particular change in substance. Pistols and revolvers are covered in section 122, subsections 1 and 2. Does that cover the point?

Mr. Harkness: Does the minister mean that this provision that pistols or revolvers may be carried under permit is left out of this particular section but it occurs later in the act?

Mr. Garson: Yes, that is right.

Mr. Ferrie: May I ask the minister how this works out with regard to boys who are coming home and who are carrying souvenirs? How does this provision work?

Mr. Garson: When they come home carrying souvenirs which are pistols or revolvers, they will have to comply with the act by registering them and getting the usual permit to have them. The man who has two or three

pistols or revolvers like that gets those permits and carries them. I have known of several who have done that. As a matter of fact, if that provision were not made, it would be difficult to keep track of all the pistols and revolvers in the country. The purpose of this section is to do just that.

Mr. Ferrie: I am not kicking against the registration. What I am saying is that these boys pick up these revolvers and pistols and bring them home to this country as souvenirs. They keep them on them. They do not know anything about this act. It is a change. How are those boys going to be notified that when they bring these over they can be prosecuted and fined? They do not know anything about it.

Mr. Garson: I am afraid that the old saw that ignorance of the law excuses no person happens to be a correct statement of the situation.

Mr. Ferrie: That is right.

Mr. Garson: But in most cases a situation of that kind is covered by a little bit of discretion exercised either by the crown prosecutor, the police or the magistrate taking into consideration the fact that the accused appears to be quite innocent in not having known about these provisions. The point that my hon. friend is referring to applies of course to every law on the statute books in the country.

Mr. Ferrie: That is right.

Mr. Garson: Not every person knows of the existence of these laws, but they are there; and it is necessary to have the principle that people are supposed to know the law. Otherwise they would always have the excuse for breaking the law that they did not know it was the law.

Mr. Ferrie: Yes. But those boys are in Korea.

Mr. Garson: I think my hon. friend will likely find that, when they were coming back, the commanding officer of the forces would probably tell them, that if they were taking back any souvenirs of that sort they should register them.

Mr. Pearkes: Would it not be contrary to the military regulations for any private individual to take enemy arms? They are all supposed to be turned in.

Mr. MacDougall: But you know they do.

Mr. Ferrie: That is what a general would say. He says that they are not supposed to take them; but they take them and the general winks at it. Section 120 in section 7 of the bill prohibits anybody from using a twenty-two or an air rifle up to the age of 14. I should like the minister to have that age reduced down to 12 for the simple reason that there are many boys who learn to shoot, to run tractors and everything else, and who carry these twenty-two rifles all the time for the purpose of shooting gophers. As for myself, at 13 I could shoot better than I can now.

There may be something to be said for what these fellows are talking about as far as they are concerned. But as far as western Canada is concerned, it is ridiculous. There is no doubt about that. Take the case of a young fellow who prides himself on having a twenty-two. If he is a young fellow 13 years of age, he has got to get rid of it. Yet he goes out and shoots gophers, and does a job that is worth while. In the far north there are many occasions when a boy going to school must carry a twenty-two in order to protect himself. Why should the age be set at 14? Somebody has a bug in his ear that should be taken out.

Mr. Garson: Under the existing law, a boy who is under the age of 14 must have a permit in order to have a twenty-two rifle. In view of what my hon. friend has said, it may be that that would be a preferable arrangement. What does the hon. member himself think about that? This whole code of regulations dealing with pistols and revolvers has been approved by the Chief Constables Association of Canada who have had a good deal of experience in enforcing provisions of this sort and whose views in the matter carry, I think, a great deal of weight. Certainly we have given them every consideration.

Mr. Ferrie: In the case of the three western provinces, why not bring the age down to 12?

Mr. Garson: If we maintain the present rule that a permit is required by a boy of 14 or less, in order to have a twenty-two, I think that might perhaps meet the situation. perhaps we could let this section stand so that we could reconsider it.

Mr. Ferrie: Then he would have to have a permit from 12 to 14?

Mr. Garson: Yes.

Mr. Harkness: I should like to ask the minister where, in section 120, it is provided that a boy under the age of 14 has to have a permit.

Mr. Garson: Section 126. In re-enacting the sections, the draftsman is faced with the problem of having in the new enactment the same number of sections which will fit into the code and not disturb the sequence before and after. In doing that, he has not followed the same numerical order within that number

of sections in this small code dealing with pistols and revolvers. You will find that provision in section 126.

Mr. Harkness: All I can say is that it is a provision which has been honoured more in the breach than in the observance. I think most boys on our farms—in the west, at any rate—have had twenty-two rifles, and sometimes larger ones, many years before the age of 14. It seems to me to be a rather bad provision to make it a crime to give a gun to a boy who was brought up on a farm, and where people have been accustomed to shooting gophers from the age of 9 or 10, in some cases. I see no real purpose to be served by this section. I wonder if the minister could tell us what real purpose is to be served by it?

Mr. Garson: I must say that I am not an expert in this field but I should have thought that this proposed section, and the present section 126, since they apply to the whole of Canada—to both rural and urban parts—have been produced perhaps because in the cities and in the suburbs of the cities, some difficulty has arisen through the abuse of twenty-two rifles, by boys of that age. This abuse may have come to the attention of members of the chief constables association; and may have made them think that it is undesirable that boys under fourteen in their observation and experience, should have possession of a twenty-two rifle. I think my hon. friend will agree that there is some difference between a rural boy who has objects in nature to shoot at and the urban boy who has not, as to the situation that possession of a twenty-two rifle might create in one case as compared with the other. I think that the needs of both hon. members would be met by retaining the permit system from 14 years of age down. It is not a matter which I, as Minister of Justice, can take any cognizance of but I am inclined to agree with my hon. friend that this provision sometimes has been more honoured in the breach than in the observance.

Mr. Nowlan: I think possibly the trouble is with the definition. I agree with what has been said by the last two speakers. But I doubt if a twenty-two is included, when you look at your definition, you find that new section 129 defines firearms as follows:

"firearm" means a pistol, revolver or a firearm that is capable of firing bullets in rapid succession during one pressure of the trigger;

I presume that means an automatic rifle. It therefore does not refer to the ordinary single-barrel twenty-two that is being carried by boys on the farm shooting gophers. I think that is one reason why that is in.

Mr. Knowles: That definition does not apply.

Mr. Garson: If the hon. member will look at the section he will see it applies only to sections 121 to 128.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On section 4—*Assisting or harbouring deserters or absentees.*

Mr. Garson: I wonder if we could revert to section 4, line 4, of the bill. The associate editor of debates was kind enough to draw to my attention a grammatical error in that line; the word "whom" should be "who". I hope everyone will agree to that change being made. Then also in connection with the same section the hon. member for Annapolis-Kings suggested that there should be added after the word "dollars" in the new section 82 words that would provide for the consent of the Attorney General of Canada being obtained. Would the hon. member like to move that?

Mr. Nowlan: I would move:

That Bill No. 391 be amended by adding immediately after the word "dollars" in line 43 on page two of the bill the words:

"But no proceedings shall be instituted under this section without the consent of the Attorney General of Canada."

Amendment agreed to.

Section as amended agreed to.

On section 7—*Possession of weapons.*

Mr. Garson: It was suggested in connection with the proposed new section 120 that persons under the age of 14 years ought to have a permit to have a 22-rifle in their possession, rather than to be barred completely from the possession of such a gun. I have discussed the matter with the mounted police and they are quite sympathetic to the suggestion, although they point out that the chief constables association would prefer the section in the form in which it now is. We are quite agreeable to providing an amendment which would make the new section 120 read:

Everyone who sells, barters, gives, lends, transfers or delivers a firearm, air-gun or air-pistol or ammunition therefor, to a person under the age of 14 years who does not have a permit in form 760—

We are quite agreeable to making that proposed amendment, but that would involve at least three other amendments in this little code within the code. If it were agreeable to the committee, our thought was that we

might have these amendments drafted and inserted in the bill when it is before the Senate. It will take a little care to do it and I am committing myself on *Hansard* that that will be done if it is agreeable.

Mr. Sinnott: There are thousands of boys in Canada under the age of 14 years who have air-guns, air-pistols or 22-rifles. Are you going to make the limit 12 years or what?

Mr. Garson: The permit will be issued at the discretion of those who have the authority to do it.

Mr. Knowles: I would appreciate it if the minister would comment on the new section 127 that is being enacted by section 7 of this amending bill. In particular I would be glad to hear from the minister as to whether subsection 1 of section 127 is new in that it seems to provide for a peace officer to make certain searches without a warrant.

Mr. Garson: If my hon. friend will refer to the present section 125 he will see that there is no substantial change from the law which has been in effect for many years. Where the police desire to make a search for pistols and revolvers experience has shown that they do need the powers of search to which my hon. friend is referring. This has been the law for a long while and we have merely re-enacted it in the new section.

Mr. Knowles: I shall be glad to have the minister point out to me any misunderstanding on my part, but it seems to me that the old section 125 as it stood related to the right of a peace officer to search any person, whereas the right being accorded by the new section 127(1) is the right to search without warrant a person, vehicle or premises other than a dwelling house. Does there not seem to be granted by the new section the right of entry into certain places without warrant which was not accorded by the section as it previously stood?

Mr. Garson: Yes, that is right, but I would imagine that the test of that is that a man's home is still preserved inviolate. But if he is suspected of harbouring an unregistered firearm in a vehicle, or in a hunting lodge, barn or any other place where he probably should not have it, they will then have the right to make the same kind of search which they previously had to make of his person.

Mr. Nowlan: I should like to draw the minister's attention to section 122 of the clause which we are considering. There are several subsections to it. Subsection 1 reads:

> Every one is guilty of an offence who has an unregistered firearm in his dwelling house or place of business.

We will pass that one. There is provision for registration. I should like to draw the minister's attention to subsection 2. It reads:

> Every one is guilty of an offence who has a firearm elsewhere than in his dwelling house or place of business, unless he has a valid permit in Form 76 or Form 76B .....

Form 76B provides for transportation of a firearm. With reference to form 76, if the minister will look at section 125, subsection 4, he will find you can only get that permit if you certify that you need the firearm to protect your life, in connection with your profession, or for use in target practice at a range which has been approved by the attorney general of the province. The matter I should like to bring to the minister's attention is this. Rightly or wrongly the definition of firearm includes—we are dealing now with the specialized definition—a revolver or pistol or automatic rifle. Rightly or wrongly many people, at least in eastern Canada, use automatic rifles when they go hunting. Whether or not they should is perhaps a question of sportsmanship. It certainly does not affect the legality of it. This is the position in which you find yourself under this section. A man has to get a permit to take his rifle away from his own residence, and he can only obtain it if he certifies that he needs it to protect his life, for use in his profession or for use at a target range. Therefore he can never obtain a permit to take the rifle out in the woods when he goes hunting.

I am sure that was not the intention of the draftsmen of the section, and it is something which I think should receive the attention of the department. I am simply bringing it to the minister's attention. Personally I have not very much sympathy with people who go hunting with automatic rifles, but they are probably just as good citizens as I am, and I know they use them. It is impossible under the wording of the section to get a permit to take it away from your home into the woods. I draw that to the minister's attention and suggest that he give it some consideration.

Then I cannot understand subsection 3 which says that everyone who is an occupant of a motor vehicle in which he knows there is a firearm is guilty of an offence unless some occupant has a certificate. With all deference, I suggest that is more reminiscent of the liquor acts and the bootlegging acts of twenty years ago. I may drive along the road with a rifle in my car, a firearm, and I pick up someone and take him along. I have not had the firearm registered. The person I may have picked up—it might be the minister or it might be my wife whom

I am taking for a drive or anyone else—is liable to be convicted of an offence because the firearm is there without proper registration. It seems to me that the section goes further than was ever intended by the minister, and I should like to have his comments.

Mr. Garson: That section has been in the law for many years. There is nothing new in this section at all.

Mr. Nowlan: I am sure there is. I do not want to enter into a discussion with the minister. The other section dealt with a revolver or pistol, which is an entirely different thing. I can quite understand why a revolver or pistol, a hidden or concealed weapon, is something to which the most stringent regulations must apply, although frankly I think the minister will admit they were not always effective. Now you are dealing with a rifle, a firearm, and it is an entirely different set-up from a hidden weapon. The minister is not correct when he says there is nothing new because the definition is new.

Mr. Garson: My hon. friend's point really is that he objects to the result which is obtained by providing a new definition of firearm to include automatic rifle.

Mr. Nowlan: Yes.

Mr. Garson: And by that act bringing the automatic rifle into this provision to which he has now referred.

Mr. Nowlan: That is right.

Mr. Garson: We could give that some thought. Might I ask my hon. friend a question? Is not the automatic rifle barred by the game laws of his province?

Mr. Nowlan: I do not know. I have never used one myself, but I know many who do use them, and I doubt if they are barred. I know they are used in Nova Scotia.

Mr. Garson: I think my hon. friend will find they are barred unless they can satisfy the game wardens that they are adjusted in such a way that they can only fire a limited number of shots.

Mr. Nowlan: Of course I am assuming an automatic rifle is what is intended by that definition. It says one that fires a number of bullets at one pressure of the trigger. However, I know that they are used in Nova Scotia and I know that they have a very efficient game warden service there. Therefore I cannot believe they are illegal if they can be used. Certainly they never can be used under this section.

Mr. Garson: This provision was put in at the request of the chief constables association because they now regard these automatic rifles as much more dangerous weapons, for obvious reasons, than either pistols or revolvers. Of course what they have in mind chiefly are conditions in the large metropolitan cities where they are not used for the purpose of hunting game.

Mr. Nowlan: I think the minister will admit that all these regulations are honoured more in the breach than in the observance. We are trying to guard the public against the use of dangerous weapons. I think the minister will find that every murder that has been committed with a revolver was with a revolver that had never been registered. What I am objecting to—and I am sure the minister objects to it—is making involuntarily a large class of lawbreakers by prescribing certain statutory regulations which will not be followed.

Mr. Garson: I do not think I would entirely agree because we have checked this on another occasion, and there are not such a large number of lawbreakers as my hon. friend might think. It is true the chaps who use these firearms for the purpose of committing crimes are breaking the law, and that they usually have not registered the firearms, but that is the least of their offences against the law.

Mr. Knight: I should like to be perfectly clear about section 127 of this clause. I should like to get an assurance from the minister that this search and seizure provision can apply only to arms, that this section deals altogether with firearms.

Mr. Garson: Yes, that is right.

Mr. Knight: It seems to me that this is a pretty wide power when one can enter without a warrant. If there was a warrant then the people would know why the peace officer was searching because he would produce his warrant and it would so stipulate. However, if there is no warrant and no stipulation as to the reason why the search is made, people are liable to be suspicious that the peace officer may be after something else. Is there anything to hinder a peace officer going in with the excuse of looking for firearms when he is really after something else? It looks like an interference with the liberty of the individual.

Mr. Garson: I think if my hon. friend will read the language of the section he will see

that perhaps it is not as far-reaching as he may suspect. The section reads:

Whenever a peace officer believes on reasonable grounds that an offence is being committed or has been committed against any of the provisions of sections 115 to 123—

It is confined to those sections. The fact that the peace officer is proceeding without any warrant to back him up and is acting on his own responsibility, so that if he takes an action which is not upon reasonable grounds he is in for a great deal of trouble himself, I think in most cases would be a very effective deterrent to any abuse of this section. Actually I think you will find in practice that where an officer is clothed with power of this sort, which leaves it on his shoulders to decide whether the grounds are reasonable, he will be very cautious indeed in reaching an opinion as to whether the grounds are reasonable, and perhaps will not act under the authority granted by this section even in cases where he might be able to get authority in the form of a warrant from a magistrate.

Mr. Nowlan: I want to draw the minister's attention to one more matter and then I am through. Section 122 (6) provides:

Everyone who buys or accepts in barter or as a gift a firearm is guilty of an offence if he receives delivery of it—

What happens, for instance, if a man dies and his rifle devolves to his son? It is really a gift; it may be a testamentary one. I am raising this as a serious matter because I am sure the minister, like the rest of us, wants to avoid making statutory criminals out of a lot of people and thereby perhaps creating more and more disrespect for the law. I think there is a weakness in that section which I would like the minister to look at anyway, and see if it can be overcome.

Mr. Garson: I would not agree that it really was a weakness, because the clause goes on to say "before it is registered in his name." The purpose here is the very obvious one of making certain that before John Doe takes over that firearm he has it registered in his name. In the case to which my hon. friend refers where the revolver, we will say, devolves to the son, all he has to do is say to the administrators or executors of the estate that he will not take delivery of it until they have it registered in his name. I think that provision is reasonable enough and necessary when we are dealing with instruments which are not only deadly weapons in themselves but which are used in the great majority of the crimes of violence that take place throughout the country. Apart from the question of the registration of firearms by respectable people, it is very much in the interests of everyone that the strictest sort of provision be made regarding the registration of firearms generally.

Mr. Nowlan: Far be it from me to quarrel with what the minister says about revolvers and pistols, but I am suggesting he has extended the definition to include rifles, at least automatic rifles. I know very well that many people in rural communities—I am certain of this in the east—in the first place will not know the law, and in the second place will not bother registering their rifles, so we will have a large class of involuntary lawbreakers, which is something we should avoid if we are to maintain proper respect for the law. I know the minister would like to get this bill through tonight, and I am not going to hold it up; but I would hope he might give some consideration to this point and provide for a difference between revolvers and pistols on the one hand and rifles on the other, so we will not have a large number of people breaking the law without knowing it. In many of these estates there are no executors; the son just takes over. What do you do in a case like that?

Mr. Garson: I wonder if we could not meet my hon. friend's views in this way. The kind of firearm the chief constables association had in mind in this instance was what I believe is known in the trade as a typewriter or submachine gun. It may be that the definition we have put in here will include the type of automatic rifle to which my hon. friend has reference. I suggest that we pass this section and we will discuss the matter with the police. If they are satisfied to have a new wording which would have the effect of exempting the automatic rifles to which my hon. friend refers, we could make that change in the Senate.

Mr. Nowlan: That would be quite satisfactory to me.

Mr. MacInnis: I am not quite satisfied with the reply the minister gave the hon. member for Saskatoon with regard to the provisions of section 127, which reads:

Whenever a peace officer believes on reasonable grounds that an offence is being committed or has been committed—

How will it be decided that he did not have reasonable grounds? Suppose I am stopped on the street and searched by a policeman without a search warrant, and nothing is found. Where do I get my redress for what has happened? The sanctity of my person, or whatever the term may be, has been violated. Will it be up to me then to take action against the police officer; and where would the ordinary individual be in those circumstances?

Mr. Garson: Suppose my hon. friend is with friends at a hunting lodge shooting ducks, we will say, at a time when deer are out of season, and some officious minion of the law comes along and makes a general nuisance of himself searching all through the premises with no reasonable grounds for doing so. Perhaps he is searching for the kind of automatic rifle to which the hon. member for Annapolis-Kings referred a moment ago. I should think my hon. friend's first reaction would be to call up the game department of that province and raise a considerable amount of Cain about the sort of game wardens they employed. If in the course of this trespass—because that is what it would be if the officer did not have reasonable grounds—he committed an assault, an information could be laid against him on both those grounds. Then you would have the law enforcer up before the magistrate. Most of these officials are responsible. If before a man acts in a given case he has to decide whether he has reasonable grounds, he is not going to take that responsibility upon his own shoulders unless he is pretty sure the people into whose premises he is going have a prohibited firearm on the premises, or unless he feels that he can show his own superior officers or a magistrate that he actually had reasonable grounds for the action he took.

Mr. MacInnis: But would it not be largely a matter of taking his word against mine? Generally speaking I suppose peace officers act fairly decently, but every now and then we hear of judges complaining that police officers have gone beyond their jurisdiction. I think the ordinary individual would want to know who was to pay for any action he was to take. He would hesitate, and would accept interference with his person and property rather than take action when the cards are stacked against him and it is his word against that of a peace officer. I think this section goes altogether too far.

Section agreed to.

On section 8—*Miscellaneous offences of a seditious nature.*

Mr. Diefenbaker: This is an entirely new section, and I have one or two suggestions to offer. It says:

> Every one is guilty of an indictable offence and liable to imprisonment for five years who wilfully
> (a) interferes with, impairs or influences the loyalty or discipline of—
> a member of the Royal Canadian Mounted Police, the Canadian forces—

And so on. I suggest that to convict a person under this subsection it would be necessary that the accused be successful in doing those prohibited things. Subsection (b) reads:

> (b) publishes, edits, issues, circulates or distributes any writing that advises, counsels or urges insubordination, disloyalty, mutiny or refusal of duty by; or
> (c) advises, counsels, urges or in any manner causes insubordination, disloyalty, mutiny or refusal of duty.

My submission is that paragraph (a) does not go far enough. Take, for instance, the case of a person who endeavours to seduce a member of the armed forces away from his loyalty or in a manner undermining discipline: unless the prosecution were successful he would not be guilty of any offence under this section. In other words, the attempt to do those things would be no offence.

Mr. Garson: With all deference to my hon. friend, I was just asking my assistant to turn up the section of the code which would cover that. I think this is it:

> Every one who, having an intent to commit an offence, does or omits an act for the purpose of accomplishing his object—

Mr. Diefenbaker: What section is that?

Mr. Garson: Section 72. This is a general section, applying not only to this provision but to all offences under the act.

> Every one who, having an intent to commit an offence, does or omits an act for the purpose of accomplishing his object is guilty of an attempt to commit the offence intended whether under the circumstances it was possible to commit such offence or not.

That is to say, not only is he guilty—

Mr. Diefenbaker: There is no question about it.

Mr. Knowles: May I ask the minister a question that comes at the problem from a little different angle? What protection is there for a person who by his utterances or opinions might have the effect, even unknown to him, of influencing some of these people to lessen their loyalty?

Mr. Garson: If the hon. member looks at the last few words of the section:

> Every one is guilty of an indictable offence and liable to imprisonment for five years who wilfully...

The case my hon. friend is speaking about concerns one who unintentionally says something which has that effect. He would not be guilty.

Mr. Knowles: To quote again the kind of concrete example I was quoting this afternoon, and I know of no better example to take than the Secretary of State for External Affairs, supposing he, by the kind of forthright and excellent statement he has been

making to the effect we cannot defeat communism by military means, has the effect of causing some of these people to cool off in their loyalty towards their military tasks, what protection would he have?

Mr. Garson: He does not do what he does with the will to interfere with or impair the loyalty to the forces or the mounted police. If that is purely a consequential result, and he does not have that as his own objective, then he is not guilty under the section. It is only when anyone makes a speech or has a writing or importunes or interferes or impairs the loyalty by acts which are designed for that purpose, and practically no other, that an offence is committed under this section.

Mr. Knowles: I really want to be sure of that, and I think all of us want to be sure, because the references here are sweeping. The references are to publishing, issuing, editing or circulating any writing and so on. Then there are these other words, advising, counselling, urging, etc. I take it that we can count on the fact that section 133A, which is now in the Criminal Code, would have a bearing on the kind of case I was talking about. For example, section 133A, which is just two sections farther down from this one, reads:

> No one shall be deemed to have a seditious intention only because he intends in good faith,—
>
> (a) to show that His Majesty has been misled or mistaken in his measures; or
>
> (b) to point out errors or defects in the government or constitution of the United Kingdom, or of any part of it, or of Canada or any province thereof, or in either house of parliament of the United Kingdom or of Canada, or in any legislature, or in the administration of justice; or to excite His Majesty's subjects to attempt to procure, by lawful means, the alteration of any matter in the state; or,
>
> (c) to point out, in order to their removal, matters which are producing feelings of hatred and ill-will between different classes of His Majesty's subjects.

I take it that those two sections will have to be read together, and that there is no question about the right of free speech in relation to matters of criticism of public policy, criticism of the government, and all the things that are traditional so long as the purpose is not as set out in this new section 132A.

Mr. Garson: With great deference I think the word "wilfully" in this section, apart altogether from section 133A to which my hon. friend referred, protects any person who has been indulging in discussion in good faith and not with the express purpose of trying to affect the loyalty of these persons or the mounted police.

Mr. Knowles: It is true, is it not, that this is a new section? We have not had anything like it before in our Canadian Criminal Code.

[Mr. Knowles.]

Mr. Garson: That is right.

Mr. Knowles: I take it that the minister, as a Liberal, has looked at it from the liberal standpoint to which I have been giving expression tonight?

Mr. Garson: Correct.

Section agreed to.

On section 9—*Punishment for seditious words, seditious libel, seditious conspiracy.*

Mr. Diefenbaker: This concerns the mere increase in the penalty. It is not so much the degree of the penalty as the enforcement that counts. Will the minister state how many convictions there have been under section 134 since 1935?

Mr. Garson: I am afraid I could not give my hon. friend the exact number. It would not be large. I believe that in the case of some of the revelations arising out of the Gouzenko affair some charges were laid under this section. Some were laid under the Official Secrets Act. This penalty we have provided here of seven years is the same penalty that is provided under the Official Secrets Act. As my hon. friend knows it may be possible, under a given set of facts, for the crown to choose whether it will lay a charge under one act or the other, and in some cases a charge under each act may be laid. Under the present circumstances we thought that a penalty of two years for the crime of sedition was altogether inadequate, and that it should be raised to equality with the penalty under the Official Secrets Act.

Mr. MacInnis: I think that in increasing the sentence from two years to seven years is a tremendous increase in the penalty for this crime. I appreciate that we are living in dangerous times, and we have to contend with people who have loyalty to another government in another country rather than our own. But surely if we have to adopt the suppressive laws of dictatorship to preserve democracy, then we have lost democracy. I believe that sometimes the words that are considered seditious are a bit flimsy and if a conviction were registered there would be a penalty of seven years instead of the two years. We should always bear in mind that convictions or actions under these sections are liable to be undertaken at times when the minds of people are disturbed, when we are living on the verge of hysteria. I think it is dangerous indeed to make this amendment to this section at the present time. I am not a lawyer and I am not accustomed to speaking in these terms on matters of this kind. But I think we are embarking on really dangerous ground.

Mr. Garson: I should like to offer one or two comments in connection with my hon. friend's observations. In the first place, I am sure he realizes that this is the maximum sentence. The judge or the magistrate can impose any lesser sentence that he wishes to impose. His judgment as to sentence is subject to appeal. Then the accused or the convicted person has the right to apply for pardon or for remission of a portion of the sentence.

In addition to that, would my hon. friend not agree that what we are really measuring here is that period of sentence which, under the conditions of today, is the proper maximum sentence? I should think that, under present conditions—which are greatly different from what they were, say, two or three years ago before we were engaged in hostilities although not in war—the crime of sedition is a much more serious one than it was then; and that it is easy enough to imagine a set of circumstances in which the crime of sedition would be serious enough to warrant a sentence of seven years. From that it does not follow by any means that all of the sentences under this section are going to be seven years. One might be for six months; another might be for seven months; another might be for two months; or sentence might be suspended. But where the circumstances are extremely heinous, the magistrate or the judge is given discretion to give a sentence up to seven years.

Mr. MacInnis: The provision for a sentence of not more than two years was in the old section; and the same conditions apply to that term as the minister now applies to the term of seven years. My mind goes back to the conditions prevailing in this country during and shortly after world war I, and to the conditions prevailing in the United States during the same period, when some of the most vicious sentences were imposed for trivial matters. I say again that we are losing out in our way of life when we increase the penalties for crimes that have been in our Criminal Code from time immemorial.

Mr. Knowles: There are a few comments that I should like to make. First, I should be interested in any remarks the minister might care to make on the fact that the section we just passed a moment ago, namely section 132A, seemed to spell out, once we got the full definition of that word "wilfully", fairly serious offences. Yet under section 132A, the imprisonment was set at five years. Section 134 seems to be not quite as serious—although maybe I am wrong; I should like the minister to explain it—and yet the penalty can be higher. It can be seven years.

Mr. Garson: Is not the answer to that question a fairly obvious one? Although there are perhaps a number of cases of sedition where the offence on the facts would not be perhaps as serious as an offence under 132A, one can imagine cases of sedition which would be so serious that they would greatly transcend anything that could be done under section 132A.

Mr. Knowles: In that connection may I point out that section 133 defines seditious words, seditious intentions, and so on and subsection 4 of section 133 of the code reads as follows:

> Without limiting the generality of the meaning of the expression "seditious intention," everyone shall be presumed to have a seditious intention who publishes, or circulates any writing, printing or document in which it is advocated, or who teaches or advocates, the use, without the authority of law, of force, as a means of accomplishing any governmental change within Canada.

Can the minister tell me whether there have been any cases in recent years where charges of sedition have been for offences less serious than that which is spelled out in that section, or has that come to be more or less the common definition of seditious intention, despite the phrase which says that the definition is not limited thereto?

Mr. Garson: The word "sedition" will include everything from the utterances of Jehovah's Witnesses to the utterances upon which Mr. Tim Buck was convicted back in the 1930's. One of the charges against him was that of sedition. The reason why there is this range of penalty, which we think is proper under present conditions, is that it is one thing to commit the offence of sedition in the piping times of peace when sedition can be indulged in without any grave danger to the country, and it is an altogether different thing to commit the offence of sedition at the present time; and it would be even more serious if it were committed during war itself. For that reason we justify the provision that we have here, and the difference between the penalty under section 132A and the one under this present section.

Mr. LaCroix: I want to thank the minister for the inclusion of this provision in the Criminal Code. I hope that it will have the effect of suppressing communist propaganda.

Mr. Blackmore: Now that most people are supposed to have undying loyalty and adoration for the United Nations, rather than Canada, and a wide variety of new outgrowths of imaginings a while ago, I wonder whether or not we are going to have a detailed list of definitions of sedition. I cannot figure out just how a person would know when he was seditious.

Mr. Garson: I do not know whether it will reassure my hon. friend if I tell him that the commission we have consolidating the Criminal Code is at present engaged in what is regarded by draftsmen as a quite ambitious undertaking, namely that of defining sedition in terms of what sedition is under the common law. We are expecting them to report fairly shortly. We are going to get that report some time before we thought it would be available, because we have made better progress than we thought we would. When that comes to hand we will be laying it before hon. members.

Mr. MacInnis: I think the point raised by the hon. member for Lethbridge is quite pertinent, because I do not think there is any particular definition of what words are seditious. I remember that a person who later became a member of this house was arrested for publishing seditious libel or making seditious utterances, and one of the charges against him was in respect of several passages from the book of Isaiah. Some of the other passages were from the program of the British Labour party.

The point is that when people become hysterical they will not stop at anything. It is too bad that we have in the law provisions which give them opportunity for discharging duties when they are in an hysterical condition, and when their actions are not based upon law or motivated by law, but based upon and motivated by fear, such as was the case at that time. Any improvement that has come in the lives of the common people has come by the removal of these laws, rather than the multiplication of them.

Mr. Blackmore: We see examples of things that might give a person cause for wonder, in what is occurring in Canada. I do not recall that ever in this House of Commons, or anywhere else in public where the people's representatives have been assembled, there has been a discussion of the advisability of eliminating the word "dominion" from the name of this nation. The Dominion of Canada is what I was taught to revere, but for some reason or other the word "dominion" is now being left out. There seems to be a movement afoot to make it a sort of faux pas for a person to refer to the "Dominion of Canada"; he is supposed to refer to "Canada".

No one knows how all this has happened, or at whose instance. If things like that are going on, apparently through some sort of ministerial or governmental decree, rather than by an expression of will by the representatives of the people, and if a somewhat analogous situation develops in respect of this wonderful new United Nations, or the British commonwealth, or the British empire, then I can see the time is coming when people will be at their wit's end to know when they are doing that which is appropriate.

I hope this list of definitions of sedition will be comprehensive and widely publicized. I hope it will be made readily available to everyone who might be in danger of committing an offence against the law of sedition.

Mr. Fleming: Has the commission which is engaged on the revision of the Criminal Code submitted any of the amendments contained in the bill?

Mr. Garson: No, they have not.

Mr. Fleming: Were they consulted about any of them?

Mr. Garson: No; for example, this revision of the sections relating to revolvers and pistols was done at the instance, pretty much, of the mounted police, who submitted the matter to the chief constables association. As my hon. friend knows, no doubt, from year to year we have tried to tidy up certain parts of the Criminal Code, and send it on to them for any further observation they may wish to make upon it, but leaving to them the more difficult parts to revise. We expect we will have something to submit to the house by, I should think, perhaps the session of 1952.

Mr. Fleming: I was aware to some extent of the progress being made by the commission revising the code; but it strikes me as strange that when that commission is engaged on this task, a task which at least in part is parallel to the task embodied in the bill before us, apparently there has not been consultation with the commission in regard to the extensive amendments contained in the bill.

Mr. Garson: I think perhaps I can explain it to my hon. friend by drawing this distinction: as he knows, the code has not been overhauled, actually, since 1892. In the interval of time which has elapsed since then, the substance of it, consisting of a lot of changes which have been made from time to time and without too much consideration for reconciling them in terms of one another, has got pretty much involved. The task to which we have set the Criminal Code revision commission is that of revising and consolidating the form of the code, as distinguished from its substance. These amendments which we are bringing down to the

house from year to year, such as the present group of amendments, are the ones in which we are more concerned. Naturally one is always concerned with the form in any kind of statute; but we are more concerned with the changes in substance than we are with form. When changes in substance are involved we have been handling them in the department; and then when the substance goes into the law books in the form which we have given it, it is turned over to the other commission and they work it into their material in the manner which they think is proper.

Mr. Pouliot: Mr. Chairman, I am in favour of this article, as well as of the padlock law, which Mr. King did not—

Mr. Knowles: Disallow—

Mr. Pouliot: Thank you.

Mr. Knowles: I did not thank Mr. King for not disallowing it.

Mr. Pouliot: Mr. King did not disallow that legislation on account of a memorandum I sent to him, and which will be published by his estate in fifty years—if I do not make it public before.

Mr. Low: It will be history then.

Mr. Pouliot: I am very glad my hon. friend speaks about history, because nobody seems to have any knowledge of the fundamentals of history in this House of Commons. If we speak history, people say that it is an unfair criticism—and I am not saying that with reference to the hon. member who has spoken, but rather with reference to a recent occurrence in the house, when everyone was shocked by the truth.

Canada is a place where we cannot tell the truth. But I try to; sometimes I am successful, and sometimes I am not.

But, Mr. Chairman, this may be very good legislation in the hands of a gentleman like the present minister; but it may be very bad legislation under a different minister; and it may be bad legislation with a good minister and a bad staff—as happened during the war in virtue of the defence regulations, when the leader of the opposition and Mr. Chaloult were both arrested, for nothing. The charge that was laid against the present leader of the opposition was withdrawn. Mr. Chaloult had to undergo trial before a judge, and he won.

The memory of some of the members of the press gallery is quite short. Two members of the press gallery were appointed censors, one being a former journalist and one an active member of the gallery. Both these men laid charges against a journalist from Toronto and a journalist from Montreal. I looked after the case and fortunately it was dropped. These two members of the press gallery, these two Judas Iscariots, tried to send to jail two of their confreres because they did not agree with the views of the leader of the government at that time.

I got in touch with the former minister of justice, Mr. Lapointe, and his secretary, both of whom are now dead. I got in touch also with the secretary of Mr. King, who is still alive. I wanted to make sure that those two journalists were not sent to jail. The minister of justice was in Portugal at the time.

Those two censors were awful. I hope the minister will see to it that nothing is done without his approval and in that case I feel sure everybody will have real security. Otherwise they will have none. If the administration of an act like that is left in the hands of bureaucrats no one will know who will be the first to suffer. That is why we must be very careful about it. I am not a protagonist of human rights and so-called fundamental freedoms, but I do not want my fellow citizens to be sent to jail without reason.

Section agreed to.

Sections 10 and 11 agreed to.

On section 12—*Making improper use of the mails.*

Mr. Diefenbaker: What is the purpose of this change? Two years ago the hon. member for Kamloops fathered a measure which was passed by this house to do away with crime comics. Crime comics disappeared and pornographic comics took their place. I should like to know what situation requires this alteration in wording? The words in the present section are, "who posts for transmission or delivery by or through the post", and the words being substituted are, "who makes use of the mails for the purpose of transmitting or delivering".

Mr. Garson: I think hon. members will agree upon reflection that wherever an offence against this section 209 takes place it is desirable that if the accused is guilty he should not get off by reason of the crown's inability to bring home to him the act for which he is certainly responsible. Very often the crown when prosecuting under this section has been able to prove that the letter was sent through the mail because it was brought to them by the person who had received it through the mail, but it might be impossible to prove within the terms of

the existing wording that the accused had posted the letter. The present section reads:

Every one is guilty of an indictable offence and liable to two years' imprisonment who posts for transmission or delivery by or through the post any letter—

As I said a moment ago, we may be able to prove that he used the mails for the purpose of getting the letter to John Doe to whom it was addressed, and yet you may not be able to prove that he posted it. In 99 cases out of 100 he never would have posted it; it would have been posted by some person else. We are substituting words which we think will enable us to secure a conviction only in those cases in which a conviction should be secured. We think that in those cases in which a conviction should be secured we should not fail to get that conviction because we cannot prove that the accused posted the letter himself.

Mr. Diefenbaker: The minister said that very often it was impossible to prove that the accused had posted the letter or document in question and I should like to ask if there had been any prosecutions under this section in the last five years?

Mr. Garson: No, there have not. I think perhaps the Postmaster General could answer that question because for reasons that are obvious other methods of dealing with this particular problem are used.

Mr. Diefenbaker: The reason I asked was that the minister said that in many cases it was impossible to prove.

Mr. Garson: It is conceivable that in many cases it would be impossible to prove.

Mr. Macdonnell (Greenwood): This confines the offence to making use of the mails; but supposing a man used his own trucking system to bring in material of this sort and distribute it. Is there some other clause that would deal with that? This seems to be confined to the one method of giving currency to this objectionable type of literature.

Mr. Garson: This has to do only with the use of the mails; it does not purport to do anything else. In those cases we would have to rely upon other sections of the code.

Mr. Macdonnell (Greenwood): I was just asking whether that obviously alternative means of distribution is covered.

Mr. Garson: Section 207 reads:

Every one is guilty of an indictable offence and liable to two years' imprisonment who knowingly without lawful justification or excuse,

(a) makes, manufactures, or sells, or exposes for sale or to public view, or distributes or circulates, or causes to be distributed or circulated, or has in his possession for sale, distribution or circulation, or assists in such making, manufacture, sale, exposure, having in possession, distribution or circulation,—

[Mr. Garson.]

Mr. Knowles: May I ask whether it is possible for a person to use express services to distribute the kind of things that are prohibited by this section?

Mr. Garson: Would not the difficulty about an express service be that you would not get the kind of distribution that you would want, for example, in the sale of fraudulent securities or anything of that sort, or of obscene books for that matter? So far as the section I have just been reading is concerned, with respect to obscene or immoral books or pictures, if you used an express service you would then be guilty of distribution or circulation. Therefore you would be not guilty under section 209 but you would become guilty under section 207.

Section agreed to.

On section 13—*Loitering or wandering in or near school ground or playground.*

Mr. Fleming: I think the house will be glad to see this clause being inserted in the code as a step in the right direction, having regard to the degree of public alarm over the multiplicity of sexual offences, particularly those committed against young girls. Has any thought been given to extending the scope of section 13? It applies now only to cases of individuals who have already been convicted of sexual offences and who are loitering or wandering in or near a school ground or playground. Has thought been given to extending the areas where loitering will be deemed to constitute vagrancy in the case of individuals who have been convicted of such offences?

Mr. Garson: No, I must confess that it has not. We received representations from British Columbia in this particular case. The British Columbia section of the Canadian Bar Association made the suggestion. I think they were actuated in making it by several rather nasty cases that had arisen in which, as my hon. friend knows is often the case, children were the victims of these sex perverts. They thought that by keeping them away from the places indicated in this section the purpose they had in mind might be served.

Mr. Fleming: The section is good as far as it goes. I think everyone will commend it. However, it is confined to cases of loitering or wandering in or near a school ground or playground. I should think there are other places which might well be included besides those two. One thinks of public parks. We had a case in Toronto not long ago where a horrible offence of this kind was committed in a park, which could not be classified, I think, as a school ground or playground. Playgrounds

have a specific connotation which would not be wide enough to include all parts of public parks.

Mr. Garson: As my hon. friend can see, the principle of this section is the prevention of the loitering of these individuals in any place where children congregate in numbers. If my hon. friend would care to reflect upon the matter and would like to move an amendment adding some other place in addition to school grounds and playgrounds, I would be very glad to accept it because it would introduce no change in principle at all from that which is embodied in the section as it stands. We thought this pretty well covered it. One of the things you have to keep in mind is that we do not want to make it of such general application as to make it inoperative; but if my hon. friend, after we have gone through these other sections, would like to revert to this one and move an amendment adding one or two more places where children may congregate I would be very glad to accept it.

Mr. Fleming: Public parks occur to me.

Mr. Croll: There are adults in public parks whereas you do not see too many around schools. The first thing you know you will find that these people were better off in jail. I think it is a good step in the right direction, but let us not make it too confining or these people will almost be prisoners whether they are in or out. That is the difficulty as I see it. The thought is that there are children in great numbers around school grounds and playgrounds, and very few adults, but in parks you usually find older people and the difficulties do not arise in the same way.

Mr. Fleming: I must disagree with my hon. friend. Some of the worst cases we have had in my city have arisen in parks. I think far more of them have occurred in parks than in school grounds or playgrounds. Some playgrounds are located in public parks, but the expression "public park" would be much broader than playgrounds. My hon. friend indicates that many adults are usually to be found in the public parks. We have some pretty big public parks and the presence of adults in some of them has not prevented some of the worst of these offences being committed. In many cases playgrounds are supervised, but it is not possible to supervise all parts of the public parks. In the larger cities we have public parks that may run to several hundred acres.

Surely our first concern in a situation of this kind is not going to be the enjoyment of liberty on the part of people who have been convicted of the types of offences that are enumerated here. Mind you, Mr. Chairman, we are dealing here only with people who have already been convicted of these horrible offences against young girls. In a situation like this I am not going to waste very much concern on these people as to the abridgement of their right to loiter or hang around public parks. I am going to expend a good deal of concern on the young girls who may be using these parks for quite lawful purposes. I think we should be greatly concerned about protecting them from people who have been convicted of these sexual crimes against young girls. I cannot see any objection to the inclusion of public parks in the type of areas in which people convicted of these crimes are to be prevented from loitering or wandering. If they are going about their business and are not loitering or wandering they will not be committing an offence against this section, but if they are just hanging around, and, as we know from the newspapers, they hang around public parks a great deal, then they may be up to no good. I think that we ought to add public parks to the two areas in which these people are prohibited from loitering or wandering. I would urge that on the minister. It may be that on further reflection similar areas may occur to members of the house, but that is one that comes to my mind at once, and I would urge the minister to accept that addition.

Mr. Pearkes: I should also like to suggest bathing pools and other swimming places.

Mr. Murray (Cariboo): The minister mentioned the British Columbia Bar Association. Has he not also received representations from the ladies of the Lady Laurier club of Dawson Creek on this matter?

Mr. Garson: Yes, I did. The formal representation came forward from the British Columbia Bar Association, but we have received other more informal representations including those from the ladies of Dawson Creek.

The Chairman: Shall the clause carry?

Mr. Fleming: No, Mr. Chairman. Can we let it stand for a moment?

The Chairman: Shall the clause carry?

Mr. Fleming: Has the minister anything to say about the suggestions that have been made? If not, I would be glad, if the clause could stand for a moment, to draft an amendment to include public parks and public bathing areas.

Mr. Garson: I would not be in favour of barring a person who has been convicted from a park or from sitting on a bench or

from attending a refreshment bar any more than the hon. member for Spadina would. But having regard to the fact that the words used in this section are "loitering or wandering", that is off the beaten path and not where there are places to sit, and so on, I would say that if the individual is loitering or wandering out around the shrubbery and so on, that is the sort of thing we want to stop. For my part I would be quite willing to accept an amendment to that effect.

Mr. Croll: This man may be attending a band concert and cannot find a seat, so he is walking about for the moment. He might well be charged with loitering or wandering about. It is too confining altogether. As it stands at present the section is admirable, so let us see how it works out. If in the light of events we have to enlarge it we can do so, but I agree that this is a step in the right direction and we should let it go at that for the time being.

Mr. Fleming: I am moving that clause (k) as it appears in section 13 of this bill be amended by the addition of the words "or public park or public bathing area". In reply to what has been said by the hon. member for Spadina I stress that in the first place this applies only to people who already have been convicted of some of these heinous carnal offences against youngsters. That is the first point. The second is that it applies only where they are found loitering or wandering in or near these public areas. If a man is listening to a band concert and behaves himself I do not think anyone will say he is loitering or wandering about. It seems to me a very sound idea that people with records like that who are found in these public areas loitering or wandering about should be liable to conviction on a charge of vagrancy. It is not any more serious than that, but I am sure it will give more effective opportunity to keep such people moving out of such places.

Mr. Crestohl: I do not think the amendment goes far enough. In the clause the words used are "school ground or playground". That indicates that these are places where children gather unattended. If the hon. member for Eglinton wishes the clause to go further he should simply say "or other places where children gather". That would not restrict us to bathing areas or public parks but would include all places where children gather. It might be a picnic ground; it might be any other place where children gather unattended. I understand the purpose of this measure is to protect children in places where they gather unattended and unsupervised.

[Mr. Garson.]

Mr. Fleming: I appreciate the helpful spirit in which the hon. member has made his suggestion. The difficulty, of course, lies in the draftsmanship. There is a danger in using language as general as the hon. member has suggested. If he would apply the section generally to places where children gather that would include the school itself; it might include a church or Sunday school and so on. The hon. member said these were places where children gather unattended, but I would suggest that children do not always go to these places unattended. School grounds are supervised at certain hours of the day. In many places public playgrounds are supervised at certain hours. I think if we add the two other places I have suggested we will be on sound ground, and we will not run into any question of the vagueness of general terms. If there are any specific suggestions the hon. member can offer I am sure we would welcome them.

Mr. Crestohl: Picnic grounds.

Mr. Fleming: A picnic ground is almost certain to be in a public park, and I think that would be included under my amendment. There are some private picnic grounds, but presumably those would have some measure of supervision on the part of the owners. Here the emphasis is on public places, schools and playgrounds, and my amendment follows the general scheme of the section.

Amendment agreed to.

Section as amended agreed to.

On section 14—*Driving while ability to drive is impaired.*

Mr. Diefenbaker: This is the section dealing with drunken driving, and it is a most interesting experiment on the part of the department. It seems to me they are endeavouring to zone the law on drunken driving, and that by zoning the law they have actually reduced the danger to those who, being intoxicated, operate motorcars. Under the present section the minimum penalty on summary conviction is seven days and the maximum penalty is a period not exceeding thirty days. Because it is sometimes difficult to establish intoxication a junior offence has been created. This provides that everyone who, while his ability to drive a motor vehicle is impaired, drives such motor vehicle, is guilty of an offence. The penalty provided for a first offence is a fine not exceeding $500 and not less than $50 or imprisonment, or both fine and imprisonment.

I think in practice this will emasculate the drunken driving section in effect today and provide an easy escape for those who drive motor cars while intoxicated. Furthermore

provision is made regarding chemical tests, urine tests, breath tests and so on; but on analysis of the section my submission is that it really amounts to very little. It provides that the result of a chemical analysis of the blood, urine, breath or other bodily substance may be admitted in evidence notwithstanding the fact that no warning was given. Then there is a further subsection stating that no person is required to give a sample of blood, urine, breath or other bodily substance for chemical analysis for the purposes of this section. In other words while it purports to extend the field within which the prosecution is able to secure evidence against an accused charged with driving while intoxicated, in fact it does not do so. All it provides is that such evidence may be admitted. Then, you come to the question whether or not it will be admitted. The giving of a warning that the accused does not have to submit is not necessary, but there are still many other reasons why the court would hold that what had been done had not been done voluntarily, and because of that the evidence would not be admissible. I think that while this section has a grandiloquent sound about it, in effect it is more show than it is actually helpful in meeting the situation.

I realize the difficulties. I did when I suggested on more than one occasion in the house that the breath test, the urine test and the blood test should be allowed. I realized that there would be an interference with the individual's rights by the taking of those tests. But drunken driving has become a serious matter menacing the lives of hundreds, if not thousands, of people within our country and requires very drastic action.

Mr. Justice Barlow of the trial court of Ontario, in January last, stated that of the seven manslaughter cases at the previous assizes in Toronto, each and every one of them had originated in the beer parlour. This indicates the degree of danger for persons properly using the highways, when they are brought in contact with those who operate cars when intoxicated. I am not going into the experience in other nations except by way of a quick reference. In Norway the provision is made that all drivers who have a blood alcohol concentration of ·05 or over are considered guilty of an offence. There is a medical examination as well as an examination of the blood. In Sweden they have a combination of medical examination and chemical tests. There all those who have ·08 of alcohol in their blood are included, and those who have between ·08 and ·15, depending on the outcome of the clinical examination, are found either guilty or not guilty. When it is found that the concentration of alcohol is over ·15 per cent the person is guilty, regardless of the outcome of any chemical examination.

Recently the provincial directors of the Accident Prevention Association of Ontario met in conference in the city of Toronto. They dealt at length with the situation. They had authoritative speakers present on that occasion. Tests were made in Toronto in accidents involving personal injuries that had taken place over a period of time. It was found that in all the accidents that had taken place in Toronto that were investigated, twenty-three per cent of the drivers had more than a trace of alcohol in their blood. It further showed that the proportion of drivers that make errors in driving increase with the increasing concentration of alcohol from ·05 to ·14. It was also found that eighty-six per cent of all drivers having ·15 per cent of alcohol in their blood had committed acts of driving negligence of one kind or another, which indicates that a percentage of ·15 is a dangerous percentage for at least eighty-six per cent of all drivers operating motor cars. At this meeting at which there were toxicology representatives, and also enforcement officers, the final conclusion was that there was a definite relationship between the concentration of alcohol in the blood and driving errors resulting in accidents.

My submission is that this section, when read cursorily, indicates a serious endeavour is being made to provide for blood, urine and breath tests, whereas in fact the question is begged and not faced. I believe that the zoning of the law and the provision that is made now in the new subsection 4a, to which I have made reference, will have the result of increasing the number of convictions to no great extent, but will in fact be an invitation to drunken drivers and will result in a fine being imposed for the first offence rather than a prison sentence. While some may say that the possibility of seven days in jail is not a deterrent to those who would drive motorcars when in an advanced state of intoxication, nonetheless I think experience has shown—I am referring now to the evidence of police officers—that the fear of a minimum period of imprisonment has a deterrent effect. In fact, I believe the predecessor to the Minister of Justice stated on one occasion that an increase in the penalty providing for a greater minimum period of imprisonment would result in a greater degree of fear on the part of potential wrongdoers.

I am one of those who have always taken a strong stand on behalf of the liberty of the subject, and against any unnecessary invasion of his constitutional rights. But having regard

to the mounting death rate in this country as a result of the driving of motor cars by intoxicated drivers, there is only one language that such potential wrongdoers understand and that is the stern enforcement of the law. Instead of revising the penalty to a mere fine with a minimum of $50, I would have thought there would have been an increase in the minimum period of imprisonment which now stands at seven days. Many may think that this new subsection 4d provides blood, urine, breath or other bodily tests, but it does not. It permits the court to admit such tests, but there is nothing to prevent the court from holding, whether or not a warning was given, that such an interference with the person of the alleged wrongdoer constitutes an invasion of his rights, and as such is inadmissible. Indeed, the wording of the section would seem to be an invitation to the court to hold that, except in unusual circumstances, such tests should not be admissible. I am going to say no more at this time but I feel that this section which, before it finally came before the house in its present form, had been proclaimed as a great forward step is in fact one that will do little or nothing to meet the increasing menace of homicide by drunken drivers whose regard for the rights of others diminishes in almost direct proportion to the degree to which they have imbibed intoxicating liquor. I should like to know who recommended the section in its present form, for it certainly does not go as far as the law enforcement officers would like it to go. Indeed, it constitutes but a mere faltering step forward in an aggressive campaign to protect the lives of our citizens from those who, by reason of their intoxication, care nothing for the rights of others.

Mr. Higgins: Mr. Chairman, I rather feel that, in joining in this debate, following the hon. member for Lake Centre, I am taking a great deal on my shoulders. I might say to the much more learned hon. member that I do think twice about doing so. Certainly if I object to any of the remarks he has made, he will recognize the fact that it is purely junior counsel doing so. I feel, however, that this section which is proposed to be put into the code is a good one, as far as I see it. From practice as I myself know it, I think it would be a much greater deterrent to driving while drunk than is the present section in the code. I feel that if magistrates have this section to use they will be much more inclined to convict than they will be if they are obliged to operate under the present section. I say that with all due respect to my hon. and learned friend who has had infinitely more experience in larger spheres than I have. But I myself feel that this is a good section, and I would want it to stay there.

I agree with him—and I am not quite certain that he spoke altogether as I feel about the other important section having to do with the invasion of the rights of the subject, in connection with this question of the testing of the various processes of the human body. I feel strongly about that matter, Mr. Chairman. With all due respect to those who drafted this section, I feel that a warning should be given by the arresting constable, or whoever does the arresting, before such a test is made. I do not think it is right or proper that these tests should be merely taken as a matter of course without the arrested person being properly warned that he need not be subject to a test if he does not wish to have it.

From the little knowledge that I have of these things, I see how a grave injustice could be done. Certainly it is contrary to the principles of British justice as I know it. As I say, if my hon. and learned friend had spoken in a contrary fashion—and I am not quite certain whether he has or has not—I agree with him. If he has not, I disagree with him. I think that provision should be included. I think a warning should be given before any man has to undergo a test of any of these types that are set forth in this act.

Mr. Adamson: I just want to bring one situation to the minister's attention. While I am in general agreement with this section, it seems to me that the mandatory imprisonment for drunken driving—particularly drunken driving which has resulted in an accident—should be clearly stated in the Criminal Code. I mention this point in view of an accident that happened here in Ottawa only a few days ago, where a driver had not only one accident but two, and where he nearly killed one of the surveyors working for either the city of Ottawa or the parks commission, as I gather. He left the scene of the accident, leaving the surveyor or the engineer prone on the ground, having destroyed his transit, changed cars, got into a taxi and when he was picked up—through what must be considered to be a bright piece of work on the part of a policeman—was found to be in an advanced stage of intoxication. The driver was fined $500. That man might easily have killed somebody. In fact, he seriously injured a surveyor. Had he gone up and hit him on the head with a hammer or, in other words, assaulted him, he would certainly have been imprisoned for bodily assault. But because he hit somebody with a motorcar, he is fined $500.

I am not a lawyer, but it seems to me that it is just as dangerous and just as bad for a driver, when drunk, to drive a motor-car over a man as it is to go up and assault him on the street. It seems to me that the section should have a clause providing for mandatory imprisonment for this sort of accident.

In my opinion the thing which causes as much in the way of accidents as I have seen is the insulting behaviour of motorists to each other, the insulting behaviour of motorists to pedestrians and vice versa. I do not suppose it could be possible that some clause could be put in the code with regard to insulting language used by motorists to each other. Nothing is so likely to adversely affect the driving ability of a motorist who is in charge of a heavy and powerful machine which is capable of causing death in a split second as the impairment of his judgment; and there is nothing that is more likely to impair a driver's judgment than anger. I do not suppose it would be possible to have such a clause in the section. There is the old saying about care and courtesy. It is a question of courtesy in driving, something which is of inestimable importance to safety and security on our roads.

Mr. Garson: I should like to say a few words in explanation of the government's position in this matter, my doubts as to whether or not I should do so having been set at rest by getting a note from one of my colleagues who indicated that his constituents would like to have something on record—and I am sure this may be true of others—as to the basis upon which the government has proceeded in this legislation. This matter came up last year, and at that time, if my memory serves me correctly—and *Hansard* seems to indicate that it does—the hon. member for Lake Centre was strongly in favour of some of the types of chemical tests that had been employed in American jurisdictions, Michigan in particular, as having very greatly improved the law enforcement there.

Improvement in law enforcement depends to some extent upon the condition of law enforcement at the time the improvement began; and it may be that conclusions based upon the improvements which took place in Michigan would not be tenable as applied to the law enforcement in the Canadian provinces.

I might add, by way of compliment, if I may put it that way, in respect of the hon. member's remarks of last year, that the government took his views seriously, and that since that time we have had one of the abler members of our staff go into the matter carefully. He went to Detroit and examined the improvements they had made there. He went to Chicago and to Northwestern University at Evanston. Then he came back and found, according to a report he made to us, that the best work of all in his opinion was that being carried on by the department of pharmacology of the university of Toronto. Portions of my remarks tonight are based in large measure upon a report which Dr. H. W. Smith of the department of pharmacology prepared at our request on this subject. We, in turn, have given support to some important research into the problem at the university of Toronto, by means of a grant from the Department of National Health and Welfare.

As a result of these surveys we have conducted we feel we have obtained all the information available in Canada which is likely to have a bearing upon the problem, and it is on the basis of this information which we have secured that the present proposals now before hon. members are made.

What is the main purpose of legislation directed against driving after drinking? Surely it is to eliminate drinking as a cause of motor accidents and motor deaths. For example, this mandatory punishment of seven days in jail, in addition to the impoundment of the car for some months, which is visited upon an otherwise respectable citizen who has been guilty of driving while drunk, is infinitely more severe than any punishment that the law imposes upon him for merely being drunk. And the reason why that serious punishment is inflicted upon him, the reason for the extra heavy penalty, is to prevent the accidents and deaths which are caused by drunken driving.

The next important question is, I think: When does the consumption of alcohol affect a driver so that he is more likely to have an accident than if he had not been drinking? The answer to this question we have received, from inquiries we have made of these scientific gentlemen, is that a driver is dangerous, not merely when he is completely drunk. Indeed, if he is sufficiently drunk his danger to traffic has disappeared, because he cannot drive his car at all.

It is now scientifically established that alcohol will impair the efficiency of a driver so that he does not drive at all with his normal ability, even though the degree to which he is under the influence of liquor may fall short of complete intoxication.

In other words scientists say that, short of intoxication, alcohol has two major effects

which lead to accidents. The first is what they call euphoria, or a sense of false confidence, amounting in some cases almost to irresponsibility. The second is a physical effect by way of a slowing up of the reflexes or the reaction time of the driver. Short of complete intoxication, alcohol will bring about a serious impairment in the ability of the driver, as a result of these two influences.

The hon. member has asked who recommended this. Well, what we have produced is the result of the deliberations of the cabinet itself. But in those deliberations we did have the views of these scientific men. And in their view an important objective of legislation against driving after drinking would be to prohibit driving, not only when the driver is completely intoxicated, but when his ability to drive has been seriously impaired by the consumption of alcohol. And I imagine the case cited tonight by the hon. member for York West of, as he said, an assault by automobile was probably the result of the actions of a man whose ability to drive had been impaired by the consumption of alcohol.

It is to take care of that kind of driving that this new section has been inserted in the Criminal Code. And, if this is any reassurance to the hon. member for Lake Centre, it has the endorsement of those who have studied this matter from a scientific standpoint. Also if I understood the hon. member for Lake Centre correctly—and I hope he will correct me if I am wrong—I gathered from his remarks last year that in his opinion one of the reasons why there were not more convictions for drunken driving in Canada, in proportion to the amount of drunken driving which he said was taking place in this country, was that because of the mandatory jail sentence the police, the prosecutors and, in particular, the magistrates hesitated to prosecute and convict an accused person because they knew he would have to go to jail if such a finding was made. For a man who was otherwise respectable this was a very great odium. Because of that what happened was—and my hon. friend told us this repeatedly; I am sure he will recollect it —that they laid charges of reckless driving, and not drunken driving at all.

He brought forward that argument in opposition to my contention that the law as it stood at that time, and as it stands now, before this new amendment comes into effect, was quite capable of enforcement if the authorities would just get busy and enforce it. We thought that in providing a new offence of driving while one's ability to drive was impaired by alcohol or drugs, we were not only creating what perhaps should have been an offence before—because it is the driving of that sort of persons which has injured many innocent people in this country —but we were also providing, for that group of reckless driving cases to which my hon. friend referred, a means whereby these gentlemen whose drinking had resulted in something less than intoxication, could be brought to justice without having to use the device of charging reckless driving.

While it is quite true that for the first offence under this new section the penalty is a fine of $50, for the second offence under this section there is a mandatory provision for imprisonment, just as under .the drunken driving provision.

Mr. Diefenbaker: Has the minister the number of prosecutions in Canada last year for drunken drivings and the number of convictions?

Mr. Garson: No, I have not but I could supply my hon. friend with that information.

Mr. Diefenbaker: I think that would tell the story.

Mr. Garson: My impression is quite distinct that we went into that aspect of the matter last year. I will confess that in some provincial jurisdictions as distinguished from others there was a larger number of charges of reckless driving and a fewer number of charges of drunken driving. But that was not uniform. In some jurisdictions where they had made up their minds to stamp out drunken driving there was a proportionately larger number of charges of drunken driving laid and, what is more significant, a large number of convictions. This shows that it is possible to secure convictions on these charges.

Mr. Adamson: You really need an aroused public opinion.

Mr. Garson: Quite so. My hon. friend is entirely right. In every one of these jurisdictions where the authorities were doing a good job of prosecuting to conviction drunken drivers there had been a condition precedent of an aroused public opinion that put the authorities right on the spot. They had no other choice but to go ahead with a policy of strict law enforcement.

We must remember that we are making laws for the whole of Canada. In order to preserve it for those provinces in which there was adequate enforcement under the law as it stands at the present time and with existing methods of proof we retained upon the statute books the existing charge of drunken driving. We do not put the authorities, in rural areas for instance where they could not provide chemical tests—we do not confront them with the necessity of having in all cases

to provide chemical tests. They can proceed in the same way they are doing now to secure a conviction on the charge of drunken driving without any change from the practice they have been following up to the present time.

But in those other places where the local authorities claim, rightly or wrongly, that they find it impossible to do what is being done in some provinces, that they are embarrassed because of this mandatory jail sentence and cannot get convictions, we have provided this other offence of driving while one's ability to drive is impaired. This offence not only stands up on its own merits but also provides the authorities in those areas, mostly metropolitan areas, who claim they have difficulty enforcing the present law, with a means whereby they can bear down upon those who are driving motor cars through our streets after they have been indulging too heavily in the cup that cheers.

I may say a word with regard to chemical tests—I hope my hon. friend from Lake Centre will correct me if I am wrong, and I shall be glad to read back to him from *Hansard* what he said although I do not think that is necessary—I got the impression that the kind of chemical test he would favour was the one in which the crown or the state, as it would be in the United States, or along the lines that he quoted in Norway and Sweden, would come in with evidence to indicate that a man's blood test or breath test or saliva test or urine test showed a certain percentage of alcohol; and that by that one fact that the accused had a certain percentage of alcohol in his bodily substance, a statutory presumption would be raised against him which he would have to rebut. In other words, instead of the prosecution having to prove that he was guilty, instead of his being innocent until he was proven guilty, by the operation of that particular kind of chemical test the position would be reversed, and the onus would then shift to the accused of proving that he was innocent.

Mr. Diefenbaker: I disabuse my hon. friend immediately in that connection. I said that chemical tests, along with the clinical evidence of a doctor, should be necessary in order to establish intoxication. Nowhere did I suggest that the onus pass to the accused, indirectly or at all.

Mr. Garson: I am delighted to hear what my hon. friend has said because the remarks that he has just finished making are an endorsement of the government's policy.

Mr. Diefenbaker: Oh, no.

Mr. Garson: What we have provided in this bill is, first, no more than a statutory enactment which will make applicable to all provinces in Canada the effect of the Ontario court of appeal decision which was that if a chemical test of alcohol concentration in the blood is taken without warning it is admissible in evidence. Thus we say in our legislation here that evidence as to the alcoholic content of the accused's blood is admissible for whatever probative value it may have in the opinion of the court, and that no special significance attaches to any particular alcoholic concentration in the blood but that that must be considered by the court along with all other clinical evidence in deciding whether the accused was driving a car while his ability to drive was impaired, or while he was intoxicated.

There are a number of reasons for this legislation taking the form it has. Some of them are in favour of the crown and the others are in favour of the accused. One of the results which flow from what took place in some of these United States jurisdictions which my hon. friend seems to admire so much is this: When you bring evidence into court that a man has, we will say, ·15 per cent alcoholic content in his blood, and when you provide by statute that upon proof of that fact—this appears to be the case in some Scandinavian countries—a man shall be convicted, he is in effect being convicted out of a test tube. If he has that percentage of alcohol concentration he is guilty of the offence.

That also means that the man who has just less than that is proved to be sober, is proved to be innocent. You cannot create a standard of drunkenness or impairment without automatically creating a standard of non-intoxication or non-impairment just under the other. And the line that separates guilt from innocence on this basis is perhaps two ten-thousandths or ·02 per cent. All the scientists seem to agree that impairment starts at around ·05 per cent, which is not quite one two-thousandth part in volume.

Mr. Diefenbaker: Does my hon. friend include Dr. H. Ward Smith in that statement he quoted a moment ago?

Mr. Garson: I will send that across to my hon. friend after I have finished.

Mr. Diefenbaker: I have it right here.

Mr. Garson: My hon. friend will be able to see his views on that very point. Impairment commences at a blood concentration of ·05 per cent in persons who are very sensitive to alcohol, and then in the case of persons who are resistant there will be a spread from this ·05 per centum or ·08 per cent up to this point of ·13 per cent. That means that while science can determine what percentage of alcohol in the blood will cause impairment

in a sensitive person and what will cause impairment in a very resistant person, it cannot be said with regard to John Doe, who is somewhere in between, whether he is or is not impaired on the basis of the blood test alone. If the hon. member for Lake Centre will examine all of Dr. Ward Smith's material he will see that in a very elaborate series of studies involving some 16,000 subjects conducted in Europe, some scientists who conducted them were of the view that a blood concentration of ·15 per cent indicated intoxication; others that ·45 per cent, three times as great, constituted intoxication; and still others at varying percentages between these extremes.

What is the explanation of this variation? The explanation of the variation arises from the definition of intoxication. The scientists who claimed that ·45 per cent was required to establish intoxication adopted a series of symptoms, gross staggering, flushed face, lack of co-ordination, in other words, a very advanced state of intoxication. The scientists who claimed that ·15 per cent would produce intoxication adopted as their standard of intoxication merely that the subject drove a car more recklessly than ninety per cent of a normal group of drivers. One can see from that that the figure of ·45 proceeded from a set of premises. Once it was assumed that intoxication meant gross, serious intoxication, then it followed inevitably from that that a high blood alcohol concentration was required to produce that intoxication. Once you adopted a low degree of intoxication as indicating drunkenness, then a low alcoholic concentration would produce that drunkenness.

In other words, the scientists in reaching their conclusions as to the blood concentration which was required to establish intoxication were using for the standard upon which their logic was based the same kind of clinical symptoms that the village constable would use in proving a case of drunkenness before the village magistrate, that the person staggered, that his face was flushed, that his speech was slurred, that he had lost co-ordination, and so on, and one result flowed from the other. This scientific evidence has no magic to it. It should go into the case and be considered—and in this I am happy to note that the hon. member for Lake Centre agrees with our viewpoint—as one of the facts to be taken into consideration along with all other facts in arriving at the decision as to whether or not in that case the accused was drunk, or whether or not his ability to drive was impaired. But even on that basis it is of very great value because it will negative those cases in which the accused says that he took too many aspirins, that he was shocked by the accident or was upset because he had run over some person, and that he was not intoxicated at all, that he was not impaired at all, that it was just these circumstances and not his consumption of alcohol, perish the thought, which had confounded him. The blood test likewise will indicate if the alcohol concentration is low that it may be because the man is ill, or is tired, or his stomach is empty, that he is in trouble, and then it will operate in his defence.

What we have done is that we have tried to retain all the workable and good features of the law as it stands at the present time. We have tried to add to the offences a new one of driving while one's ability to drive is impaired, which is quite sound on its own basis, and which, judging by the representations we have received from the police forces and others in the larger centres, will enable them to deal with a whole multitude of cases which they say they cannot deal with now.

We have provided for chemical tests. They are not compulsory. They do not set up any presumption against the accused. We are still a British country and a man is still innocent until he is proven guilty. The burden is still on the crown of proving him guilty from start to finish. The result of all this is that we think we have retained all the existing benefits and added to them what we hope will prove to be fairly pronounced improvements.

Mr. Carroll: I think if there is any virtue in this measure—and I have no doubt there is—it lies in something that has been going on in this country for some years, preventive medicine. I think that is the real virtue in this amendment to the Criminal Code. If a person is found under these conditions and convicted the fine may be only $50 for the first offence, but if he is convicted a second time it means three months' imprisonment, and I would think that would be a fair warning. I do not know whether this provision will add very much. Usually the matter of drunkenness is taken into consideration when a person is charged with reckless driving, outside of a charge of drunken driving, and so far as I know it has always been the law in my province that a judge is entitled to tell a jury that if a man is less capable of driving his car on account of taking liquor than he would be if he had taken no liquor at all that indicates negligence, and gross negligence at that.

Of course this goes a step further. A man may be convicted of this offence for his inability to drive because of taking too much liquor, if liquor has that effect on him, but I think the crown is going to have tremendous difficulty in proving these cases at

all. I think the only way you can prove that a man is less capable of driving on account of liquor than he would be if he had none at all is by his actions. When it comes to the tests that are made, liquor has a different effect on thousands of people. That was brought out in the remarks of the Minister of Justice. For example, everybody that has had anything to do with these matters knows that there are some people who can take six good glasses of whisky and it has no more effect on them than if they had taken two glasses of water. You have got to go into all that. You have to go into the psychology of the individual, the effect liquor may have on him and all that kind of thing; and I am afraid the amendment is not going to do too much good except, as I say, by way of prevention. Personally I would rather have seen this amendment deferred until Mr. Justice Martin of the Supreme Court of Nova Scotia, who has had a tremendous amount of experience in this matter, brought down the results of his investigation.

Suppose a man has a blood test. Who is going to prove what effect the liquor he has taken has had upon his ability to drive? Toronto university has carried out some investigations into this matter. Well, unless they get a doctor who agrees with the results of those investigations, they will have to take the men who carried out the investigations to various parts of the country, because there are as many opinions in the medical profession as to the effects of alcohol as there are on other questions of this kind. I think the trouble will be in the proof. Drunken driving cases never came before the court over which I had the honour to preside for some years, but in any case where the evidence would make an ordinary person feel that a man was drunk and practically incapable of driving a car I believe the magistrates of our province have carried out their duty and responsibility. Personally I think that as far as manslaughter is concerned it was a mistake to give the court power to tell the jury that if they did not find the accused guilty of manslaughter they could find him guilty of reckless driving. The very basis of manslaughter is reckless driving. If a man is driving recklessly and the car over which he has control kills someone, that is absolute proof of manslaughter. I understand that change was put through for certain reasons which came from the province of Ontario. I have tried a good many cases of manslaughter, and I can remember only one in which the accused was not found guilty when there was evidence that he was driving recklessly. Sometimes the trouble with our courts is that the juries are not told what recklessness means. If I am driving a car slowly but looking up at the tall buildings or something of the kind I am just as reckless as though I were driving a hundred miles an hour.

I am getting away from the subject under discussion. I believe the virtue of this amendment will be in prevention. Once you get a conviction under this new section I believe it will help prevent this sort of thing, but I do not see how you are going to get a conviction on scientific evidence alone. I feel quite sure it will be practically an impossibility. It is easy enough to have a man found guilty of drunken driving with the aid of scientific evidence, but I think you will find tremendous difficulties in connection with this new provision.

There is just one other point on which I want to say a word. The section includes the words "or has the care or control of a motor vehicle or automobile, whether it is in motion or not". The only way to prove whether a man is up to snuff, as the saying goes, is the way he drives. How are you going to prove that his ability to drive is below par because of liquor if he is just sitting in the car at the side of the road? I do not see how that is going to help in the matter of proof.

Mr. Low: I find myself very much in sympathy with what has been said by the hon. member for Lake Centre, and thinking very much along the lines of the hon. member for Inverness-Richmond. I do not see how you are ever going to get sufficient evidence to prove your case under the new section. As has been pointed out already, liquor evidently has as many different effects upon human beings as there are human beings, and I doubt that any scientist could possibly determine the effect upon the ability of a given man to drive. However, that is not the point I rose to discuss. I am just a bit puzzled about the relationship between the two subsections, 4 and 4a. First I would like to know under which of these subsections a charge would be laid. From some speakers I have understood that the new subsection is supposed to be not only a new classification but also something of a lesser infraction of the law. Would the minister say just how a peace officer would proceed to lay a charge and under which subsection a charge would be laid, because both will be in the act? Following that I would like to ask how the penalty range for a first offence was arrived at. In subsection 4 as it now stands the penalty is imprisonment for from thirty days to three months. Under the new subsection the penalty range is a fine of from $50 to $500 or a jail term of up to three months, or both.

In case a judge decided to impose both fine and imprisonment the maximum could be a fine of $500 and imprisonment for three months. That does not suggest a lesser infraction of the law by any means. So I would like to know how the penalty range was arrived at in the two subsections.

Mr. Garson: I wonder if this is not what would happen. A policeman brings in a man he has found in charge of a motor vehicle and in a condition of insobriety. The constable will recount what the scientists call his clinical symptoms, that is his conduct; whether he speaks in a slurring way, whether he staggers, and what other indications of insobriety he may show. Under the law as it now stands, without any chemical tests at all, the gentleman who is in charge of the booking—I have not had enough experience to know the proper term for the man who is in charge of the police station—will decide, from what evidence he can get, whether he thinks they can make a charge of drunken driving stick against this accused. If they think they can do so they will lay this charge. When the case comes up in court, the crown witnesses, the policeman who took him in charge and any crown witnesses they have who saw the occurrence —perhaps he collided with a lamp post or maybe he drove through a traffic signal—will state the facts that have a bearing on the case. The court will hear what they have to say, and hear any defence that the accused puts in, then decide whether it thinks he was intoxicated while in charge of that motorcar.

When this bill is passed, in addition to the other evidence, they may have a chemical test showing he had an alcohol concentration in his blood of say ·18 per cent. That would be evidence corroborating the clinical symptoms to which the policeman testified, and make rather convincing corroborative evidence. This would be a case of drunken driving.

But suppose the man were not completely intoxicated. He has been involved in an accident, his breath smells of liquor but he can walk fairly straight. He appears to be somewhat under the influence of liquor. Then, if they have a test and it indicates his blood concentration is not ·18 per cent but only ·08 per cent they would upon the prosecution of the accused place all the facts before the court and it would be for the court to decide whether that man's ability to drive was impaired by his consumption of alcohol. The chemical test would show the reason for the impairment. There it is. There is an indication of what he had in his blood. The fact that he ran into this other car under circumstances which indicated it was his fault indicates some impairment of his driving ability. From these facts that are submitted to the court, the court has to decide whether it regards his ability to drive as having been impaired on that occasion. If it is felt that the case has not been established there is an acquittal. If it is felt that the case has been established there is a conviction. I think it is just as simple as that. If the accused does not think that is fair, he can take an appeal to a higher court. I think perhaps from unfamiliarity with the new offence, and also perhaps because impairment is a less definite condition than drunkenness, it may be more difficult, but it will work itself out.

Mr. Low: I accept that. I think the explanation would indicate that the court would decide under which of the clauses they would have a better chance of conviction. That being the case, I am just a little puzzled as to why the maximum penalties are so different in these two cases.

Mr. Garson: I wonder if my hon. friend in reading the code description of the penalties for the offence of drunken driving has not just read the penalty which attaches to trial by indictment for drunken driving, which course would only be followed in a case of unusual seriousness. The great majority of trials for drunken driving, as my hon. friend well knows, are by way of summary conviction where the mandatory minimum penalty is just seven days. When you compare the seven days with the other, then the disparity is not as great as my hon. friend has indicated.

Mr. Low: Let me assure the Minister of Justice, and the member for Lake Centre, that I certainly sympathize with every effort that has been made to reduce the accidents and the terrible things that do happen as a result of people trying to drive a motorcar while they are under the influence of liquor. Every effort ought to be made to do away with it entirely. I am not so sure but that eventually we shall have to come to the point where anyone who has been using liquor, and who is in charge of a motorcar, will simply have to forfeit his right to drive.

Mr. Fulford: I am rather disappointed that there has not been incorporated in these amendments some arrangement to require chronic alcoholics to go to a hospital and take treatment for chronic alcoholism. The province of Ontario has made progressive studies in this regard recently, I believe, based on research by Yale university. Whereas formerly alcoholism was considered a disgrace, I believe that today it is generally recognized

as a disease that can be, if not cured, at least checked. I should like to recommend to the Minister of Justice that some time amendments be incorporated making it compulsory, say on the fourth conviction for drunken driving, that the accused be hospitalized and the cure for alcoholism taken.

You would not be taking away the rights of the citizen. We have compulsory hospitalization for tuberculosis. A man is taken out of society if he is a carrier of disease. Certainly the drunken driver is far more dangerous when seated at the wheel of a car than the carrier of a contagious disease, such as measles or diphtheria. We have antidotes for those, but we have no antidotes for the drunken driver. I think it is worth serious consideration. If you sentence a man to jail time and time again for drunken driving or common drunkenness, his first reaction when he gets out is to get drunk again. We have all seen that happen time and time again. You can take a man's driving licence away from him, but you cannot keep him from driving a car if he is a certain type of drunkard. He will get behind the wheel of a car, and then he is a maniac who is a potential murderer.

The province has been getting large profits out of the liquor business, so I would recommend that the province establish units to which a chronic alcoholic could go for treatment in order to be reclaimed as a useful citizen, instead of being thrown into jail and treated as a common jailbird. Such treatment is not doing him one bit of good, and still leaves him a potential maniac on the highways.

Mr. Stewart (Yorkton): I see that according to subclause 4e—I do not want to hold this up—no person is required to give a sample of blood. Under subsection 4d such a sample can be produced in evidence. Presuming a man is so intoxicated he cannot give his consent, the sample of blood may be taken anyway and used in evidence?

Mr. Garson: Oh, yes.

Mr. Stewart (Yorkton): I am surprised that the member for Lake Centre, who is so concerned about the liberty of the subject, has not raised that point. You are probably familiar with Taylor on medical jurisprudence, wherein it states that in the taking of a sample no alcohol rub should be used before the needle is inserted. In one case I had, one doctor swore that nothing was done, that no alcohol was rubbed on. The other swore there was. Then another one gave different evidence. If the doctors are going to conduct these tests, I think that point is also material, namely that they are not supposed to rub any alcohol on the arm before they take the test, as it affects the test.

Mr. Garson: That is the reason why we made such evidence admissible for whatever probative value it might have. Those who testify are subject to cross-examination so that the whole process can be checked, in fairness to the accused.

Mr. Higgins: The minister still justifies taking a statement with a caution. How does he get away with not giving a caution to a man when taking something that is as important as a statement? It is definitely an infringement of the liberty of the subject.

Mr. Garson: It was not so held by the Ontario court of appeal in the case to which I referred just a few moments ago. They said that the analogy that was attempted to be drawn between a confession on the one hand and the taking of this sample on the other was not well drawn. Of course, one of the practical difficulties is that in quite a number of cases the accused is not in a position to register either objection or assent. If you require consent, you would not get the sample at all in such cases.

Mr. Stewart (Yorkton): In any event, the accused would have a fairly good damage action or suit if he did.

Mr. Higgins: No, he would not have any damage action. The policeman could come along and jab him with a needle; and this authorizes him to do so.

Mr. Diefenbaker: I should like to ask the minister whether any of the attorneys general of the provinces objected to blood or other chemical tests being taken. Last year when I raised this matter the minister brushed it all aside, saying that tests were not necessary. Now he admits that on reflection—to use his own term—he has found that, as a result of study and examination, some of the suggestions made have some merit. Last year he stated that he was communicating with the various attorneys general of the provinces with a view to ascertaining their attitude. I should like to secure the information from him as to what was the answer of these gentlemen with whom he communicated.

Mr. Garson: The following is the answer to my hon. friend's proposal. The proposal was approved in principle by British Columbia, Alberta, Ontario, Prince Edward Island, and Newfoundland. No reply was received from Manitoba or Quebec. Saskatchewan said the draft was too technical and did not treat drunken driving as an ordinary offence or establish anything more to the

advantage of the crown than exists at the present time. Nova Scotia said it would be difficult in most cases to have chemical analyses made and difficult to establish the results of an analysis. New Brunswick declined to express an opinion because it thought the problem was sufficiently complex that it should be studied at a roundtable discussion by representatives of the provinces responsible for the enforcement of the code.

Mr. Diefenbaker: I should also like to secure from the minister the record—and he has the record—of the number of cases during the last year, by provinces, of charges for drunken driving and the number of acquittals or convictions, as the case may be; and second, the number of reckless driving cases in each of the provinces and the outcome thereof.

The Chairman: Shall the section carry?

Mr. Diefenbaker: No; I want to secure that information from the minister. He has that information available.

Mr. Garson: I will provide it for my hon. friend tomorrow. We do not have it with us at the moment.

Mr. Diefenbaker: Before third reading, will the minister give that information?

Mr. Garson: Surely. I shall be glad to.

Section agreed to.

Sections 15 to 17 inclusive agreed to.

On section 18—*Acts prejudicial to national security.*

Mr. Knowles: Section 18 introduces another new section which sets out a list of prohibited acts. A casual reading of this section leads to the view that it certainly is rather wide. For example, a prohibited act means any act or omission that

> (a) impairs the efficiency or impedes the working of any vessel, vehicle, aircraft, machinery, apparatus or other thing;

For example, would a legal strike, a strike that would be in order under the Industrial Relations and Disputes Investigation Act, be capable of being interpreted as an act that might impede the efficiency of certain machinery or apparatus and therefore be illegal under this section?

Mr. Garson: Is not the test of the point which my hon. friend raises as to whether the prohibited act is done for a purpose prejudicial to the safety or interests of Canada or the safety or security of the naval, army or air forces of any state other than Canada that are lawfully present in Canada? In other words, the same attribute of wilfulness has to be proven in this case as in the other section about which my hon. friend was inquiring earlier. The purpose of the prohibited act must be to prejudice the safety or interests of Canada. If it is not done for that purpose, then, although perhaps that effect might ensue, the act would not be an offence under this clause.

Mr. Knowles: In a section like this is it not possible for lawyers to use the same kind of language as is used in the explanatory note? When one reads the explanatory note, one finds that the purpose is to provide a penalty for acts of sabotage. We understand what that means; but the word "sabotage" itself does not appear in the section. Is there any reason why a word like that, the plain meaning of which is so clear, could not have been used in the section?

Mr. Garson: I do not think that the plain meaning of the word "sabotage" is so clear as my hon. friend would have us believe. The word "sabotage" is a word which is popularly and loosely used to include a number of things. If my hon. friend is concerned with the position of the subject, it seems to me that his position is much better by referring to a prohibited act and then defining that act as it is defined in this section. Subsection 2 reads:

> In this section "prohibited act" means any act or omission that (a) impairs the efficiency or impedes the working of any vessel, vehicle, aircraft, machinery, apparatus or other thing;

And so on.

Mr. Knowles: I will not pursue the matter, but it strikes me as a fairly wide provision. I also note that the imprisonment for this offence is a set term of ten years which I believe is as lengthy a term as that in connection with any offence which we have discussed tonight.

Mr. Garson: That is the maximum.

Mr. Knowles: The minister says that is the maximum penalty. In most cases where it is the maximum, the section usually says that. This section just says "liable to imprisonment for ten years".

Mr. Garson: He is liable to imprisonment for ten years but he is not liable for any more than that. He can be given anything less than that.

Section agreed to.

Sections 19 and 20 agreed to.

On section 21—*Warrant to observe operation of telephone equipment.*

Mr. Diefenbaker: Mr. Chairman, this is the section that introduces into our law a form of wire tapping. This section, the minister stated

this afternoon, had been requested by the attorney general of one of the provinces, or by the department of the attorney general, and this is the type of thing to which I believe the house should take most strenuous objection.

Some weeks ago in the course of a general discussion in the house I stated I was unalterably opposed to the principle of wire tapping. This section introduces a type of wire tapping, while the tapping does not actually permit of information being secured—or, in fact, denies it.

This section is one of those things that border on the sort of thing one expects in a police state, and must be guarded against. I had occasion today to look up the discussion in the United States which took place some years ago during the days of war, in reference to the whole problem of wire tapping. President Roosevelt summed up the situation when he said that the great problem today is to balance the need for law enforcement with the need for the protection of citizens against the abuse of such powers.

I do not think it has been before our supreme court; but the Supreme Court of the United States has spoken about wire tapping in language that could be understood. Now, I think certain questions arise. One of them is this: Have betting houses and common gambling houses become so widespread that they are undermining this nation? Certainly there is no evidence of it; and I cannot believe that conditions such as were revealed by the Kefauver commission are in existence in this country. In the United States it was shown that the law authorities and the underworld were operating together in various cities in connection with gambling and gaming houses, and common betting houses, to the detriment of democracy.

Even if you answer that question in the affirmative, it does not settle the matter; because liberty is never more in danger than it is when those who are well meaning, but who have no appreciation of what liberty means, by insidious means introduce things which though innocent in themselves ultimately bring about those things that characterize the police state.

This section looks innocent. It merely allows police officers to sit in and watch telephone calls in order to ascertain the degree to which the telephone is being used. But if we begin to allow police officers to do this, we take the first step along the lines toward the most intolerable abuses that can possibly be imagined, namely interference with the privacy of individuals by the totally inexcusable method of wire tapping, and by kindred means.

It is all very well to say that under this section wire tapping in itself is not going to be allowed. If we permit this to pass, it will constitute a precedent, and it will not be a long step, once this precedent has been established, for the state to ask for the legalization of the right to snoop into the private business and affairs of any individual in this country.

I know of nothing that arouses my personal antagonism more than the step being asked for by parliament, as provided for in this section. It looks innocent; but it is a step that can only lead to the desire of law officers to go the whole way and deny freedom of communication and the right of privacy.

The Chairman: Shall the section carry?

Mr. Drew: No. Mr. Chairman, I think it would be advisable to call it eleven o'clock now. If not I shall proceed for a few moments and then continue my remarks tomorrow, whichever the house prefers.

Section stands.

Progress reported.

SUPREME COURT ACT

AMENDMENTS WITH RESPECT TO APPEALS IN FORMA PAUPERIS

Mr. Fournier (Hull): Earlier in the day it was understood that we would have third reading of Bill No. 400, an act to amend the Supreme Court Act. If there is no objection, the Minister of Justice would move that third reading.

Hon. Stuart S. Garson (Minister of Justice) moved the third reading of Bill No. 400, to amend the Supreme Court Act.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up Bill No. 403, the dairy products act; the resolution to amend the Judges Act; Bill No. 391 to amend the Criminal Code; and some time during the day we will move to go into supply and call the last department, which is legislation. If we take up the estimates during the day we will consider the estimates of the Department of Transport and of the Department of National Defence.

Mr. Drew: Mr. Speaker, I think that the calling of the last department should be withheld. After all, there are a number of departments to be called that are already

before the house, and there are obvious reasons why it is desirable that one department, which only has a comparatively few items, and can be dealt with in a short time, should be held back.

Mr. Fournier (Hull): The explanation is the following: We have three days to move to go into supply and to call departments that have not been called. They are Monday, Tuesday and Wednesday.

This is the last department. If we move to go into supply we intend to call that department of legislation. Even if we go into supply on Wednesday we still would have to make a formal motion, and grievances could be brought up. I do not see that there is much difference.

Then on Thursday, Friday and Saturday we do not need a formal motion.

Mr. Drew: I think it would be an advantage if it is deferred at least until Wednesday.

Mr. Fournier (Hull): Will the hon. member undertake that if we do go into supply and do not call this department there will not be any debate?

Mr. Drew: No.

Mr. Fournier (Hull): All right; we call the department.

Mr. Drew: But I would point out that if the government leader in the house is anxious to expedite business he might well reconsider the advisability of calling this remaining department, because I should think it should be fairly obvious to him that he might delay the consideration of other matters now before the house which perhaps could be dealt with in an orderly procedure tomorrow.

Mr. Fournier (Hull): My hon. friend knows that I always co-operate. We will call that department because if there is going to be a debate on going into supply I cannot see the usefulness of saying that we will not call it. If I had the assurance of the hon. gentleman that we would go into supply at a certain time during the day and take up transport or national defence I would be ready to forgo that and call this department on Wednesday; but if there is to be a debate one way or the other I am not losing anything.

Mr. Knowles: In view of the interest of the government and the house in expediting the business of the session would it not be a good idea to let the Judges Act amending bill stay over until the fall session?

Some hon. Members: Hear, hear.

Mr. Knowles: It is rather contentious.

Mr. Fournier (Hull): The bill was announced and I have to say that the government has decided to proceed with it.

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

HOUSE OF COMMONS

Tuesday, June 26, 1951

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Eleventh report of standing committee on railways, canals and telegraph lines.—Mr. Breithaupt.

DOMINION ELECTIONS ACT

PROCEDURE IN DEALING WITH PROPOSED AMENDMENTS

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, before the orders of the day are called, though there may be some hon. members who might think it a bit indiscreet for me to say anything this morning about the Dominion Elections Act, I should like to call attention to the fact that last Wednesday the special committee on this act reported a draft bill, and there was placed in *Votes and Proceedings* of yesterday a notice of motion with respect to the resolution necessary to introduce that bill. If I could have the consent of the house I would ask to have that resolution called so that the Secretary of State could declare the recommendation of His Excellency the Administrator, and it could then be placed upon the order paper as a government order for tomorrow.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in the ordinary course of events I would readily concur in the suggestion, but we were assured that all the legislation that we would have to consider was before us. Amendments to the elections act should not be suddenly hurried through in the closing days of this session. I know that there is one reason put forward why it should be considered, but when it was indicated to me that this course might be followed I stated the objection I would have. It was indicated that it was hoped to hold a municipal election in the Northwest Territories. However, that would only call for a single amendment to the elections act as it stands. I would readily concur in the introduction of that amendment so that the election in question could be proceeded with without delay, but I want to make it clear that consideration of amendments to an act as important as this should not be rushed.

It is true that amendments to the act have been considered by a committee, but there are a number of provisions in the act, relating not only to content but also to the form and wording of the sections, which might easily involve considerable discussion. For that reason, while I am most anxious to facilitate the business of the house, I do not propose to let the desire to complete that business interfere with adequate discussion of legislation coming before us.

I will agree to the introduction of notice of an amendment simply to provide for the municipal election which is under discussion, but I regret I cannot agree to any motion which would seek to bring before us at this time the whole elections act unless it is understood that we shall continue to sit for some considerable time to deal with it.

Mr. St. Laurent: As there is not unanimous consent, the matter will just have to follow the usual course.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I think we will all admit that the Dominion Elections Act is a most important one, and that an occasion might arise between now and the time we next meet when it would be very convenient to have the amended act. If the government is intending to go ahead with it, whether or not we grant consent today is in my opinion not of very great importance. What I should like to suggest is that there are other contentious matters on the order paper, and one of them might be removed to make room for the amendments to the Dominion Elections Act which have been brought forward at this late time. I suggest that the proposed legislation with respect to judges' salaries might be dropped for this year, and that we proceed with the Dominion Elections Act amendments.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—QUESTION AS TO COMMITTEE OF EXPERTS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Agriculture with respect to the appointment of the body of experts to consider the South Saskatchewan river dam and irrigation plan. Has any word been received yet?

Inquiries of the Ministry

Right Hon. J. G. Gardiner (Minister of Agriculture): The Prime Minister tells me that no further information has been received. When the information is received, an announcement will be made by the Prime Minister as to what is to take place.

STRAIT OF CANSO BRIDGE

INQUIRY AS TO REPORT OF BOARD OF ENGINEERS

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): I should like to direct a question to the Minister of Transport. Can the minister inform the house whether the commission inquiring into the Canso bridge project has finished its report? If not, when may we expect it to be completed, and will the minister bring the house up to date on that problem before the end of the session?

Hon. Lionel Chevrier (Minister of Transport): The reconvened board of engineers on the Canso project has handed in its report. I expect to table it before the session is over.

(Translation):

JACQUES CARTIER BRIDGE

NEGOTIATIONS FOR THE REMOVAL OF THE TOLL CHARGE ON THE JACQUES CARTIER BRIDGE, ON THE ST. LAWRENCE RIVER

On the orders of the day:

Mr. Hector Dupuis (St. Mary): Mr. Speaker, I should like to direct a question to the Minister of Transport. Have negotiations been carried on or are there any under way at present with the provincial government for the purpose of removing the toll charge on the Jacques Cartier bridge?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I am not aware of any negotiations going on at the present time. I have had no representations made to me in connection with the removal of the toll charge on the Jacques Cartier bridge. Even if there had been, I would deal with the matter on my estimates, as I have already stated.

(Text):

FRUIT

REQUEST OF BRITISH COLUMBIA GROWERS WITH RESPECT TO PRICE SUPPORT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of Agriculture. In view of the request of the executive of the British Columbia Fruit Growers Association for a clear and explicit statement as to what circumstances or conditions constitute—

[Mr. Diefenbaker.]

Mr. Speaker: Order. I would ask the hon. member to put his question without prefacing it with remarks.

Mr. Herridge: Very well, Mr. Speaker. In view of the request of the British Columbia fruit industry with respect to price support, is the minister prepared to make a statement on that question in answer to their request?

Right Hon. J. G. Gardiner (Minister of Agriculture): The order of procedure under the Agricultural Prices Support Act is for organizations who believe that they require assistance to make an application to the agricultural prices support board. That board considers all the circumstances and makes a report on them. I would suggest that is the only procedure that can be followed.

IMPORTATIONS OF FRUIT PULP FROM HOLLAND

On the orders of the day:

Mr. R. E. Anderson (Norfolk): I should like to address a question to the parliamentary assistant to the Minister of Trade and Commerce, to whom I have given notice. In view of certain press reports, would the parliamentary assistant indicate how many tons of strawberry pulp have been imported into Canada this year from Holland?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Strawberry pulp is not classified as a separate item for import purposes. It is included in the general item, fruit pulp. This year, up to the end of April, total imports of fruit pulp from Holland amounted to approximately 37 tons.

POST OFFICE ACT

MEASURE TO CONSOLIDATE, CODIFY AND AMEND EXISTING LEGISLATION—CONCURRENCE IN SENATE AMENDMENTS

Hon. Edouard Rinfret (Postmaster General) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 322, respecting the Canada Post Office.

Mr. Knowles: What are the amendments?

Mr. Rinfret: With reference to section 7 of the Post Office Act, the members of the other place thought it would be preferable if one of the commissioners to be appointed to the board of review was of the legal profession. As it was my intention to appoint a lawyer, I have no objection to the amendment.

Mr. Knowles: One out of how many?

Mr. Rinfret: One out of three. The second amendment is to the same section, and is to

the effect that the board of review should not only present a report to the Postmaster General, but that the report should contain a recommendation as to what should be done.

Mr. Cruickshank: Will there be a farmer on the board?

Mr. Rinfret: The other two commissioners would be members of the department.

Mr. Cruickshank: Why a lawyer?

Mr. Fleming: May I ask whether the solicitor who is to be appointed will likewise be a member of the staff of the department?

Mr. Rinfret: Yes.

Motion agreed to, amendments read the second time and concurred in.

CANADA DAIRY PRODUCTS ACT

ESTABLISHMENT OF NATIONAL STANDARDS—REGULATION OF TRADE

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 403, to establish national standards for dairy products and to regulate interprovincial and international trade in dairy products.

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

On section 1—*Short title.*

Mr. Wright: Before the clause carries I should like to say a few words with regard to this matter. I am disappointed that the bill is brought forward at this late stage in the session. The bill should have gone before the standing committee on agriculture, and producer representatives should have been called to discuss the measure. It seems to me it is a mistake to bring in the bill at this late date, because it is an important measure so far as the dairy industry of Canada is concerned. It sets out the regulations under which we are going to be able to trade interprovincially in dairy products. It sets out the standards that are to be required for dairy products in Canada, and it seems to me that the producers of those dairy products should have been called before a committee of the house to consider the matter.

So far as the producers are concerned, I have heard quite a few complaints from them in eastern Canada with respect to the undergrading of dairy products, especially cream. Individual producers are not able to get separate returns showing what their particular grades are. The product goes from the producer to the dairy and is graded there. Government graders check the grades, but the individual producer is not able to get a return with respect to his product, except the one that comes from the company purchasing his product. He is not able to get a return of the grade made by the government inspector. I know that the dairy producers of eastern Canada have been making inquiries about this matter, and that they want some changes made in the act to allow the individual producer, or the producers' representative, to obtain a return showing the grade of their particular product. They also want some method by which they can ascertain whether the grades set by the government inspectors are carried through to the ultimate consumers, and also information as to the amount of the product manufactured when they ship cream to the dairies.

A farmer gets back a test saying the butterfat content of his cream was 30 per cent or 40 per cent or whatever it may be, but there is nothing from the manufacturer showing that the percentage indicated represents the amount of butterfat for which he has paid the producers. I know it is not the same as with grain in western Canada, where you can follow it right through. These products are being manufactured, but under the act today there is no check on the amount of butterfat finally produced and disposed of in the form of the manufactured product. It seems to me there should be some provision in the act compelling the manufacturer to produce returns to show he was not selling a greater amount of butterfat than he was buying from the producers. It should also be possible to see that when the producer is paid on first grade cream, that grade is carried through to the consumer.

I do not think any hon. member has been able to give this bill the consideration it should have. It was on our desks when we came down this morning; we have had about two minutes to look at it, and now we are supposed to deal intelligently with it. I believe that is a mistake. This bill should should have been sent, or should be sent even now, to the agriculture committee, where it could be given proper consideration.

Mr. Gardiner: On the first question as to consultation, the reason the bill has not been brought in until late in the session is that all parties have been consulted continuously. As will be recalled, this matter was up at the dominion-provincial agricultural meeting last December, and on that occasion we were asked to submit it to the provinces and the dairy organizations right across Canada. That has been done, and the consent of those organizations has been given to this type of legislation.

Mr. Wright: Was there unanimous agreement among the producers?

Mr. Gardiner: So far as I know, there have been no objections to the legislation. It is the only kind of legislation we can have under the circumstances. The legislation we had previously was entirely satisfactory to everyone in the dairy industry and to the various departments of agriculture across the country, but the court decision rendered that type of legislation of no effect. It is most important that there should be legislation on the statute book which is not ultra vires, and this legislation is considered to be intra vires. Of course there is nothing to prevent its being amended in succeeding sessions if any difficulty is found with it, but it does not cover the points just raised by the hon. member for Melfort. All those points are dealt with in provincial legislation; they are not covered by this legislation at all.

When a farmer in Ontario takes his cream to a creamery in this province, all matters relating to it, including grades and everything else, are dealt with in the provincial legislation. All the provincial and dominion legislation provides that we appoint the provincial inspectors as our inspectors under this act; the provinces in turn appoint our inspectors as their inspectors under their acts, and they work in co-operation. The provincial inspectors deal with intraprovincial matters such as the grading of the cream or butter or milk for use within the province, and we touch it only when it becomes interprovincial or international trade. This legislation makes that possible.

Mr. Wright: But this legislation sets the standards that must be maintained by any product when it goes into interprovincial or export trade.

Mr. Gardiner: Only if it goes into interprovincial or export trade. As long as the trade is within the province this does not affect it.

Mr. Wright: But quantities of these products are exported between the provinces; therefore the standards across the dominion must be the same, which in effect means that the regulations made under this act establish the grades for the dominion.

Mr. Gardiner: There is nothing that says they must be the same across the dominion. The provincial acts set out the grades for each province. By agreement we have tried to make them the same, and to all intents and purposes they are the same.

Mr. Fair: I had intended to speak at some length in support of the arguments presented by the hon. member for Melfort, but in view of the explanations given by the minister and his suggestion that if the act is not satisfactory it can be amended later, I will not take the time of the committee to do so.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*Export or import of substitutes.*

Mr. Hunter: Will the minister explain the meaning of this section? It would appear to prohibit the movement of a manufactured substitute such as margarine from one province to another, if the minister chose to do so.

Mr. Gardiner: That provision is now in the law, that we can prohibit the importation of substitutes for butter or the movement of substitutes from one province to another. That is necessary because of the fact that at the moment Quebec and Prince Edward Island prohibit the manufacture and sale of substitutes. This gives us authority to enforce the wishes of the various provinces in that regard.

Mr. Cruickshank: I am very sorry this bill has been brought in. Representing an important rural dairy riding I came to the chamber in such a hurry that I forgot my glasses and have had to send for them. I presume a draft of this bill has been sent to the ministers of agriculture of the various provinces. Perhaps I should be abrupt and come right to the point. Is this going to facilitate in any shape or form the increased production of an imitation of a natural dairy product, such as margarine? In particular, will it in any way facilitate the importation of this product or any of its ingredients from other countries?

Mr. Gardiner: The bill does not change the position in any way in relation to the importation of substitutes. Margarine has never been mentioned as a product either in this bill or in the act. The term used is "substitutes for butter", and substitutes are in exactly the same position as before, in that they could not be imported into Canada. There is other legislation dealing with imports which makes more specific provision, but so far as this act is concerned there is no change in that regard. This act has to do with the decision made first by the Supreme Court of Canada and then by the privy council to the effect that this parliament has no authority to prohibit the manufacture and sale within the provinces of substitutes for butter. That is an authority which rests with the provinces. All we have done is to take out those parts on which we had no

authority in the first place; and if the provinces desire to pass them, they may do so. The province of Quebec has already done so, and so has Prince Edward Island. The other provinces can do the same thing if they so desire.

Mr. Cruickshank: I am glad to see that others are coming to the defence of the dairy industry. Will this give the provinces the right, if they so desire or decide, to take the action the province of Quebec has already taken?

Mr. Gardiner: The supreme court and the privy council have decided they have that right. This measure does not say anything about it; but they have the right under the constitution.

Mr. Cruickshank: Exactly what is this measure for, if it is not going to protect the dairymen?

Mr. Gardiner: It does protect the dairymen to the extent that it makes it possible to exclude the importation of these products.

Mr. Cruickshank: I am sorry to carry the discussion further, but from what the minister has said, my understanding is that it does permit the exclusion of the importation of these so-called substitutes for natural butter; is that correct?

Mr. Gardiner: Yes, the bill as it is drafted does that.

Mr. Cruickshank: You say it does that?

Mr. Gardiner: Yes.

Mr. Hunter: Would the minister explain the constitutional aspect of trading between the provinces? If shipments of margarine can be prevented from, let us say, Ontario to British Columbia, there must be some trade barrier which can be created by regulation.

Mr. Gardiner: I am not a constitutional lawyer, but it is my understanding that that question was settled some years ago in connection with shipments of liquor from one province to another, and that there are certain set conditions under which it can or cannot be done. The same principle applies in this instance.

Mr. Hunter: May I suggest that the same principle would not be effective? Shipments of liquor from one province to another is prohibited by provincial law. In this instance we are endeavouring to state in a federal law what a province can do. While I am not prepared to say that I am a great constitutional lawyer, it does strike me that in this measure we are putting up barriers between provinces, and possibly doing so without proper jurisdiction.

Mr. Gardiner: It would only be where a province has taken action that we would take action under this legislation.

Mr. Cruickshank: I understand that the proper law officers have approved this bill. However, for forty years the dairymen of Canada were protected, as I understood it, by legislation similar to this. Then, out of the blue, the privy council said that the dairymen should not be further protected. Has this legislation been referred to the supreme court for its decision?

Mr. Gardiner: This legislation has been before the law officers, and has been drafted in the light of the decision made by the privy council. As I understand it, all the privy council said in connection with this matter was that we had no right to say that a substitute for butter could not be manufactured in a province and sold in a province. They have said we had no right to say it—and for exactly the same reasons as I gave a moment ago, that we have no right to interfere with the grading of butter in a creamery in Ontario. That is a matter for Ontario. It is only when there is shipment of a product from one province to another or from this country to another country that we have anything to do with it. That latter power is all left with us; this bill still provides for our doing what we did under that power before.

Mr. Cruickshank: One more question; quite frankly I am very careful about any bill affecting the dairymen, after the deal they got in the last two or three years through a decision of some people over in England who knew nothing at all about farming in Canada. If any provincial department of agriculture tests this bill, will it be referred to the supreme court for decision?

Mr. Gardiner: My understanding is that if any provincial government desires to prevent the manufacture and sale of oleomargarine within its own province, it has the right to do so, in accordance with the decision of the privy council and also the decision of our own supreme court before the case was taken to the privy council. Any province that desires to stop it can stop it. As I said a moment ago, Quebec and Prince Edward Island have already done so. The other provinces may do so if they so desire.

Mr. Cruickshank: I know this bill must have been designed to protect the dairymen, but I must say I am sceptical, because the dairymen got a dirty deal through the decision in England. This bill apparently has not been submitted to the dairymen in the provinces, and certainly it has not been submitted

to members of the House of Commons representing dairying constituencies. If the department of agriculture in any province takes exception to the legality of the bill, will it be submitted to the supreme court for decision?

Mr. Gardiner: That will be for them to say. They can submit it to the court in their own province. I suppose from that point if an appeal were taken it would be taken to the supreme court, and, if there still is an appeal to the privy council, from the supreme court to the privy council.

Mr. Cruickshank: I have not received the answer yet that I am looking for. The provinces had nothing at all to do with the margarine decision. There was a great lobby put on to permit the sale of margarine in Canada; therefore the matter of the legality of legislation which permitted the sale of this so-called substitute for butter was submitted to the supreme court for a decision.

I am assuming that this bill is entirely in the interests of the dairymen, but I do not know whether that is so or not—and neither do any other members, including even the legal minds in the house, and I am not one of them, because I come from a farming district. However, no legal mind in the house knows. I admit we have here some brilliant members of the bar; but if they can pick up this bill and, in two minutes, tell me whether it is legal or not, then they are better lawyers than I think they are—and they are all overpaid.

What I am asking is this: if a department of agriculture in a province takes exception to what is in the bill, can it go further? I would point out that it was not the provincial governments that submitted the bill that permitted the ruination of the dairy farmer through the sale of margarine. It was the federal government that submitted that measure to the Supreme Court of Canada for decision.

I would repeat my question: if a department of agriculture in a province takes exception to the legality of the bill, will it be submitted to the supreme court for decision?

Mr. Gardiner: I should add that the final decision of the privy council was reached as a result of the fact that the farm organizations took it there. It was not the government that took it there, but rather the farm organizations, and the department of the Minister of Justice supported the farm organizations in their argument. I believe it was Mr. Milliken who represented the farm federation before the privy council in arguing the case.

The same procedure is open, so long as there is an appeal to the privy council; it can be taken there by anyone who objects to the legislation and thinks it is not intra vires. A province or, indeed, anyone else, can do that. But there is no occasion to submit it unless someone raises the question.

Mr. White (Hastings-Peterborough): Is there anything in section 6 or anywhere else in the bill that gives the governor in council authority to make regulations prohibiting or controlling the export of cheese made from milk in the usual way?

Mr. Gardiner: No. I cannot conceive of anything being in the act that does that, and I do not know of any reason why we should want to do it.

Mr. Diefenbaker: Has the minister not that power under section 5, subsection 1(b), which says that the governor in council may by regulation prohibit export out of Canada of a dairy product unless it complies with the prescribed standards?

Mr. Gardiner: That is on the standards alone. For example, Britain says: We want white cheese only. They have said that over the years when they are buying. We have suggested that cheese should be made white if it is going to be exported to Britain. Last year, when we were requisitioning cheese, we insisted on the cheese being made white. There are conditions of grade or quality that apply when there is export of cheese or when it is moved from one province to another, but only then. We cannot prevent them from making it in any form whatsoever, or from grading it in any way whatsoever, so long as it is disposed of in the province.

Mr. Diefenbaker: But you can prevent them from exporting it.

Section agreed to.

On section 7—*Administration.*

Mr. Catherwood: In the carrying out of this act, will any additional graders and inspectors be required?

Mr. Gardiner: No, I do not think so. Up to now I think we have had all that we have needed. We make use of the provincial inspectors; the provinces make use of our inspectors, and the two put together make enough staff at the moment. If there is more production, of course we would require more staff.

Mr. Tustin: A while ago I understood the minister to say that all or practically all the grading was done by provincial inspectors. Is the standard set by the provincial inspectors accepted by the department and by the federal inspectors?

Mr. Gardiner: I think it works the other way round. If a province is not exporting or is not interested in exporting, it does as it likes. But if it is going to export from one province to another—using the word "export" in that sense—then it must meet the conditions that are required in the other province. Over the years our work has been to keep that standard the same in all the provinces. So far as I know, they are the same at present. I think the last province to come in was Ontario. They had their own system, their own methods and their own grades, because they sold practically all their dairy products in Ontario. Since I became minister they agreed to the standard that we set, and now I think that right across Canada it is pretty well agreed.

Section agreed to.

Sections 8 to 14 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Gardiner moved the third reading of the bill.

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

Mr. Cruickshank: On division.

Motion agreed to on division and bill read the third time and passed.

CRIMINAL CODE

VARIOUS AMENDMENTS RELATING TO OFFENSIVE WEAPONS, PENALTY FOR OFFENCES OF A SEDITIOUS NATURE, IMPROPER USE OF MAILS, ETC.

The house resumed, from Monday, June 25, consideration in committee of Bill No. 391, to amend the Criminal Code—Mr. Garson—Mr. Dion in the chair.

On section 21—*Warrant to observe operation of telephone equipment.*

Mr. Diefenbaker: The clause that I was dealing with last evening was the new section 629A which by warrant allows police officers to observe the operation of telephone equipment.

Mr. Garson: Mr. Chairman, I wonder if I might interrupt my hon. friend for a moment?

Mr. Diefenbaker: Yes.

Mr. Garson: As is common knowledge, this section of the bill was submitted to us by the government of the province of Ontario as something that in their opinion would facilitate the enforcement of the law particularly with regard to the situation in the city of Windsor. The clause was carefully drafted by counsel from the attorney general's department of Ontario, the Bell Telephone Company and the Department of Justice. We did not think it would result in any abuses if this power were entrusted to the provincial governments generally, and, in particular, to the government of Ontario, which is the only one that has so far asked for it or shown any interest whatever in it. It is apparent, however, from the course of the debate last night, and from rumours that we hear about the corridors, that there is a strong view in a certain part of the opposition, which is firmly opposed to this clause. Since some members of this group have been fairly closely identified with the government of Ontario and are in a better position than we are to form an opinion in these matters, we think we might well withdraw this clause from the present bill, and have another look at it; because if there is a strong segment of Ontario opinion represented in this house in opposition to it, it may well be that the powers covered by this clause should not be granted. We therefore would suggest that this clause be withdrawn. We can consider whether it will be reintroduced at some later time.

Mr. Diefenbaker: I am certainly pleased that the minister has withdrawn this clause. He says that he is going to look it over and to give it further consideration. I hope it is dropped, and dropped without resurrection; because in my opinion it is one of the most dangerous steps that can be imagined in the direction of invasion of the rights of the individual. I thank the minister for withdrawing it.

Mr. Coldwell: May I also say that I am happy indeed that this section has been withdrawn? This was a dangerous provision. While it might not be abused, it might be looked upon as creating a precedent and driving in the thin end of the wedge. I understand that this provision was asked for by the government of Ontario, for certain specific reasons. The minister has said that no other government showed any interest in it. I do not know whether it was submitted to them, but I would have thought that if it were submitted to some of the governments in Canada, the probability is that they would have objected at least to the principle underlying this section.

I am not going to say more about it, except that so far as I am concerned, the minister will have our consent to withdrawal of the

section. We are happy indeed to give that consent. After all, this bill is in some respects a drastic measure. There are some features of it I might have discussed earlier, but the various items have been passed and I do not propose to go back over anything that has already been dealt with. But I say again that the government is wise in asking the permission of the committee to withdraw this objectionable section.

Mr. Low: I would also like to say that this group is very happy that the section is being dropped. I had marked it especially for considerable opposition before I heard that it was possible the government might drop the section. It is a dangerous departure from the procedure which we have been following in the past in an attempt to get evidence upon which to base a conviction.

The Chairman: Then I understand that clause 21 is dropped?

Mr. Macdonnell (Greenwood): Before it is finally dropped I want to add one word. If it had gone forward I was going to draw the attention of the minister to what he may have already seen. If not, I shall draw it to his attention. It is evidence given by Mr. Hoover before the subcommittee of the committee on appropriations, and this is the appropriations bill for 1942. He has remarks to make about the use of this kind of thing which, if an occasion should arise to consider it again, I suggest should be very carefully weighed by the department.

Mr. Garson: I think it will be necessary to move that the clause be dropped.

Mr. Gregg: I therefore move:

That Bill No. 391, an act to amend the Criminal Code, be amended by striking out clause 21 and renumbering the following clauses accordingly.

Motion agreed to.

Sections 22 to 24 inclusive agreed to.

On section 25—*Notice to be given.*

Mr. Diefenbaker: There is one suggestion I would like to make in connection with notice of appeal in general after conviction. It is a matter that sometimes arises where a conviction is followed by imprisonment in the penitentiary. The sentence does not commence to run until the accused actually is incarcerated in the penitentiary. The result is that numbers of accused who have been convicted sign waivers of their right of appeal; for, unless they do so, the first thirty days of their imprisonment will not count on their sentence. I suggest to the minister that injustice has followed the strictest application of that section dealing with waivers. Consideration should be given

to allowing a convict to commence his sentence from the time he is sentenced rather than denying him that right and thereby constituting an inducement to him to sign a waiver of appeal. I know of a case, and I bring it to the attention of the minister, of a boy of eighteen or nineteen years of age who would have been acquitted on appeal, who signed his waiver in order that his time would count, and as a result there was more than a little difficulty in getting any action. I suggest that while it does not strictly come under this section, it is a matter to which consideration should be given.

I am very glad that provision is made for the right of an individual to secure an extension of time by the Supreme Court of Canada, following the expiration of the fifteen days. That is a salutary provision, and one that will assure the preservation of the just rights of an individual who, through inadvertence, fails to have his appeal launched to the supreme court within the period in question.

Section agreed to.

Sections 26 to 28 inclusive agreed to.

On the title.

Mr. Diefenbaker: There are a couple of questions to which the minister was to give answer: one, the number of cases in which an appellant had utilized the *in forma pauperis* provision of the law; two, the number of charges that were laid in the various provinces for drunken driving during the last year, the number of convictions, and also the number of charges for reckless driving and the corresponding statistics on convictions.

Mr. Garson: With regard to the first question my hon. friend raises, he will recall that he raised it on the amendment to the Supreme Court Act.

Mr. Diefenbaker: That is right.

Mr. Garson: I have already handed that information to him privately. If I recall it, there were two applications for *in forma pauperis,* one of which was granted but not proceeded with, and the other one was denied. A point arose in connection with one of these cases, which although it was not material to the judges' decision was used by them as a basis for the request which they made to us for this legislation.

With regard to the statistics that my hon. friend asked for, we have the record here, for the period from 1945 to 1949 in the various

provinces of charges of driving while intoxicated. There are no statistics available yet for the country as a whole for the year 1950. We have no statistics as to the charges for reckless driving. They are not available. I shall be glad to send the data across to my hon. friend.

Mr. Diefenbaker: It would be of interest if my hon. friend would put it on *Hansard*, because it is a record.

Mr. Garson: If the committee is agreeable.

Some hon. Members: Agreed.

Mr. Garson: The table follows:

DRIVING WHILE INTOXICATED (C.C. Sect. 285 (4))

Years	Charges	Convictions	Fine	Gaol		Reformatory	Sentences suspended and other sentences
				Under one year	One year and over		
Prince Edward Island							
1945	30	30	2	27			1
1946	73	71		71			
1947	50	50		50			
1948	55	55	14	33			8
1949	55	55	12	43			
Nova Scotia							
1945	104	88		88			
1946	175	165	4	161			
1947	215	198	5	193			
1948	170	149	11	138			
1949	229	191	1	190			
New Brunswick							
1945	144	142	1	141			
1946	160	159	1	158			
1947	159	155	17	137			1
1948	228	228	44	184			
1949	302	297	115	182			
Quebec							
1945	116	106	45	60			1
1946	112	101	38	63			
1947	124	110	20	90			
1948	139	120	51	69			
1949	306	261	117	143			1
Ontario							
1945	774	641		640	1		
1946	1,234	1,057	15	1,039	1	1	1
1947	1,222	1,009	2	1,003		2	2
1948	1,263	1,070	14	1,044			12
1949	1,394	1,249	136	1,099	1	3	10
Manitoba							
1945	87	83	2	80			1
1946	122	122		122			
1947	116	108	1	107			
1948	124	121	3	117			1
1949	176	173	35	137			1
Saskatchewan							
1945	64	62		62			
1946	95	89	1	88			
1947	66	64	8	56			
1948	72	61	4	57			
1949	115	113	27	85			1

DRIVING WHILE INTOXICATED (C.C. Sect. 285 (4))

Years	Charges	Convictions	Fine	Gaol		Reformatory	Sentences suspended and other sentences
				Under one year	One year and over		
Alberta							
1945	89	85	3	82			
1946	78	72	2	70			
1947	68	67	3	62			2
1948	72	69	3	66			
1949	134	132	16	111	5		
British Columbia							
1945	32	31	1	30			
1946	58	56		54		2	
1947	66	59	2	57			
1948	122	107	5	102			
1949	220	208	45	161			2
Yukon and Northwest Territories							
1945	1	1		1			
1946	6	6		6			
1947	5	5		5			
1948	5	5		5			
1949	10	10		10			
Totals for Canada							
1945	1,441	1,269	54	1,211	1		3
1946	2,113	1,898	61	1,832	1	3	1
1947	2,091	1,825	58	1,760		2	5
1948	2,250	1,985	149	1,815			21
1949	2,941	2,689	504	2,161	6	3	15

RECKLESS OR DANGEROUS DRIVING (C.C. Sect. 285 (6))

Years	Charges	Convictions	Fine	Gaol		Reformatory	Sentences suspended and other sentences
				Under one year	One year and over		
Totals for Canada							
1945	1,536	1,356	1,227	84	3	11	31
1946	3,207	2,974	2,787	130	3	10	44
1947	2,436	2,066	1,817	200	8	10	31
1948	2,143	1,842	1,705	107	3	9	18
1949	2,018	1,754	1,602	111	6	8	27

Mr. Low: I was very much interested in the discussion yesterday with regard to clause 3. I would ask if the committee would revert to clause 3 before passing the title of the bill. My reason is to consider an amendment to that clause.

Mr. Garson: May I suggest to my hon. friend that he discuss on third reading the subject matter to which he is referring?

Mr. Low: It does not matter to me at which stage the amendment is moved, but I thought it would be better to move it in committee.

Mr. Garson: I am afraid we cannot very well reopen the section.

Mr. Low: I am sure we could revert to clause 3 by unanimous consent.

The Chairman: Is there unanimous consent?

Some hon. Members: No.

Some hon. Members: Agreed.

Mr. Low: May I say that I have worked out an amendment to clause 3 that would cover the situation as discussed here yesterday, reserving for the minister all he asked for, and covering all that the hon. member for Temiscouata, the hon. member for Kamloops and others had asked for. It does not matter to me whether we do it while we are in committee or as an amendment to the motion for third reading. I should think it would save time to do it now.

Some hon. Members: Go ahead.

On section 3—*Assisting enemy.*

Mr. Low: If I have consent to revert to clause 3 I would move:

That paragraph (i) of section 3 be struck out and the following substituted therefor:

"(i) assisting, while in or out of Canada, an enemy at war with Canada, or any armed forces against whom Canadian forces are engaged in military operations whether or not a state of war exists between Canada and the country whose forces they are, or any country against whose armed forces Canadian forces are engaged in military operations whether or not a state of war exists between Canada and the country whose forces they are, or"

The heading will have to be changed a little because this amendment was prepared to be moved on the motion for third reading.

Mr. Garson: Mr. Chairman, from a hasty reading of this proposed amendment I would suggest that it is identical in substance with one moved yesterday in the committee by the hon. member for Kamloops. In other words, it purports to cover first the enemy at war; second the armed forces against which Canadian armed forces are contending where no state of war exists; and also, third, the country of the armed forces against which our armed forces are contending where no state of war exists. That was the point which was made by my hon. friends of the official opposition and which was passed upon by the committee in a motion, as I recall it, moved by the hon. member for Kamloops and which was voted down.

While this amendment may not be identical in language, I think it is identical in substance, and for that reason I still think we would be inclined to adhere to the clause as it was originally drafted. I shall not traverse the ground that I covered yesterday, because there would be no purpose in my doing so; but we have given most careful consideration to all angles of this matter, and we think that the inclusion in this clause of the countries of the opposing armed forces in Korea would be tantamount, as far as this bill is concerned, to acknowledgment of a state of war with those countries; for while we would be saying that it was not war, we would be putting those countries in the identical position in this clause in which we would put them were we at war with them.

We gave careful consideration to all these aspects of the matter when we were drafting this clause, and we must adhere to the language in which it now appears. I am afraid we shall have to oppose my hon. friend's amendment.

Mr. Coldwell: Mr. Chairman, it strikes me that the clause as it stands is pretty wide; in fact I think it is wide enough to cover any situation that might arise. It seems to me that there have been cases in the past in which the forces of a country have assisted what we would consider to be a purely democratic undertaking within another country. This amendment might be interpreted subsequently in such a manner as to interfere with what were ordinarily considered to be civil rights and liberties.

Once this amendment is made to the Criminal Code it will be there for perhaps a long time. I think we should be careful not to put anything further along this line in the code, because we never know what may happen in this country in the future and who may be administering the code. I think the clause as it stands covers adequately the point that the government wishes to cover; indeed, even in this clause there are dangers should it be abused. Consequently I should be inclined to support the minister in letting it stand as it is. If I were going to amend it I would want more safeguards in order to make sure that the powers in the clause could not be abused, as I think they might be.

The Chairman: Shall the amendment carry?

Mr. Drew: Mr. Chairman, I had hoped that when the time was reached to consider this the minister might accept this proposed amendment. In the first place, it meets the objection that was raised yesterday by one hon. member as to the wording; the words "military operations" are substituted. An important feature of the proposed amendment is that it makes it possible to deal with anybody who assists a country which is supplying troops who are fighting or who are engaged in military operations against our forces. The point made by the Minister of Justice is that we should not follow a course which amounts to an open declaration that we recognize an undeclared state of war created by the troops from that other country. I can only repeat what I have said before. We are not in any doubt that the forces now opposed to Canadian and other United Nations forces in Korea come from communist China. No one questions that. Not only do we know that from the identity of prisoners who have been taken; we know it from declarations by representatives of the communist government of China. I find it utterly inconsistent that in view of the tragedy that is taking place in Korea today we should be prepared to accept the illusion, created for their own satisfaction by the government of China, that these Chinese troops, veterans of the 8th route army, men trained by Russian communist instructors, are volunteers in the Korean forces. The thing is utterly unrealistic. The very best trained troops of the Chinese communist army have been thrown into action against the United Nations forces, which include young men from Canada.

I can only repeat what I have said before, that the time has come for us to say in no uncertain way that while we seek peace with China, we are not going to do anything to assist the Chinese nation under a communist government while that communist government is sending troops against our own young men. I hope this will be reconsidered.

Amendment (Mr. Low) negatived.

Section agreed to.

Bill reported.

Mr. Garson moved the third reading of the bill.

Mr. Speaker: Shall the motion carry?

Mr. Knowles: On division.

Motion agreed to and bill read the third time and passed.

DOMINION ELECTIONS ACT

AMENDMENTS WITH RESPECT TO NORTHWEST TERRITORIES ELECTIONS

Hon. W. E. Harris (for the Secretary of State): Mr. Speaker, I wonder if at this point we could revert, with unanimous consent, to the calling of the resolution with respect to the Dominion Elections Act. I understand that it is now proposed that the bill will be reprinted, and will include only those provisions dealing with municipal elections in the Mackenzie district and the provisions having to do with defence service voting. I gather that may be acceptable to members of the opposition. If it is, we could have the resolution called now, and advise the house of the consent of His Excellency the Administrator. Then the bill might be printed and would be available tomorrow for whatever disposition the house may make of it.

Mr. Drew: Just so that I will understand the situation, in addition to the provision for the municipal election to which reference has already been made, I understand that all that will be included is what is now section 7 of the Dominion Elections Act. Is that correct?

Mr. Harris (Grey-Bruce): Not quite. Section 7 is the section which deals generally with service voting, but there are a great many more sections in the bill which are required in order to carry out the purpose of that section with respect to service voting.

Mr. Speaker: With unanimous consent of the house, it is agreed that the house resolve itself into committee of the whole, this day, on the said resolution.

Mr. Knowles: What about His Excellency the Administrator?

Mr. Harris, Grey-Bruce (for Mr. Bradley) moved that the house go into committee this day to consider the following resolution now appearing as a notice of motion in the *Votes and Proceedings* of Monday, June 25, 1951:

That it is expedient to bring in a measure to amend the Dominion Elections Act to implement the recommendations of the special committee appointed to study the Dominion Elections Act, 1938, embodied in the draft bill prepared by the said committee and *inter alia* to make provision for: (a) a greater number of advance polls; (b) the conduct of the Northwest Territories elections; and (c) the Canadian prisoners of war voting regulations, 1951.

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

Mr. Knowles: Was His Excellency the Administrator informed of the change?

Motion agreed to.

Mr. Speaker: With unanimous consent of the house it is agreed that I do now leave the chair for the house to resolve itself into committee of the whole on the said resolution.

Mr. Harris, Grey-Bruce (for Mr. Bradley) moved that the house go into committee to consider the resolution.

He said: Mr. Speaker, it is understood that the bill when presented will contain references only to the voting in the Northwest Territories and the service voting.

Mr. Diefenbaker: Which are the sections?

Mr. Harris (Grey-Bruce): I have sent my copy to the printer, but it relates only to those sections which establish the principle with respect to service voting, and then there are a number of ancillary provisions to carry that out. But there will be nothing in it that does not relate to those two subjects.

Mr. Drew: The reason I asked the question I did is that I have had some discussion with the Prime Minister since the matter was first raised in the house today, and I understood that it simply referred to the provision for voting in the Northwest Territories and to section 7, with such additional provisions as would be necessary to carry them into effect. I have a copy of the act here, and I could send it to the minister.

Mr. Harris (Grey-Bruce): Section 7 is the section dealing with service voting, and there are a great many which follow with respect to service voting to provide the means for taking the service vote. It is those additional sections, which I think my hon. friend would like to have in—

Mr. Drew: Oh, yes.

Mr. Harris (Grey-Bruce): —in order to carry out section 7. I think I could indicate the sections generally. It is section 6 actually of the present bill, and the first part of section 7.

Mr. Diefenbaker: What does the minister mean by the first part of section 7?

Mr. Harris (Grey-Bruce): The first subsection of section 7.

Mr. Drew: Mr. Speaker, I should like to point out that this goes farther than it was suggested to me that it was intended to go on introducing this measure. Section 6 introduces certain new principles with respect to voting. Section 7, however, would take care of the problem that has already arisen with respect to service voting without changing any of the existing principles. I think that the minister should consider very carefully what sections are to be covered. It would be well if we knew exactly what is to be included before we are asked to vote even with respect to the principle of accepting the bill at this time. I have in front of me a memorandum of the conversation I had, and it was indicated that it was section 7 and those sections that would provide for the carrying of that section into effect.

Without my enlarging upon it at the moment, the minister is well aware that there is quite a difference between the effect of section 6 and the effect of section 7. Section 7 would meet certain difficulties that have arisen with reference to the taking of soldiers' votes. Section 6 introduces certain new principles that may easily involve considerable discussion, and that should receive very careful consideration.

Mr. Harris (Grey-Bruce): I will consult with my hon. friend, and perhaps we can call it at one o'clock if we can come to an arrangement by that time.

Mr. Knowles: Pardon?

Mr. Fournier (Hull): Stand until one o'clock.

Mr. Harris (Grey-Bruce): I move the adjournment of the debate.

Mr. Speaker: It is understood that the debate can proceed later this day?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to and debate adjourned.

JUDGES ACT

INCREASE IN SALARIES AND NUMBERS OF JUDGES—ADJUSTMENTS IN PENSIONS

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Judges Act, 1946, to increase the salaries of judges, other than the judges of the Supreme Court of Canada; to increase the number of judges of the Supreme Court of Ontario and of the Superior Court of Quebec; and to provide certain adjustments as to pensions of judges and widows of judges.

Mr. Speaker: The hon. member for Winnipeg North Centre (Mr. Knowles) raised a point of order when this resolution was first presented to the house. If the house does not wish any further debate on the point of order, I am prepared to make a ruling now.

The hon. member for Winnipeg North Centre asked whether it was in order not to set forth the maximum expenditure in a resolution preceding a bill "for any public aid or charge upon the people". I have examined section 54 of the British North America Act and standing order 60. Neither of these provisions requires in terms that the maximum expenditure be set out in the resolution. Further, the citations in Beauchesne's third edition do not support the proposition. On the contrary, citation 439 indicates that the maximum expenditure need not be so specified.

I also have consulted the joint law clerks whose duty it is to prepare resolutions of this kind. They have informed me that there have been many instances in the past in which the maximum expenditure was not stated in the resolution, and also that in their view it is not always possible to assess the maximum expenditure. In these circumstances I have no alternative but to rule the present resolution to be in order. At the same time, however, may I draw to the attention of hon. members the following extract from Bourinot's parliamentary practice, fourth edition, at pages 404 and 405:

The cardinal principle, which underlies all parliamentary rules and constitutional provisions with respect to money grants and public taxes is this—when burthens are to be imposed on the people, every opportunity must be given for free and frequent discussion, so that parliament may not, by sudden and hasty votes, incur any expenses, or be induced to approve of measures, which may entail heavy and lasting burthens upon the country.

This extract suggests to me that it would be desirable, wherever possible, to include in resolutions of this kind an indication of the expenditure to be incurred, although, as I have said, there is no positive legal requirement that this be done.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the motion now before the house is in the usual form, asking the house to declare that it is expedient to present a bill to amend the Judges Act, 1946, and to increase the salaries of the judges other than the judges of the Supreme Court of Canada. The resolution also seeks a declaration by the house that it is desirable to increase the number of judges of the Supreme Court of Ontario and the Superior

Court of Quebec, and to provide certain adjustments as to the pensions of judges and widows of judges.

I doubt very much whether any substantial measure of disagreement would arise as to the part of the resolution relating to the increase in the number of judges, because that is a matter of agreement between the provincial and dominion governments. I am sure also that in so far as those provisions seem reasonable to hon. members it is not likely there will be substantial disagreement in regard to such adjustments as may be made in connection with the pensions of judges and widows of judges. But from remarks already made in the house it would seem there is likely to be some discussion, and perhaps some substantial measure of disagreement on the question whether at this time it is expedient to introduce a measure that will increase the salaries of judges.

I think I should indicate that I presented to the government reasons why I hoped it would defer consideration of this bill until we meet again in October. Those reasons were not related to the merits of the provisions that are to be placed before us in connection with salaries. I pointed out that there will be a recess in the courts for a considerable part of the time between now and October, and that in any event it would be unlikely that the date on which any changes might become effective would be affected by letting this bill stand until the fall. I did suggest that there were reasons at this time why we should avoid any discussion that might give the impression that any member of this house was directly or indirectly reflecting upon the judiciary of Canada.

At a time when our whole society is threatened as it is today, I think it is appropriate to remember and seek to impress upon the house that our society is founded upon respect for our judicial system. That calls for a generally accepted belief in the minds of our people that the judges and judicial officers are impartial, competent, and beyond improper influence of any kind. Canadians have reason to be proud of the great tradition established in this country by the judges who have held those offices, in the Supreme Court of Canada, the supreme courts of the provinces or the various local judicial districts under their differing names in the different provinces. I think we have reason to be proud of the fact that since we became a nation in 1867 this country has been remarkably free of even the slightest hint of any reflection upon the men holding those high offices. It should be a source of satisfaction to all who believe in our free society that the judges, many of whom in their earlier years were active partisans in the political affairs of this country, have without exception, or almost without exception, recognized the great obligation they owe to society itself in accepting office. The records of our courts have been a tribute to the extent to which men and women can actively participate in debates under our democratic system and at the same time recognize that such debates in no way lessen our common acceptance of the obligation we all owe to Canada as a nation and to the society which has made our country what it is.

In every province and every local judicial district the judges occupy positions of very great importance, which go far beyond their ordinary judicial responsibilities. To a very large extent they are called upon to symbolize the impartiality and dignity of the law. They are called upon to occupy many voluntary positions of great responsibility in our general affairs, where the impartiality of their office gives them special qualifications which mean a great deal in the functioning of a free society. For that reason it is essential that the salaries paid the judges should be in keeping with the high office they occupy. It is important that the salaries should be such as to attract the best brains of the legal profession, those best qualified to perform these very important tasks. I feel sure the members of this house generally will approach this question from that point of view.

On the other hand there is a consideration which I do not think we should ignore at this time. Inflation, the changing value of the dollar and other circumstances connected with the unsettled days through which we are passing all have their impact upon the daily lives of all Canadians. I think the question must be faced squarely. If this high court of parliament is going to say to the people of Canada generally that we hope nothing will be done during this period of uncertainty which will increase the inflationary pressures, we should be prepared to defer any action which, by example as much as by the amount actually involved, might tend to have that very effect. I would hope that by October we may see the general economic picture more clearly than we do today. I would hope that we may see much more clearly what the real prospects are of international stability. I, for one, would not like at this time to say anything which might be interpreted as indicating any lack of recognition of the great importance of the position of the judges in this country, nor would I like to be put in the position of appearing to oppose appropriate recognition, in financial terms, of the great responsibilities

our judges do assume. On the other hand, once again I place before the government the desirability of letting this matter stand over for three months so that we may not open the door at this time to any discussion which conceivably might unsettle the minds of the public in relation to the judiciary, or might involve decisions and arguments related to the present atmosphere of uncertainty which we would hope might to some extent be resolved by next October when we meet again.

Mr. William Bryce (Selkirk): Mr. Speaker, I should like to make a few remarks on this resolution, which is set out in these words:

That it is expedient to present a bill to amend the Judges Act, 1946, to increase the salaries of judges, other than the judges of the Supreme Court of Canada; to increase the number of judges of the Supreme Court of Ontario and of the Superior Court of Quebec; and to provide certain adjustments as to pensions of judges and widows of judges.

I do not think this is the opportune time for the government to bring in a resolution of this kind. I do not believe that any of the judges today are financially embarrassed, but we have old age pensioners who can barely obtain the necessities of life. In my view we should look after those old age pensioners before we increase the salaries of the judges.

I am not saying they do not need it, or that they are not entitled to it. I do say however that at this time we should look after the old age pensioners first. When I saw this resolution on the order paper about six weeks ago I wondered whether the government was sponsoring it, or whether it was the minister. We know the farmer wants more for his wheat, and I was wondering if the bar association wanted more for the judges. Perhaps the minister will answer that question when he speaks.

The government, led by the Prime Minister (Mr. St. Laurent), which has been preaching economy, which has been laying off staff from the post office and from other branches of the public service for purposes of economy, now brings in a measure to increase judges' salaries. I cannot understand it.

What do we hear repeated from the government benches? More production for wages received. I know, from my study of conditions in Canada for a long time, that some judges have far too little to do, while others are working much too hard. The latter group just cannot cope with the work they have to do. No government in Canada has at any time since confederation made a survey of the judicial districts; yet every ten years each government has looked over the redistribution so that each member of parliament will be representing so many people. This has never been done with respect to the judges. The arrangement made when the provinces were established is still the same, despite the fact that in many cases the population has shifted. In my own province I see places where the judges do not work half the week—and my good friend the minister, who comes from Manitoba, smiles. Well, I can prove it to him, because I have been long enough around the courts of Manitoba to know something about what the judges do.

I repeat that the judges in the cities are working hard, while those in the country should have their territories extended so that they would have more work to do. I realize that some of these judges are doing good work in the communities. They have spent their extra time for the welfare of those communities. On the other hand there is the other fellow who runs a lumber yard and does side jobs when he should be trying cases in court.

I appeal to the minister to lay this resolution over until the fall. Let each member go to his constituency and see what the judge in that constituency is doing. Let him see whether his judge is doing a full-time job and giving full production for the wages he receives.

In my view this measure needs careful study. This would be a good opportunity to revise the judicial districts. I do not want to work the judges too hard, but I want them to give value for the money they receive. We look after them well; they receive good pensions. I am not objecting to their getting more money, if they need it. By all means give it to them, if it is necessary and if they deserve it. But this matter requires further consideration.

As I said before, the districts should be changed so that some judges could take bigger districts. I do not wish to take up further time at this late hour of the session. I do urge, however, that it is far too late in the session to bring in a measure of this kind. When we are preaching economies is not the suitable time to ask for advances in salaries of any group. A granting of increases to judges at this time would destroy the plea the government is making, that of more production for wages received.

Mr. E. G. Hansell (Macleod): Mr. Speaker, we in this corner of the house are opposed to the measure at this time. We oppose it for more reasons than one. Our chief reason, however, is that the government is and has been pursuing a financial policy with which we do not agree—and there are no signs that they are going to change.

If the government pursued the policies we have been advocating for years, perhaps we would favour such a measure, because under those circumstances it would not result in the burden that it will be under present monetary policy. The present financial policy of the government means simply this, that you have to soak somebody to pay somebody else. When we look at this resolution, which proposes an increase in the pensions of judges whose pensions now amount to something in the vicinity of $8,000 a year, we believe that it is not the time to do it.

Let us look at the situation in the country. The hon. member for Selkirk (Mr. Bryce) has mentioned the fact that we are preaching economy. That is what we are doing. Yet it is not only a matter of economy. It is a matter which involves the taxation of those who are less able to afford taxes in order to increase the pensions of those who need them less. Over and over again during this present session we have mentioned the necessity for some different financial policy in order to stop the rising cost of living. The rising cost of living hits everyone, especially the man who is on a low salary, the wage earner and the white-collar man.

The budget that we have just passed has increased the sales tax; and the sales tax affects the man in the low income brackets. Here we have two things: increases in the cost of living, and increased taxation for those who are already burdened. Then there is the increase in the income tax, or the surcharge. That is going to affect the taxpayer. Recently we passed the Old Age Assistance Act. That will once again increase the taxation of the people, because it is to be partly a contributory scheme in the sense that an additional tax will be levied. That is the situation at the present time: increases in the cost of living, increases in taxation of this kind, that kind and the other kind. We have all that at the present time, and we are now proposing to increase the pensions of judges who now receive pensions of about $8,000 a year.

There is another reason why we believe we should not pursue this measure at this time. Much of the taxation that is now imposed upon the public is for defence purposes. The public may say: We will take it, but under protest, because the world is in a state which makes it necessary for us to build our defences. We must prepare for war. That is a phrase we do not like. We must rearm. That is a phrase we do not like. We therefore change it and we say "defence". The people may stand for some increases in taxation when it is proved to them that it is for defence purposes. But let us remember this. The same defence purposes will defend the rights of the judges. The same things we fight for by reason of defence are the things that the judges hold dear as well as anyone else. At the present time, therefore, when defence needs are such a tremendous burden upon the people of Canada, the judges too should say: We shall be willing to forgo any increase in pension for a year or two until the storm abates. That is the situation.

There is another matter I should like to mention here, because when we begin to discuss increases in judges' pensions we think of our judicial system. The leader of the opposition (Mr. Drew) has emphasized the importance to us of our judicial system, and has pointed out that it must be protected. I agree with him there. But that does not mean that the system is necessarily perfect. Usually the cry arises: Hands off the judicial system; you must not criticize that. I am not going to criticize our judicial system, but I believe we have a right to criticize judges and the method of their appointment. I am afraid that we have come to the point where the main qualification for judges seems to be that they must have been defeated Liberal candidates.

Some hon. Members: Oh, no.

Mr. Ferguson: That is not so.

Mr. Hansell: If we go according to the practice, it would seem to be so.

Mr. Ferguson: No, it would not. Go over the recent appointments to the bench. That is not so.

Mr. McGregor: Are there any Conservatives?

Mr. Speaker: Order.

Mr. Ferguson: I am a strong Conservative, and I will tell you that Conservatives have been appointed to the bench in the last four years, I am glad to say, and they were strong Conservatives.

Mr. Hansell: That does not destroy my argument.

Mr. Dickey: It certainly does.

Mr. Hansell: I am saying that at the present time our system of appointing judges is in danger of becoming a system of political appointments. I think it is time we changed that system. I think it is time we sought a new method for the appointment of judges. In the appointment of judges I believe that the one and the main consideration should be their qualifications as jurists.

There is another matter which I should like to mention. There is another class of

people who are much more in need of pensions than the judges are of increased pensions. The judges administer the law. I believe they should receive pensions as they do. They administer the law; they interpret the law. But there is no pension for those who make the law. If anyone rises in this house and suggests that some consideration should be given to those who make the law, it seems almost that it must be hush-hush—oh, no; we must not mention that. I have mentioned these things before, and I am not afraid to mention them again. I will stand on my own feet. I am not afraid of the criticism that may be levelled at me when I mention the matter again. I believe the time has come for consideration of adequate pensions for those who make the laws. I believe that some consideration is being given this very matter in some quarters. I understand, if old dame rumour can be trusted, that it is being considered on the basis of a contributory scheme. If that be so, I do not think that there should be any possible reason to shy away from criticism if such a scheme is introduced in the house.

I do say, Mr. Speaker, that the time has come—and I am quite certain that hon. members for the most part will agree with me, even though they do not wish to be too outspoken about it. That is their own business. I believe I have a fairly solid body of opinion behind me when I say it is high time that some consideration was given to pensions for the law makers, considering that the law interpreters and law administrators are given pensions of $8,000 a year without a contributory scheme.

Mr. Stick: Without a means test.

Mr. Hansell: And without a means test.

There is another little matter in respect to the judges' pensions, and I am not against increasing pensions on a matter of principle, particularly when they deserve it and particularly when they need it. But we must remember this, too; by the time judges retire they are comparatively aged men. I do not think that aged people require the same income as younger people who are starting out in life and want to make something of life. For the most part, those who go on pensions have lived their lives. They should then be able to rest and enjoy life in comfort. I am asking myself the question: Can an aged person enjoy life in comfort on $8,000 a year? I think he can. If the people of Canada were not tremendously burdened by the increased cost of living and increased taxation, then I would say: Why should not judges be able to enjoy life to the extent of a few thousand dollars more than $8,000? I would be willing to say that. But I do not think we are justified in passing this measure at this time. I have put forth the reasons for saying that. We wish our judges no harm. We believe in their integrity, and we believe that perhaps they are deserving, but I do not think that this measure should be passed by this house at the present time.

Mr. J. S. Sinnott (Springfield): It is not very often that I agree with the opposition, but I agree wholeheartedly with the leader of the opposition (Mr. Drew), the hon. member for Selkirk (Mr. Bryce), and with almost all that was said by the hon. member for Macleod (Mr. Hansell). My first objection to this measure is that it is an inflationary trend, and look at who is starting it—of all people, the Minister of Justice himself!

I would say at the outset that this is not the time for a full-dress debate on this subject. It is not the time to increase any salaries. The judges have got along very well up to this time, even though we have had a high cost of living. We are now in the position where we have just about reached the peak and prices will be coming down.

I am going to say just a few words more, and then I will take my seat, but I want to tell the Minister of Justice that I will fight this bill with all my heart and with all my strength as long as I can. It has been intimated to me that I have a personal grudge against judges. Such is not the case. My opinion is this. At this time, with costs of everything at their height, if we give the judges an increase of twenty per cent across the board, labourers throughout the country would be entitled to just as much; and if that is not an inflationary trend and an inflationary start, then I do not know what I am talking about.

Mr. Jean François Pouliot (Temiscouata): I have made a calculation about the total cost of legislation and of justice in the main estimates. In rough figures, legislation amounts to $4,600,000, justice, $13,813,000. Adding these amounts together with the supplementary estimates, you get roughly $18,500,000. The total amount of expenditure in the estimates is $3,586,915,000. To realize what is the proportion of the cost of legislation and justice, we have to divide $3,587 million into $18 million. What is it, sir? The calculation is obvious. The percentage is ·5 or one-half of one per cent.

Naturally we proceed by comparison, but we must not forget the sense of proportion which is very useful in circumstances like these. It is only ·5 or a half of one per cent. That is the total amount that is spent for legislation, House of Commons and Senate

expenditures, travelling expenses of the members, the senators, the judges; and the whole Department of Justice, salaries paid to the judges and the ministers, personnel, travelling expenses, everybody.

Some hon. Members: One o'clock.

On motion of Mr. Fournier (Hull) the debate was adjourned.

At one o'clock the house took recess.

The house resumed at three o'clock.

DOMINION ELECTIONS ACT

PROCEDURE IN DEALING WITH PROPOSED AMENDMENTS

Hon. Alphonse Fournier (Minister of Public Works): Perhaps we could take up the problem of the elections act.

Mr. George A. Drew (Leader of the Opposition): Assuming that that is acceptable in so far as the consideration of the subject is concerned, I would refer back to what I said earlier when it was proposed that we deal with the elections act as a whole. I indicated then that I thought we should not proceed to deal with proposals which would change substantially the election laws or the general provisions of the elections act. I feel sure that there will be no objection to my mentioning the fact that the Prime Minister then spoke to me and indicated that the government was ready to introduce a bill in more limited form, avoiding any provision that would change the name of the act and including only those clauses which would make it possible to carry on the municipal elections in the Northwest Territories and carry forward the provisions of section 7.

Later when the matter was discussed it was indicated that there might be a number of sections, including 6 and 7 and those from 29 on, as well as certain intervening sections, which it was proposed to introduce. Those sections which are referred to do introduce new principles; they do introduce changes of substantial importance; they do introduce subjects which were under vigorous discussion in the committee. This would only partly meet the objections to which I referred earlier, and I could not agree to the reopening of this subject for the purpose of introducing a bill unless it is to be limited to the provisions for the municipal elections, which, as I indicated before, we are ready to consider, and section 7, so far as that is required for the purpose of avoiding certain difficulties that have arisen. That is what I understood was to be brought forward.

[Mr. Pouliot.]

Hon. W. E. Harris (for the Secretary of State): Mr. Speaker, as I think I indicated earlier, that is the general desire. I admit that section 6 was overlooked at the time, and, while it may introduce new principles, they are not essential to the service vote regulations. If section 6 is left out for the moment, it occurs to me that all the other sections, that is section 29, etc., are sections which carry out section 7. Unless I am wrong in that, I would think that if it is intended to carry out section 7 in any form, we should pass section 29 and the following sections. If that is not the understanding of the opposition, we might just as well leave them all out and confine ourselves to the provision dealing with the Mackenzie district elections.

Mr. Drew: I think that is the answer, unless there is some special reason for including section 7 (1). I understand that there are reasons why it was thought that section 7 (1) should be included. I am not suggesting that there was any thought of misleading me in the matter, and I think the minister understands that; but the information I was given was that the only addition to the provisions relating to the municipal elections would be section 7 (1). I am not prepared to agree to any extension beyond that, except in so far as there may be a provision that could be agreed upon it might be advisable to add for the purpose of carrying out section 7. But as I understand it, section 7 (1) can stand by itself.

Mr. Fournier (Hull): The government would have no objection to following the suggestion of the leader of the opposition and taking the section dealing with the municipal elections in the Northwest Territories. When we get to section 7 of the bill, if it is found that it can be passed, we could probably carry it, but the bill would be limited to those sections.

Mr. Drew: The understanding, then, is that the bill to be introduced, if we agree to this procedure, will not include any provision to change the name of the act, but will include only the provision with regard to the municipal elections, and, if the government deems it advisable, section 7 or such part of it as is regarded as being sufficient.

Mr. Fournier (Hull): That is understood.

Mr. Speaker: When the house rose at one o'clock it was considering the resolution with respect to the Judges Act. I understand that it is now agreed that that debate will be interrupted and that the house will proceed with the resolution respecting the

Dominion Elections Act. When that has been concluded the house will revert to a discussion of the resolution respecting the Judges Act, and the hon. member for Temiscouata will then have the floor. Is that agreed?

Some hon. Members: Agreed.

AMENDMENTS WITH RESPECT TO NORTHWEST TERRITORIES ELECTIONS

The house resumed consideration of the motion of Mr. Harris, Grey-Bruce (for Mr. Bradley) that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Dominion Elections Act to implement the recommendations of the special committee appointed to study the Dominion Elections Act, 1938, embodied in the draft bill prepared by the said committee and *inter alia* to make provision for (a) a greater number of advance polls; (b) the conduct of the Northwest Territories elections; and (c) the Canadian prisoners of war voting regulations, 1951.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Resolution reported, read the second time and concurred in.

Mr. Bradley thereupon moved for leave to introduce Bill No. 404, to amend the Dominion Elections Act, 1938.

Motion agreed to and bill read the first time.

JUDGES ACT

INCREASE IN SALARIES AND NUMBERS OF JUDGES —ADJUSTMENTS IN PENSIONS

The house resumed consideration of the motion of Mr. Garson that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Judges Act, 1946, to increase the salaries of judges, other than the judges of the Supreme Court of Canada; to increase the number of judges of the Supreme Court of Ontario and of the Superior Court of Quebec; and to provide certain adjustments as to pensions of judges and widows of judges.

Mr. Pouliot: Mr. Speaker, as appears from the estimates, the total amount spent for justice and legislation is approximately $18,500,000, which represents a half of one per cent of the total expenditure in the main estimates. I thank my colleagues for having helped me to find that proportion, and that calculation has helped them to realize that what is spent for justice and legislation is not as high an amount as is represented in some places. To realize what is the expenditure for judges we have to look again at the estimates, and at page 26 we see that the total amount spent for the administration of justice is $4,739,000, or approximately a quarter of $18,500,000, or a quarter of one-half of one per cent. I admit that although the fraction is small, the amount may be large, but we shall keep our sense of proportion when we discuss these matters.

Everybody appreciates the work of the judges, but apparently in a different manner, as appears from the various expressions of opinion in the house. The leader of the opposition (Mr. Drew) spoke well. He spoke of the importance of the judiciary in our national life, and so did other members. I am quite free to give my opinion about judges, because I was connected with them during my active practice of fifteen years. I am quite independent now and can say what I think of them, because my parliamentary duties have been so heavy that I have not been able to practise for fifteen years. I have come to the conclusion that the best judges are those who decide according to equity, but in saying that I am a legal nonconformist.

The purpose of this legislation is not to change the state of things, inasmuch as it works just as well now as it has in the past, and as the question is threefold we must examine each matter in turn. The first question involved is the increase of the salaries of judges. I shall come to that again in the latter part of my remarks, which will be very brief. Then there is the increase in the number of judges in the Supreme Court of Ontario and the Superior Court of Quebec. So far as the province of Quebec is concerned, I know that there is an arrangement between the government of Canada and the provincial government to increase the number of judges so that the requirements of justice will be better served. Many cases are under way but cannot be heard because there are not enough judges. As there has been an agreement between the governments about the matter, I cannot see why there should be any objection to it. I presume the situation is the same with respect to the province of Ontario.

The resolution also provides for certain adjustments in the pensions of judges and widows of judges. My hon. friends know the law. According to the act as amended, judges make an option concerning their pension when they are appointed, and they inform the Department of Justice, which in turn informs the treasury board, if they intend to have the full pension paid to them or one-half paid to their wives. That arrangement is made at the time of the appointment of the judge.

Mr. Knowles: The fraction is two-thirds and one-third.

Mr. Pouliot: Yes, the fraction. All judges make that choice, and they inform the department about it. If the wife, who is supposed

to have one part of the pension, predeceases her husband, then according to the law the husband may receive only his own fraction; and it is probably to correct that abnormal situation that the minister intends to amend the legislation. Is that it?

Then the minister will have the opportunity to tell the committee of the numerous representations that have been made by the provincial attorneys general and legal organizations such as the Canadian Bar Association and others to expedite as much as possible the administration of justice because of the fact that many cases have not yet been heard though they have been on the roll for years.

The last question is the increase in the salaries of judges. Something struck me in the speech of the leader of the opposition (Mr. Drew). It was this, and I took some notes: "The judges occupy positions of great importance which go far beyond their judicial responsibility. For that reason it is essential that the salaries paid to judges should be in keeping with the high office they occupy. It is important that those salaries should attract the best brains of the legal profession." This was the argument he made to support the resolution. On the other hand he made a reservation, and I quote from my notes: "We are living in a period when inflation, the changing value of the dollar and other circumstances connected with the unsettled days through which we are passing all have their impact upon the daily lives of all Canadians. If nothing would be done during this period of uncertanty to increase the inflationary pressure, we should be prepared to defer any action which by example as much as by the amount actually involved might tend to have that very effect." But there was a word of optimism at the end of his remarks when he said, "I would hope that by October we may see the general economic picture more clearly than we do today." No finer compliment has been paid the Minister of Finance (Mr. Abbott) than the suggestion that after the budget has been in force for some months we may see the general economic picture more clearly than we do today.

I remember that in my family Sir John Macdonald was called "Old Tomorrow" because he was postponing all problems to the day after. My genial friend the leader of the opposition should not follow the footsteps of Sir John Macdonald. He is a man of action, and should decide today what is going to be done. What would be the difference if we waited until the fall? We will have a big session then, with all sorts of problems, and we have the opportunity to make a decision now.

[Mr. Pouliot.]

Mr. Murphy: Yesterday was not bad, was it?

Mr. Pouliot: It was a different matter. It was not a matter for the judiciary; it was a matter for joy. The judges could not join, because they have not the right to vote.

Mr. MacInnis: The supreme judges of the country did it, though.

Mr. Pouliot: Yes. They are those who have the right to vote, but those we are speaking of now are disfranchised for federal elections. I will not insist any more. I appeal to the common sense and experience of all hon. members to realize that the judges are not so many; that they have many obligations to meet, and that as the leader of the opposition and other hon. members have said it is important to have good men. There are some old judges who are ready to resign if conditions are made easier for them. Then we will have new blood on the bench and in some cases it will serve the country very well. I will not insist any more about it; I leave it to the house.

Mr. J. M. Macdonnell (Greenwood): I wish to add just a word on the merits, and will confine myself mainly, notwithstanding what the hon. member for Temiscouata (Mr. Pouliot) has said, to suggesting once more that it would be very desirable not to have to consider this matter now. I will say only one word about the importance of the judiciary. Many sanctions that used to be valid seem to be disappearing; many landmarks seem to be vanishing. As time has gone on, the importance of the judiciary has continued to grow. Notwithstanding that we may not always agree with their conclusions, notwithstanding that not all the judges may be of the type we would like, nevertheless I think we are fortunate in our judiciary, and I would be sorry to have anything happen which would be in the nature of criticism, or to have to cast a vote in this house at the moment.

I should add that at the present time I think it is difficult to deal with this matter with the detachment we would like. As has been pointed out, we are in a time of high prices. There are other things affecting the public mind; and taking one consideration with another I think it will be hard to have this question considered in just the way we would like. So I draw to the attention of the minister the fact that it would be so easy to leave this matter over; and I will try to suggest a reason for doing so. I point out that leaving it over would cause little inconvenience, first by reason of the fact that we are to have a session in October; and second, by reason of the fact that the long vacation

intervenes almost at once so the new judges would not be long delayed past appointment for the autumn sittings if they were appointed in October.

Now I suggest that there is a reason, not merely a desire, for delay. The reason is that at the moment we are all living in hopes that the Korean situation may develop favourably, that we may have a cessation of hostilities there. If that should happen it would greatly lighten the pressure. I am giving that as a reason which happens to exist at the moment, but my chief reason is that no harm can be suffered in the short time intervening. For that reason and for others I might go on and outline, I still hope the minister may see fit to allow this matter to stand over.

Mr. G. S. White (Hastings-Peterborough): I wish to make only a very brief observation at this stage of the proceedings. If the minister proceeds with the bill I hope to make some extended remarks on second reading. I have listened with interest to the observations of certain hon. members as to why there should not be an increase in these salaries. I do not mind stating frankly to the minister that I do not agree with them. I intend to support the principle of the resolution. First, I should like to have the bill, and see the various provisions. It must be clear to the minister from the remarks made so far that there is going to be certain opposition. It does seem unfortunate that this important bill should come before the house, and be pushed through in the last few days.

The members who preceded me followed up other suggestions, and gave reasons why the bill could stand over until fall. I should like to suggest two other reasons to the minister. First, if the bill stands over until fall whatever change is made in the rate of salary could easily be made retroactive to whatever date the minister has in mind now. Second, according to press reports the increase is to be twenty per cent across the board. I would point out to the minister that, at least in my opinion, when this act was amended in 1946 the then minister of justice made a mistake in that he did not provide an adequate increase. I hope the minister is not going to make the same mistake now. I would suggest to him that the bill be given first reading, and then the matter be allowed to stand. In the meantime, he will have ample opportunity to further examine the matter, and to satisfy himself that twenty per cent across the board is proper. In my opinion twenty per cent is not sufficient so far as the county court judges are concerned. That is all I wish to say now, but I hope the minister will consider the various suggestions that have been made, and see his way clear to allowing the bill to stand over until the fall session.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in common with other hon. members who have spoken, I recognize the importance to this nation of our judiciary. I recognize also the importance of our judges being free from economic worries so that they can do their best work in the administration of justice. I should like to make the point that there are many other people in the country who should likewise have more freedom from economic worries than is now the case. On that basis I contend that, in the matter of pensions, we should keep a sense of perspective.

The other day I argued, along with others, that we should remove the means test from the blind pension. It was pointed out that that would cost about $3 million, and that seemed to be one of the stumbling blocks. The member for Temiscouata (Mr. Pouliot) today pointed out to us that approximately $18·5 million is being spent on legislation and on the administration of justice, and he emphasized that that amounts to only one-half of one per cent of our national budget. I should like to point out that the $3 million that it would cost to remove the means test from the blind pension would be only eight one-hundredths of one per cent of our national budget.

With respect to pensions, we should bear in mind that the government is asking the older people of this country to accept an old age pension of only $40 per month. On the other hand, I ask hon. members to realize that our retired judges are receiving pensions on which it seems to me it is possible to live in a reasonable measure of comfort. As I look into the details that are provided in the book of estimates for the current year, I find that the pensions paid to judges, judges' wives and judges' widows, are listed in full on pages 207 to 210. I have not taken the time to make an exact count, but by looking over the list as carefully as I could in a few minutes, it seemed to me that about half or perhaps a little more than half of those listed in the estimates are receiving pensions of $5,000 a year or more. I want to make it clear that I arrive at that figure by grouping together a man and his wife wherever the two of them are living. There are quite a few cases where the retired judge is in receipt of a pension of $3,333 a year and his wife receives a pension of $1,667, which together make a pension of $5,000. I include all such couples in my statement that half or slightly more than half of those on judges' pensions are receiving $5,000 per year or more. There are a number who are

receiving $8,000 per year, and of course there is one at the top figure of $15,000 per year, and none of these judges made any contribution toward these pensions.

We do not know what the precise proposal of the minister is, in view of the fact that his resolution did not so indicate. The minister was supported technically by His Honour the Speaker this morning in the ruling he gave that he was not required by law to put that amount in the resolution. His Honour also said he thought it would be a good idea, whenever it was possible, to do that. I submit, Mr. Speaker, that this is a case where it certainly was possible to put it in the resolution. I see the Minister of Justice (Mr. Garson) smiling and shaking his head. I remind him that this whole business of whether or not to include in the resolution preceding a money bill the maximum amount to be involved, first started back in 1949 when the Minister of National Health and Welfare (Mr. Martin) brought in a resolution preceding a bill to amend the Old Age Pensions Act. He failed, on that occasion, to indicate the amount in the resolution, and he got into a bit of trouble in the committee because of it. The same Minister of National Health and Welfare, when he introduced the resolution preceding the amendment to the Old Age Assistance Act last week, put in the resolution the important figure of $40 per month. I feel that the Minister of Justice could have done that in this resolution. For my part I would say that what His Honour said about doing it where it is possible applies to this resolution.

At any rate, the newspapers have carried reports that the increase is to be in the order of twenty per cent. At a time when we are passing legislation to provide pensions of $40 per month for our senior citizens across the country, it seems to me the government is getting a bit out of focus when it asks us to agree to a twenty per cent increase in pensions of $5,000 per year or more. That means that what was a $5,000 pension will become $6,000. It means an $8,000 pension becomes $9,600 per year. We have not the bill before us, so we do not know whether these changes will be retroactive and will apply to judges, judges' wives and judges' widows now on pension or whether they will apply only to those who go on pension after the bill passes. Whichever is the case, the fact of the matter is that we are being asked to legislate for pensions which seem to me to go considerably beyond the demands of a comfortable retirement, particularly in comparison with what we are asking some of our other people to accept.

[Mr. Knowles.]

I recognize the need for increasing the number of judges in the Supreme Court of Ontario and the Superior Court of Quebec. But it seems to me that the pension provisions of this legislation are such that this house should turn them down. I agree with those who have pleaded with the minister to let this matter stand over until the fall. Perhaps the best way we could persuade the minister to do that would be to defeat the motion for the Speaker to leave the chair, and that would give the minister a chance to redraft the measure to meet the necessity for an increased number of judges without asking for pension increases for those who do not need them.

Mr. Victor Quelch (Acadia): Mr. Speaker, I have only a few words that I want to say. I am opposed to that part of the resolution that proposes to increase the salaries and the pensions because I think that at this time they may well be considered to be substantial. I remember one of the ministers, on a former occasion, stating that it was necessary to maintain these salaries at a level that would permit our judges to live in a state of dignity. At that time I thought it was perhaps unfortunate that word was used, because I do not think that you can buy dignity. I do not think that dignity can be bought with money.

As a matter of fact, there are many people today who are living in a high degree of dignity on far less than the salaries that are paid to the judges. Then again, our judges do not need to worry about their old age. They receive a fairly substantial pension. There are, of course, some people who are receiving a fairly high salary who are not able to live in dignity because perhaps they over-indulge. If you increase the salaries of those people, the result certainly will not be that they will live in a greater degree of dignity. The result would be just the opposite. I recall a phrase that is popular in the English language, namely, "as drunk as a lord." What I mean is this. If you increase the salaries of people who are already indulging, it is not going to help the situation. I am not suggesting that is the case in this instance; but I point out that it is the wrong word to use. We should not use the word "dignity" in a case of this kind because dignity cannot be purchased with money.

The other point is that it would not be wise to increase the salaries of any group of individuals at a time when the government is trying to keep the cost of living down. As a result of the increase in defence preparations, we are all having to bear a part of that burden. If any one group of people in this

country are going to try to evade their fair share of the burden, it means that the burden of the rest of the people is increased to a corresponding degree. Of all the people in this country today, I think the one body of men who should not be guilty of that offence would be the judiciary. After all, you cannot expect the people of this country to respect any body of men who are not prepared to absorb their fair share of the burden of defence. Yet when any group of people at this time asks for or receives an increase in their salaries, they are trying to evade their responsibility, and to that extent they lose the respect of the people. We cannot afford to have our judiciary losing the respect of the people of Canada.

Mr. G. M. Murray (Cariboo): Mr. Speaker, I approach this matter from the standpoint of a member coming from a distant part of our country. I find that a county court judge in Cariboo receives $6,666.66 per year. That is a substantial salary. But we must remember that he must pay in the neighbourhood of $1,100—I have not the exact figures—in income tax. As a result, his salary is reduced considerably. Let us say that it has been reduced until it is about $5,000. In 1871 the judge in Cariboo was getting $2,400, at a time when the cost of living was, of course, much lower than it is today and when we had none of the taxes which we have today. In that case I submit there is a good example of a man whose salary might be reviewed by this house.

The work of a judge in that part of the country would, of course, be quite different from the work of a judge in Ontario, in a settled part of the country. One of the judges I have in mind in my part of the country is continually travelling from one end of that large area to the other. He takes his car. He gets mileage on his car, of course; but he does not travel over the beautifully paved roads that exist in Ontario. He must travel over some extremely rough roads, and go into mountainous country and into difficult places. He gets the munificent sum of eleven cents a mile for the use of his car. I greatly doubt if that amount will see him through, having regard to the broken axles and other difficulties that he will encounter in the course of his labour.

He may go by plane to certain other places where he holds court. Hence you will see His Honour travelling by aeroplane; you will see him boarding the plane at two or three o'clock in the morning and travelling over the summit of the Rocky mountains which divide my county to the other point where court is to be held. He of course gets an allowance when he stays at hotels in these various places. But after all, the life of that judge is not a pleasant one, in the sense of enjoying the ease, comfort and luxury suggested by the various speakers here. The same thing goes for the supreme court judges of British Columbia who must travel long distances, more often on the wing than not. They usually travel by plane from here to there.

Far be it from me, a layman, to come to the aid of the judiciary of our country in the presence of so many distinguished members of the bar. But I am a Canadian who would like to see the highest standard of excellence in connection with the bench; and I am Scotch enough and practical enough to want to pay a man at least enough to enable him to live in the same sort of dignified position in the community, let us say, as a member of the legislature or a member of the House of Commons.

Somebody said that judges were recruited from the list of defeated Liberal candidates. I think that was the most unkind thing that has been said here all day. Again I speak only from my experience in British Columbia where we have some distinguished judges. I think of the former judge in my own riding, namely, Hon. Fred Calder of Ashcroft, B.C., who did his duty there over a long period of years. He was a native of Nova Scotia, a man of great distinction and education, and he travelled by horseback, stage coach and so on, in the rain, in the sleet and in the snow, in good weather and bad, over all those years. He was a man who had never aspired to public office and who had taken no part in public affairs.

I think of ex-judge P. E. Wilson, K.C., of Prince George who in his day was an ornament to the county bench of British Columbia. I believe his court was established at Fernie or at Nelson; but he resigned his position in order to make enough money to educate his family. Now in his old age he is practising at Prince George. An extremely able counsel and a highly respected man is ex-judge Wilson. As a result of having resigned from the judiciary and getting himself a reasonably good income he was able to educate his family. Today a son of his, Mr. Justice Jack Wilson, is one of the outstanding supreme court judges of British Columbia and is, I am sure, a man whose ideals are much above the cash register and immediate emoluments. The younger Wilson has already distinguished himself in the public service not only in British Columbia but throughout Canada. He has presided at certain tribunals settling labour difficulties from coast to coast.

The present chief justice of British Columbia, the Hon. Wendell B. Farris, is a very distinguished native son of New Brunswick and a man of the highest character. He was not taken from the lists of the defeated candidates. An hon. member who says that goes out of his way to be offensive. Mr. Justice Macfarlane of British Columbia, Mr. Justice James Coady and His Honour H. J. Sullivan of New Westminster are men of the highest character. We have had outstanding men in British Columbia who had political experience. In what forum could they gain better experience than in the House of Commons? The name of the late Chief Justice Aulay Morrison, who represented New Westminster here in 1896, is "writ large" in the judicial history of British Columbia.

I am not going to speak at greater length, but I do suggest that if in 1871 a county court judge in Cariboo was worth $2,400 a year, when there was no income tax and when the cost of living was very low, and gold was worth less than $16 an ounce, before the general trend of rises in costs, expenses and so forth, it could certainly be established that a judge acting there in 1951 should be worth many many times $2,400 a year. Therefore as a layman I again say that I think it is the most outstanding thing in our system in Canada that a man without money or without position can come into our courts and find justice. If we are to maintain that sort of thing, then the honourable judges in Canada have to be placed at least on the same income status as the leaders in the commerce and business of our country, on a high level where they may fill a dignified position in their communities and be, as we would like them to be, among the leaders of culture and education in the life of Canada.

Mr. Angus MacInnis (Vancouver East): We have been debating this question for over two hours, I believe, and we are more or less debating it in the dark, as it were, because the Minister of Justice (Mr. Garson) has not done the house the courtesy of informing it what is involved in this resolution. Therefore, we must go on drawing our own deductions as to what may or may not be in it.

There are several parts in the resolution. Perhaps there would be no objection to some of them. The resolution provides for additional judges. I do not suppose there would be any objection in the house to making provision for additional judges, if the judges are needed—and as far as I am concerned I would take the word of the Minister of Justice for that.

There is a provision for an increase in the salaries of judges other than the judges of the Supreme Court of Canada. There may be a case for increasing the salaries of judges other than judges of the Supreme Court of Canada, not because their salaries are not now high enough in relation to the salaries of other people in Canada, but because their salaries are being compared with the salaries of the judges of the supreme court who have had one or two increases during the last five or six years. For that reason I do not know whether I would be greatly concerned about a reasonable increase in salary, but then again there is the question of pensions. When I see a measure brought before this house asking for an increase in pensions for people who are already receiving pensions out of all proportion to those provided for the rest of the citizens of Canada I just cannot agree with it.

The hon. member for Cariboo (Mr. Murray) referred to the salary of the county court judge in that area. If I heard him correctly, he said it was $6,666.66. That is the salary, but there is a pension for this judge, and for all other judges in that range of salary, of $4,444.44. After ten years on the bench—I believe that is the case—he can retire and draw this pension. Not only can he draw this pension but he can return to his law practice. Mind you, this pension is also non-contributory.

Mr. Knowles: And no means test.

Mr. MacInnis: I appreciate the high position of judges in this country. I understand the high position they hold. I will accept the account of the hardships they go through in the discharge of their duties as recounted by the hon. member for Cariboo. But, sir, is that any different from what the ordinary John Doe in this country goes through? Reference is made to their travelling on planes, but what about the pilots, the stewardesses and the other people who are operating the plane? Surely their lives are just as important as the lives of the judges, and they are jeopardized every day when they take a plane into the air. I can take up the position of men and women in this country when I think of these things.

I have heard it said in this house that we should make financial provision for our judges in order that they may be free from temptation in the discharge of their duties. The moment we make that assertion we are by implication saying that the reason people get into trouble is that proper financial provision is not made for them. I do not think it is anything to anybody's credit when he avoids temptation just because good financial provision is made for him. What about the poor fellow who is brought before the judge? Ninety-nine times out of a hundred these people get into difficulties because of their

poor economic circumstances. In that regard I would like to read a short news item that came to my attention the other day which appeared in the Montreal *Gazette* of May 15, 1951. The headline of the article is: "Youths sing for police. Not dismayed by arrest." Then it gives the story of ten boys in their teens, ranging from 11 to 15 years of age, who were arrested by the police and arraigned in the social welfare court on charges of theft and receiving. The story goes on—told by one of the police officers who arrested the boys. He said this:

"We have to bring these boys before the courts, but I feel sorry for them," reported Detective Sergeant Thuot.

"They all come from poor families, each one with at least ten children. Most of their homes haven't got even the necessities of soap. These lads plainly suffer from poor environment."

I submit that before we begin increasing the salaries and pensions of those who can live sumptuously upon the salaries and pensions they are receiving, we should go about removing the conditions that bring young boys and young girls into court—conditions which start them on the road of crime from which there is no return. Those are the things to which we should be paying attention, but those are the things to which we are not paying attention.

When I compare the pensions paid to widows and wives of judges with the pensions that we placed upon our statute books only last week, where a man and wife are compelled to live on $480 a year provided they have no other income, not $5,000 a year, not $6,000 a year, not $15,000 a year, I realize that something must be done. The judges of our courts are conversant with these conditions because when they are not dealing with disputes between capitalist organizations this is the kind of thing which takes up their court time. They come in contact with men and women who never had a proper start in life because of the economic environment in which they were born and in which they are compelled to live.

I could say a good deal more, but I shall wait until the Minister of Justice (Mr. Garson) shows the house the courtesy of explaining the purposes of this resolution so that we may know what is involved. There is just one other thing though I would like to mention. I do not want to cast reflections upon judges because in so far as I have had the opportunity to meet them, and I am glad to say it has always been outside the courtroom, I have found them to be fine gentlemen. Observing them in the courtroom or the other places in which they have to discharge their duties, I think they have discharged those duties with credit to themselves and with benefit to the country. So I am not objecting to the resolution on that score.

I do object on the score that there should be this wide disparity in the incomes of people in a democratic country. It makes for conditions which, if not corrected in the ordinary process of parliamentary action—that is by bringing about a better distribution of income—will be corrected in other and less desirable ways. It has been mentioned that our judges are by and large political appointees. Surely no member of this house will say that that is not the case. I could take you to British Columbia and name for you one judge after another who was appointed because he had been defeated in an election. I do not say that a defeat in an election has anything in it that affects the character of a judge, but on the other hand I do not see anything in it that makes a person more fit to discharge the duties of a judge. I have mentioned a number of such cases in this house on other occasions.

I have another clipping from the Montreal *Gazette*. This is a newspaper which I do not think can be accused of being radical. It approves the increase in the salaries mentioned in this resolution on the ground of the increase in the cost of living. It mentions the chief justices in the provinces receive $13,300 which, as the former hon. member for Calgary West would say, is not hay. The judges of the superior court in the province of Quebec receive $12,000 each. Again that is not hay, but it looks pretty much like clover to most people. The editorial then goes on to say:

The proposed increases in the salaries of judges should have another important advantage. They will give the people of Canada a greater right to demand that judicial appointments be made among those notable for their judicial qualifications. Too often in the past appointments have been made mainly as a reward for political services—and they have often been made at a time when the value of these services has begun to wane.

The use of the bench as a place of political retirement should be ended.

Not only is it a political retirement; it is a place of political refuge and I agree that it should be ended. I suppose that as long as we have a system of competition where there is competition even among politicians and lawyers, there will be this never-ending struggle for existence and these cushy jobs will be given to those who have made a sacrifice by taking on impossible constituencies or by having served the party in some other acceptable way. I do not suppose we will get away from that, but we certainly should get away from putting certain men and

women on pedestals as it were and giving them positions of comfort and security to which not one one-hundredth of one per cent of our population can aspire. As I indicated, that is all I am going to say now, but when we know what we are really talking about I may have something further to say.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, it seems to me to be too bad that the Minister of Justice (Mr. Garson) has not explained to the House of Commons his reasons for presenting this resolution. In my opinion it would be most regrettable to the people of Canada to have this House of Commons debate the qualifications, the standing and the remuneration of the judiciary of this country. We should avoid anything that might result in a loss of respect for those who preside over the courts of the Dominion of Canada. There has been an apparent tendency to belittle the position of judges in our country. It should not be inferred from the fact that we are discussing this rise in the remuneration of the judges of Canada that they are a lot of political deadbeats; that they are men who could not earn a living in other endeavours, even in the legal profession; and therefore when they are of no use for any other purpose they are appointed to the bench as judges. I sincerely believe, and have always believed, that that is not so. I have the highest regard for every judge who occupies a position on the bench. I think the lowest thing a member of the House of Commons can do is to use his privilege of speaking in the house to belittle the men who administer, throughout the Dominion of Canada, the laws made by the House of Commons.

We should only be debating the merits of this measure. Taking into consideration the sacrifice and the contribution these men make to all Canadians, we should only be debating whether or not they merit this increase. The resolution has nothing to do with how these men are appointed. It does not throw it wide open for people who have never even looked inside a law book to stand up and pass judgment on the merits and ability of our judges and the sacrifice they made in accepting appointment to the bench. I am inclined to believe that most of the men who occupy this high office throughout the Dominion of Canada have made great sacrifices, and have taken into consideration the pension that will be coming to them together with the salary they receive when actively engaged as judges. I believe they took that into consideration when they accepted their appointments.

What are men and women in humbler positions than we occupy, people who have not had the opportunity that we have to study certain angles of certain situations—at least, we should study them—going to think if we as members of the House of Commons cast aspersions on the judges on the bench today such as we have heard cast on them in the House of Commons? We cannot have much hope of preserving the respect of such people for our judges, people who have not had the opportunity that we have had as members of the House of Commons. The minister should immediately rise to his feet and give the reasons, in order to protect the men who sit on the bench, for this apparently necessary increase in remuneration for marvellous services rendered to the people of Canada.

We are here to consider whether at this particular time the taxpayers of Canada can afford to increase the remuneration of the judges. It is one of the most serious things on which we could sit in judgment. That is exactly what we are doing, and it must make the judges on the bench blush with shame when they see the attitude of the judges of the House of Commons, and the trivial and flippant manner in which they treat the matter that we are now called upon to judge.

(Translation):

Mr. Hector Dupuis (St. Mary): Mr. Speaker, I do not propose to go as far as the hon. member for Vancouver East (Mr. MacInnis). I would not say, however, that on the whole, I disagreed with the substance of his speech even if I did not fully approve of the words he used.

On the other hand, I feel that when a representative of a wage-earning group is called upon to vote an increase in salary to certain men in the professions, he should explain his stand. He is duty bound to do so.

I have never taken part in any class war. I have never objected to an adequate salary for any citizen according to his position, and I do not propose to do so today.

In 1932, I approved the increase in the salary of recorders in the city of Montreal. I remember that the salary of the chief recorder was then raised from $7,000 to $9,000 a year. That was during the depression. But my duty was clear-cut and I did not hesitate for one moment, even in the provincial legislature. When the committee on private bills examined the bill relating to the city of Montreal, I endorsed the measure, although I represented the labouring class, the low wage earners.

Mr. Speaker, as stated by several of the previous speakers, one must take into account the standard of living that a judge must maintain, no matter in what court he sits. I agree with the hon. member who said that our judges should be paid enough to achieve complete security when they reach middle age or even old age. I know that a large number of very eminent and competent lawyers would never accept a judgeship since they earn far more through their private law practice. Therefore, in order to have good judges—and I am speaking now with full knowledge of my responsibilities, on behalf of my constituents who are intelligent enough to understand—we must give them a salary which is sufficiently high to attract to the bench good lawyers who thus will be assured of security.

Still I feel it to be my duty to speak of other people who are in receipt of government pensions and of the way in which they are treated. I have nothing to say against the present government. They have done more than any other government in the field of social security. Still, I have been told that there is no limit to good deeds and that though we may keep on doing them for as long as we wish, there always remains something to be done.

Well, Mr. Mayor . . . I beg your pardon; I am so used to speaking at the city hall that I used the expression Mr. Mayor. Mr. Speaker, if ever there was a class of people —I have always spoken in their defence— who should have received special consideration from our leaders, it is that of the white-collar workers.

Some people, who are always in favour of salary increases in the other spheres of the administration, never consider the salaries of certain department heads or certain leaders—I am not referring to any member of the house—and when we state the views and requests of this class of small salary earners, they become so very careful. It is only with the greatest caution that, when forced to do so, they grant a slight salary increase.

While I congratulate the government for what they have done up to now, I hope they will deal further with this class of white-collar workers.

As other hon. members have said, we recently allowed a certain increase in the old age pensions. It is all to the good. But here again we must consider—and I believe it is my duty to call the attention of government to this matter—whether it would not be fitting to improve further the condition of our older people.

We are not unaware that, although judges' widows are also assured of a pension—which some may find inadequate, while I personally find it inopportune—they are nevertheless secure from want and care.

On the other hand, without leaning towards exaggerated socialism I wonder if the widow of the worker is assured of sufficient income when her husband dies rather young, as often happens.

These measures deserve to be considered by the government. As I said, I want it to be well understood that I am wholly and entirely in favour of these measures. However, I would ask the government to think particularly of the group I mentioned a while ago and to consider increasing the pensions of those who served the state so well, each in his own field, as for example the veterans who served their country to the point of risking their lives on the battlefields.

I believe those people are also entitled to security, since they have risked their lives or, at least, offered their services for the defence of society.

Mr. Speaker, in conclusion may I say that I shall vote for the resolution. However, I beg the government to give special consideration to the rights of that class of people who most certainly deserve that we look after them.

(Text):

Mr. C. E. Johnston (Bow River): I wish to say just a word on this resolution; I will not be very long. I thought it ill fitting for the hon. member for Simcoe North (Mr. Ferguson) to refer to the speeches made in this house on this subject in the way he did. Certainly no one who has been speaking against this measure has referred to judges as political deadbeats, nor have they treated this in a flippant manner, as the hon. member suggested. I believe hon. members are treating this subject very seriously, and not flippantly at all.

A great deal has been said about the responsibilities that attach to the position of a judge. No one would underestimate those responsibilities. I believe our judges have a great responsibility, and I think they are carrying it out to the best of their ability. But surely no one would suggest for a moment that the degree of responsibility exercised by a judge depends on the remuneration he receives. That in itself would

be a disgrace. One thing the hon. member for Simcoe North said was in order; that is that the Minister of Justice (Mr. Garson) should have told the house the reason for this increase at this time. A district court judge receives $6,666.66⅔. That is not a bad salary. I am not going to say it is too high under present living conditions, and I do not think the house would be so much concerned if only the district court judges were being given an increase. It is a different thing entirely, however, when you give increases to those judges receiving $12,000, $13,000, $25,000 or whatever it may be. And when you think, as was stated a moment ago for the hon. member for Vancouver East (Mr. MacInnis), that there is a pension plan attached even for the district court judges, it puts the matter in a different light. If a man is paid $6,666 a year and then is guaranteed a pension of $4,444, that looks pretty fair. It is not too bad when you consider the amount of money on which other people in this country have to live. And, as the hon. member pointed out, that pension is on a non-contributory basis, so they do not have to save up for their old age; they have that amount coming as a matter of right when they retire. Or after ten years on the bench they may decide to go back into practice, and in that way supplement their income. There is no means test attached to it.

When you consider all these things, even the district court judges are not too badly off; but, as I say, it would not be so bad if these increases were to be given only to those judges getting the lowest salaries. When you consider that this increase is to apply to others on the bench receiving much higher salaries and much greater pension benefits, then it does not look so good at a time when so many have to live on so much less. Let us consider the pensions the old people are getting in this country; $480 a year for those 70 and over without a means test. That is not very much. Surely our conscience should prick us if we contend that some individuals now being paid salaries of $6,666 a year or pensions of $4,444 need more money, when we bear in mind the amount on which our old age pensioners have to live. Then if we take the group from 65 to 69, we also give then $480 a year with a means test. In other words we say here is one class who should be able to get along on $480 a year, but here is another class receiving $4,444 who need a 20 per cent increase. There just is no logic in such a suggestion.

That is in no way belittling the position of responsibility held by our judges; I acknowledge that at once. But it seems to me that there should be some degree of fairness in dealing with these two very obvious cases. Then, there are others in this country who have just as great a responsibility as district court judges or supreme court judges, whatever you call them. There are people in this country who have to deal with lawmaking who have no guaranteed pensions, even on a contributory basis not to speak of a non-contributory basis. There are many other classes of people in this country with just as great a responsibility, and who perform their duties just as responsibly as do district court judges.

Mr. Byrne: Who are they?

Mr. Johnston: Members of parliament, if you want me to say so. I have no hesitancy in saying it. Even in that, I think there should be some degree of responsibility in allotting the amounts as compared to what other people receive. Anyone who says that those who speak in opposition to this motion are classing judges as political deadbeats, or are discussing this matter in a flippant manner, is not taking the subject very seriously and is not stating the facts.

I believe the Minister of Justice (Mr. Garson) should tell this house he is prepared to limit these increases to the district court judges, who are in lower brackets. I believe he could find a reasonable and plausible excuse for increasing those salaries, but I doubt if he could convince the house at this time that those receiving $12,000 and $13,000 need an increase in their salary or their pension. I understand the pension is based upon the salary which they receive. I wish the minister would tell us exactly why he proposes to increase all these judges' salaries at this time. Personally, I cannot see any need for it. I think it is a wrong principle. I have no objection to those in the lower brackets getting an increase, but I have every objection to those in higher brackets receiving one.

Mr. J. W. Noseworthy (York South): I am opposed to this resolution, Mr. Speaker, but not because I do not believe judges should be well paid for the work that they do. I presume if we are to get the best legal minds available for these responsible positions we must, of necessity, pay these men something commensurate with the salaries which they forgo upon assuming such office. The Minister of Justice (Mr. Garson) has not shown us the necessity for these increases in salaries or pensions. I believe he should have done that in the first instance. At any rate, I doubt if he could make out as good a case for these judges as many members made out last week for an increase in the veterans pension, which increase the government

turned down. Last week at least one supporter of the government looked forward with considerable confidence to a later session when possibly the cost of living would be stabilized, and the question of veterans pensions could be reopened. I suggest that if we can allow veterans pensions to wait until we see if the cost of living can be stabilized we can, in all conscience, do the same thing with regard to judges' salaries and increased pensions.

There are in this country a great many veterans who, by reason of the sacrifices which they made for this country, are left to rely entirely on those pensions; who have no means of earning anything other than that which they receive from their pensions. The government apparently agrees that at this time this country cannot afford to increase those basic pensions, nor can we afford to remove the means test from pensions for the blind. We must still limit the amount that blind people over 21 years of age are entitled to earn in order to receive the $40 per month. We can still not afford to pay anything to blind people from 16 to 21, during the years when these younger people need training and education. In the light of those circumstances I suggest it would not be in the interests of the judges themselves, it would not be in the interests of the high esteem in which their office is held that, within two or three days after we have refused to increase the basic pension for veterans and after we have refused to remove the means test from blind pensioners, we now undertake to increase the salaries and pensions of a group that is among the highest paid of those within the government service. I suggest, Mr. Speaker, that this motion be left for consideration at a later time. If it is brought on now, I shall oppose it.

Mr. C. W. Hodgson (Victoria, Ont.): I wish to say a word on this resolution. I believe the judges in our country have a very important duty to perform, and a great responsibility. So far as salaries are concerned, some hon. members have stated that the judges are well paid. I do not think the increase on a percentage basis is fair to our county court judges. In many respects our county court judges have a more difficult task to perform than the high court judges. I am thinking of the fact that they have to travel through the rural districts in all kinds of weather, and very often they cannot get the accommodation at the smaller hotels which they ought to have. I would be in favour of increasing the county court judges' salaries, but I do not believe in giving a straight percentage increase.

Three or four years ago the judges were given quite an increase in salary. Probably they are entitled to something now, but if the government wants to give them an increase it should be a straight $2,000 per year or more, whatever the government thinks is fair. If the increase is twenty per cent, the county court judge gets an increase of perhaps $1,200, whereas the high court judge gets an increase of $2,500 per year. To me that does not seem fair. So far as pensions are concerned, I believe they should be on a contributory basis like other pensions. I believe the minister should reconsider this matter. He has plenty of time to do it before he brings in the bill. It is not necessary to force this thing through the house in a hurry. I think the minister should give it quite a lot of consideration before he brings in an increase on a percentage basis.

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

Mr. Knowles: No.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, just before this motion is put I would ask, on a question of privilege, to be allowed to indicate the reason I propose not to oppose this motion at this time. It has been indicated that there will be further discussion when the bill is before us. My earlier remarks were directed to the hope that the government still might decide not to proceed with this measure. In view of the fact that the resolution covers a number of subjects, some of which affect provincial authorities who have indicated their desires, I thought that I would wish to defer any objection to this procedure, or otherwise, until the bill is before us. But in saying that, I would once again ask the Minister of Justice (Mr. Garson) and the government to recognize where this debate is likely to lead us, and to consider the wisdom of deferring further action on this bill at this time.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I had at first thought that I might discuss this matter to better advantage for all concerned after the text of the bill was before the members so that reference might be made to the various clauses of the bill as they related to my remarks. But I must say that I was rather impressed by the objections raised by the hon. member for Vancouver East (Mr. MacInnis) and the hon. member for Simcoe North (Mr. Ferguson) that on this resolution it is but fair that some general outline of the contents of the bill should be given in advance in order to inform hon. members whether they should vote for or against the resolution. For that

reason I should like to make a few remarks of that general nature and, if I can, dispel some of the wrong ideas that are entertained concerning the measure by opposition speakers.

Reference has been made to the increase in judges' pensions which are supposed to be authorized in this bill. The bill provides or will provide—if indeed it is proper for me to refer to it at all in this debate—for an increase of 20 per cent across the board for judges in the county courts and in the supreme courts of the various provinces, and in the Exchequer Court of Canada; but not in the Supreme Court of Canada because of the fact that last year an increase was granted to the judges of that court.

As I am sure hon. members are aware, the judge's pension is not established as any fixed amount. It is two-thirds of his salary.

Mr. Knowles: Of his salary at retirement.

Mr. Garson: Of his salary at retirement, yes.

Mr. Knowles: So the increase in his salary affects the pension.

Mr. Garson: The increase in the salary will affect the pension of all those who go on retirement after the time that this bill goes through. But there will be no increase in judges' pensions as such; that is to say, there will be no increase in judges' pensions which are now being paid to those who were retired before this bill comes into effect. In that sense, therefore, there is no increase at all in judges' pensions, except in the future; and then not in the pensions as such but in the pensions arising out of the increase in the salary.

In addition to this salary increase there are three other provisions. I am referring now to these pension arrangements and salary arrangements. The first is one which I think no member of this house will oppose in spite of the views he may have voiced in the debate this afternoon. It is to authorize the grant of an annuity to widows of judges who died before August 15, 1944, being the date of the coming into force of the provision enabling judges to elect to divide their annuities between themselves and their wives. For some time after judges' pensions were granted, they were made payable only to the judge himself and expired with the judge's life, leaving his widow with no interest in the annuity which had been payable as a pension to her deceased husband for his life. It was represented that in many cases—and these are some of the distressing cases with which we are now confronted—that arrangement left the widow of the judge in penury because, in spite of the fact that the salaries which the judges receive may seem large to those who earn less, it is a fact that quite a large percentage of the widows in whose favour no division of the judge's pension had been made before August 15, 1944—because no such division could be made—are now in extremely necessitous circumstances.

When the question arose as to what provision could be made to deal with the problem which had become apparent from the concrete examples of these destitute judges' widows, it was suggested to the judges that each judge would be permitted to elect, when he received his pension, whether or not he would retain the whole of it payable to himself, for his life, to expire on his death, or whether on the other hand he would agree to have his judge's pension divided up into three parts, turning over one part to his wife and retaining the other two-thirds to himself. If a judge who had made such an election predeceased his wife, she would continue to draw her one-third share of his pension for her lifetime, and in that way would be provided for. But if the wife predeceased the judge, he would draw not his whole pension but only the two-thirds of it which he had reserved for himself by his election.

As I say, this arrangement went into effect on August 15, 1944. Before that date no such privilege of election was available to the judges, and there are now over one hundred judges' widows in different parts of Canada, some of whom we know, from representations that have been made to us, are in distressed financial circumstances. With regard to that group it is proposed that we shall be enabled to pay to the widow an annuity not exceeding two-ninths of the salary provided by the act for a county court judge—in other words, two-ninths of the smallest judicial salary—that was paid at the date of the deceased judge's death. That comes to quite a modest sum, but it can be paid only provided that she can establish that she is in necessitous circumstances and has not remarried.

The second authorization is that to pay annuities to widows, in substantially the same circumstances, of judges who retired on pension before August 15, 1944, and who have since died. That is, they retired before the time at which they could make that election and have since died, leaving widows in necessitous circumstances. In other words, these widows fall in the same category as the first group and are included in the estimate of 100 or more to which I referred a moment ago.

Then, the third provision is to authorize a judge who retired on pension before August

15, 1944, and who is living today, to elect to divide his pension between himself and his wife. There is just the one pension. When he divides it, it means that his widow, in the event of his death, will continue to get one-third. But if she predeceases him he will draw only his two-thirds. Therefore the cost to the treasury of providing for this election is not great. It is a matter of disposing of the pension in a way that will take care of both of them during their joint lifetime and of the survivor during the survivor's lifetime.

So far as salaries or pensions are concerned, all that the bill contains is a 20 per cent increase in salary across the board, but no increase in judges' pensions as such, and then this other provision of pension for widows, and the provision authorizing the judge who retired before August 15, 1944, to make the election where he had not previously made it.

There will be no dissent in this house from the sentiments which were voiced by the leader of the opposition (Mr. Drew) when he opened the debate on this resolution today to the general effect that a strong and independent judiciary is the very keystone of our constitutional system. When we talk about our various freedoms, our civil liberties, our freedom of the press, our freedom of speech, our political freedom and all of these other attributes which we democrats are privileged to enjoy as very few people in mankind's history have been, we must realize, if we reflect upon the matter, that under our constitutional system these freedoms are guaranteed to us by the independence of the judiciary. Without it they would be unenforceable.

The first thing that any dictator does when he wishes to destroy these liberties is to gain control over and make the judiciary subservient to the executive. Democracy as we know it, the rule of law as we know it, can be traced back to the time when our British ancestors were able to establish the principle that the king was "under God and the Law"—the law as interpreted by judges independent of the executive. Therefore when we make a judicial appointment we take upon ourselves a very great responsibility, a responsibility that I may say, speaking for myself, and I am sure that is true of all my predecessors in the office which I hold, I have at all times felt very keenly.

We are rather inclined to take the bench for granted, because we have an able bench. We have never needed to worry about their independence; we have never needed to worry about the manner in which they carried out the duties of their office, as to how they have protected our liberties. We take the judges for granted in the same way that we take liberty for granted; but I can assure you that if the conditions in that respect had been different from what they have been, we should then be, I think, perhaps a little more appreciative of the all-important function which the judges perform in our society.

The other night I took home the file of a poor chap who was sentenced to death for a capital crime to consider there his application for commutation to life imprisonment. When I took this file and read through the evidence in order to form judgment as to whether a commutation should be granted, which for that poor man meant the difference between life and death, when I read the role which the judge played in those proceedings and stopped to think that this was a man whose appointment I had recommended about a year ago, I can assure you, Mr. Speaker, that it is a matter of great satisfaction to anyone in these circumstances if he can see, as I was able to see on that occasion, that the judge had a full grasp of the whole course of the trial, that he was able to render a proper disposition of the points of law which arose, that he had grasped the salient facts, leaving one who read that transcript with the feeling that here was a case where the life of a man was at stake and where it was in just, honourable and competent hands.

It is our duty in the Department of Justice —one of the most important duties that we have there—to try to get men who have the ability, the integrity and all the other necessary qualities to judge a case of that sort where a man's life may be at stake, or where a man's reputation may be at stake, or his honour, or the interests of a community, to say nothing of large sums of money from time to time. In seeking, as we have sought, able men—and I wish to repudiate the unworthy suggestion which was made by the hon. member for Macleod (Mr. Hansell), I think it was, to the effect that we appoint no one to the bench but defeated candidates—I would have been prepared to say perhaps the day before yesterday that we would have great difficulty in finding defeated candidates to put on the bench—I do not think that the record of this or any other Liberal government if examined will support the hon. member's imputation. Not only are those who have been defeated in political contests a very small percentage of the appointments to the bench, but—and I will not name them—some very eminent Conservative lawyers have been appointed to the bench, which they now adorn, as the hon. member for

Simcoe North (Mr. Ferguson) was fair enough to admit when he spoke this afternoon.

No person who approaches this responsibility which I have in the Department of Justice with any proper consideration of his duties can afford to ignore this realistic fact, that one problem is that in a time like the present it is not hard at all to get very competent counsel to accept a position upon the bench at much less indeed than what they are then earning. But the figure has to be somewhere within striking distance of their income as lawyers. This is not because these men are mercenary or grasping, for many of them make substantial financial sacrifices in order to take on the honourable duties of a judge which they would not make if they had that attitude.

As we all know, these men after a long period of good income earned by very hard work have been accustomed with their families to a certain level of expenditures. I do not mean that that is because they are purse proud at all, but, as we all do, they develop a certain way of life. There is not one of us in this House of Commons who does not acquire in the course of his life certain commitments arising out of his home, children in school, friends and the like. Each of us can modify our plans and expenditures within certain limits, but if the Department of Justice is going to get the best men for the bench, as I think we should, we have to have those limits within reach of the best counsel. As one who has a fair measure of responsibility in this matter, I say to hon. members of this house, and I think those who are fair will be inclined to agree, that there would be nothing worse for the administration of justice than a strong bar and a weak bench.

What are the facts in this connection? Since 1920 up to date, over 30 years, the judges of this country have had one increase in salary. If the increases proposed by this bill go into effect they will have received in relation to what they were earning in the year 1920 an increase of 60 per cent. That is not 60 per cent compounded; that is 60 per cent on the 1920 figure. If we assume that the salaries which they were then receiving were not excessive, if we assume that they were fair—and I think I am safe in saying that they certainly were not higher and were indeed lower than most comparable salaries paid in other countries of the British commonwealth and the United States that derive their parliamentary and legal systems from the same sources we do; they were much lower than the salaries there—we must remember that the solitary increase which the judges have already got plus what we are proposing here, represents an increase of only 60 per cent on top of those salaries.

Let me read to the house figures which indicate the increases that have occurred in the incomes of other economic groups in this country during the same period of time. I have before me a table prepared by the dominion bureau of statistics dealing with the wage rates in this country and covering a period from 1921 up to the present. The year 1939 is taken as the base year with the figure 100. On that basis the 1921 index is 97·5 and the preliminary index for 1951 is 225·5. In other words there is an increase in that period, not of 60 per cent as there will be for the judges if this bill goes into force, but of 125 per cent.

I also have before me a table showing the details of farm cash income from 1926 to 1950, the base being 100 in the year 1926. This table shows that in 1950 the farm cash income had risen to 235·5.

Mr. Quelch: What about farm costs?

Mr. Garson: This is cash income, after taking care of costs.* This table does not include any supplementary payments which may have been made under the Prairie Farm Assistance Act. We do not need to stop with that group. The same thing can be demonstrated in connection with the income of other classes or groups in the country. These are facts which are well known to all of us. These figures merely indicate what has been taking place all around us in these various economic groups during that period.

For example, the salaries of public servants have risen from time to time through the efforts of their associations. Because of their associations one would naturally expect these increases to be more rapid than those of the judges who have no organization. The judges because of their position cannot conduct collective bargaining as they have no organization for that purpose. They remained from 1920 until 1946 without any adjustment in their salaries at all. That is not in keeping with what should be our concept of their position. It is true they have had security, they have had pensions and they have had a dignified position, but they have had no increase in that time.

I am not referring to their dignified position in the sense in which the hon. member for Acadia (Mr. Quelch) did; I refer to the dignity that arises from the high and honourable office which they hold. But it is a position which they cannot demean by a display of miserliness when for example the collector

* (*See also page 4757.*)

for the community chest comes around or in relation to other claims of that sort. There is the matter of maintaining a status which I think the hon. member for Acadia will agree is not a matter of being dignified by mere money in the sense in which he was using that term.

Then I come to the average weekly earnings in nine leading non-agricultural industries including forestry, mining, manufacturing, construction, transportation, public utility operation, trade, finance and services. The year 1939 is the base year and the preliminary figure for April 1951 is 206·6. It may be more interesting to note that this table shows that the index of earnings in this important category in 1946 stood at 138·6. There has been an increase from 1946 to the present time, five years, to 206·6.

I could go on indefinitely making comparisons of this sort and indicate that the judges, because of the positions that they occupy and their inability to raise the question of salary upon their own behalf, have not been in a favourable position to get adjustments from time to time. They have had only one increase since 1920 and if they get the present one will be receiving a 60 per cent increase as compared with increases of nearly twice that amount received by all these other economic groups. I know that the hon. member for Vancouver East (Mr. MacInnis) can cite these distressing cases which appear before judges, and there is not a member of the house who will not agree with him in the sympathy that he feels towards those who are unfortunate. But when the bargaining representatives of a union—and I have dealt with quite a number of them on occasions when I was at the head of the public utilities of Manitoba—come to discuss what is fair compensation for the work they are doing for society, it is not that they feel callous towards the oppressed but they do not raise the question of the oppressed in discussing what would be a fair wage for the work they are doing for the employer for whom they are working. With great respect, I do not think they should do that, because what we should do in relation to the oppressed is to help them and lift them up; but we cannot administer our society, we cannot run our industry, without negotiating with the employees to pay them a fair wage for the work they are doing.

So far as a group is concerned who have no bargaining powers in that sense, it should be our responsibility to see that they do not have to come to us, that we will be fair because they cannot come to us, and we should see that they are taken care of in the same way as these other groups. This has been realized by a number of different groups who are interested in these matters. I think reference was made to the fact that the bar association would naturally want to support an increase in judges' salaries. That is a very natural assumption, and it is the case. But we have not had the representations confined to that group by any means. A statement of the problem with which we are concerned here, and which I think is perhaps the most cogent we received from any source, was sent to the Prime Minister (Mr. St. Laurent) on October 4, 1949, going on to two years ago, by Mr. Percy Bengough, C.B.E., president of the Trades and Labour Congress of Canada. This is what he said:

> The executive council of the Trades and Labour Congress of Canada, at a meeting in Calgary following the convention, considered the question of judges' salaries. We fully realize that this is a matter somewhat outside the jurisdiction of the Trades and Labour Congress of Canada. However, we are of the opinion that those directly concerned are in a more or less difficult position to advance their claims.

That is precisely the position. They are in a difficult position, and because they are in a difficult position they went from 1920 to 1946 without any adjustment at all. Show me any other group in Canada of whom that can be said.

Mr. MacInnis: Would the minister allow a question?

Mr. Garson: Yes.

Mr. MacInnis: The minister mentioned that the judges went from 1920 to 1946 without any adjustment. Did they take the downward adjustment that most people in Canada had to take during the thirties?

Mr. Garson: No, they did not. Just as any other economic group which was in a position protected by a wage agreement or by a tariff they did not take it, and in no different way.

Mr. Abbott: They took a 10 per cent cut.

Mr. Garson: My colleague the Minister of Finance (Mr. Abbott) says that they took the 10 per cent cut which was imposed.

Mr. Abbott: It was imposed as a special income tax and it amounted to a 10 per cent cut in their salaries, $900.

Mr. Fournier (Hull): Just as members of parliament had.

Mr. Garson: I am sure the hon. member for Vancouver East, who asked me that question, will agree that there were large numbers of the trade unions, the railway brotherhoods, for example, who, if my memory serves me correctly, took no more than a 10 per cent cut throughout the depression. I am not suggesting that they should have taken any

more, but I do not want my hon. friend, by asking me that question, to seek to draw some invidious distinctions which do not exist.

Mr. MacInnis: The distinctions are there.

Mr. Garson: The letter continues:

Under the circumstances I trust that you will accept this presentation of our views in the friendly spirit in which it is sent, and of course in the hopes that you will extend our request your favourable consideration. It was the opinion—

Listen to this.

—of our executive council—

It had been meeting in Calgary.

—that I might personally interview you on this question but I have been detained by official duties in the west, and I now understand that notice has been given of an amendment of the salaries of the judges for the Supreme Court of Canada. As it is possible that this matter may be settled prior to my return to Ottawa, I am taking the liberty of writing you on this question. Of course we have no objections to the increase of salaries to the supreme court judges. However, we do feel that the salaries of the judges of the provincial supreme courts should also be dealt with at this session and at the same time as provision is being made for the salaries of the Supreme Court of Canada judges.

We are of the opinion that the salaries paid the supreme court judges of the provinces—

I am very proud that the statement I made a little while ago as to the qualifications we should seek in a man who is going to go on the bench is concurred in by the president of the Trades and Labour Congress of Canada, because this is what he goes on to say:

—should be adequate in order to obtain the best men available and sufficient to maintain them in a free and independent position, without having regard to the personal fortunes of a man so appointed.

In other words, we should not confine our appointments to the bench to those who have supplementary private incomes to enable them to occupy the position not with ostentation but with what everybody expects in a position of that sort, if it is in no other sense than a subscription, as I said before, to the community chest and other such funds. The letter continues:

We question if it is in the best interests of the people of Canada generally if only lawyers having the necessary private means to implement their salaries are available for appointments.

This is a statement which I think has peculiar force in that it comes from the head of an organization which, be it said in fairness to it, has looked after the interests of its own workers and has seen to it from time to time, by collective bargaining agreements and the like, that they got the adjustments to which the unions thought they were entitled; and this is a plea on behalf of a group who have had no person to represent them in that way.

[Mr. Garson.]

I think that is all I should like to say at the moment except that before I sit down I should perhaps make a reference or two to the points raised by previous speakers in the debate. The hon. member for Selkirk (Mr. Bryce), a fellow Manitoban, says that some judges are too busy and others are too idle. As is so often the case, I agree with the hon. member. He is quite right when he says that. But, Mr. Speaker, under the division of authority under the British North America Act the appointment of judges to the provincial courts is the prerogative of the federal government. After they are appointed everything they do is under the direction of the attorney general of the province, who has exclusive authority over the administration of justice and everything pertaining to it. I do not say this in any way to shuffle off responsibility upon the provincial attorneys general. On occasion I have been acting attorney general myself for fairly long periods of time, and I know what is the difficulty in this connection. It is a fairly simple matter. There is a certain distribution of population in the year 1900, we will say; there are certain centres of importance, and judges are stationed there. There is a redistribution of the population of the province, and in relation to other centres the population in the original centres becomes less. But the judges still stay there, and the provincial administration will simply get hades from the people of those areas if they seek to move resident judges from their midst. The result is that admittedly there is some maldistribution of the work of the judiciary, especially in county courts.

I was rather interested this afternoon to hear some hon. members arguing that the county court judges were entitled to more consideration than the supreme court judges. Many of the representations made to me privately by those whose acquaintance with judges seems to have been confined to the county court judge in their own community, with whom I suspect they have been doing too much fishing, have been along this line: Why should we increase the salaries of those judges when this judge I know never has very much to do, as far as I can see? At the same time the county court judges in the larger centres of Manitoba, as the hon. member for Selkirk (Mr. Bryce) was fair enough to state, and this is at least equally true of Ontario and British Columbia, are worked right off their feet with the volume of business they have to do. We cannot do a thing about that in the federal field, unless we might be able to make some arrangements with the provinces to set up a royal commission to investigate this maldistribution of judicial business from one end of the country

to the other, but in order to do that we would require the concurrence of all the provinces.

Mr. Hodgson: On the strength of what the minister has just said, does he think it fair to give the higher court judges double the increase the county court judges are getting?

Mr. Garson: No, I would not think it would be fair, and they are not getting double the increase.

Mr. Hodgson: Practically.

Mr. Garson: No, they are not. To begin with there was a certain salary for the county court judges and a certain salary for the supreme court judges. Exactly the same percentage increase was applied in 1946 and is proposed to be applied in 1951 to both salaries, but because one is higher than the other naturally it produces a larger amount.

Mr. Hodgson: Approximately twice as much.

Mr. Garson: But in that connection, in order to keep the record completely straight I think it should be pointed out that in Ontario, and this is true also in my own province and I believe in other provinces, the county court judges derive revenues from certain provincial functions which they perform and which as far as I know have no exact counterpart in the case of the supreme court judges.

I have spoken somewhat longer than I intended, Mr. Speaker, but I have done so in the hope that at long last we might render simple justice to the judges of Canada.

Mr. Clarence Gillis (Cape Breton South): I had not intended to say anything on this matter, but I think this afternoon the minister provoked many people into seeing this question a little differently. He laboured very hard, but certainly he did not convince me. I do not think he did himself justice this afternoon when he attempted to lead the house to believe that an increase in the salaries of the judges would not mean an increase in their pensions, because that automatically follows.

Mr. Garson: On a point of privilege I should like to make a correction. I thought I was most explicit, and if not I think I should be now, in saying that the increase in these salaries certainly would increase the pensions of any judges retiring after the amendment came into effect, but that it would not affect the pensions of those judges who have already retired.

Mr. Gillis: That is a little clearer now, but certainly the minister did not leave that impression with me previously. A judge now receiving $12,000 and retiring before this amendment went through would receive a pension of $8,000. Once this amendment goes through his salary is increased to $14,400 and his pension automatically steps up to $9,600, so they very definitely work together. There is an automatic increase in the pension.

I consider it very bad timing to bring in this measure at this late stage of the session. Earlier, government members voted against having anything to do with an adjustment at this time in the basic pension of war veterans. The Minister of Finance (Mr. Abbott) has been urging us to make people realize that they must work harder and longer in order to offset or relieve this inflationary spiral by more production. The group of people to whom we are giving this increase at this time cannot offset that increase by higher production. It is simply extra money that goes into the stream of purchasing power, and from the standpoint of inflation alone it is bad business.

Then there is something I would like the Minister of National Defence (Mr. Claxton) to note. The income offered doctors in the armed services today is such, in comparison with what they could earn in private practice, that we cannot get medical men to go into the army, navy or air force. At the present time, according to press dispatches, we are trying to import doctors from Britain or other countries who might be interested in going into our armed services. We are embarking upon a long range program of defence, and if there is a financial adjustment to be made with respect to any group I think it should be the responsibility of the cabinet to take a look at that angle, because medical men are a must in the services and the financial return today is not sufficient to attract them.

I do not think anyone in the group we are talking about is suffering financially. I believe they are well off in comparison with most of the people in the country, particularly in times such as we are going through today. I believe we should be very careful to make adjustments where they ought to be made. The minister might have taken time off and made a complete analysis of the lower courts, the magistrates' courts, where 90 per cent of the people see justice meted out. Not many of them get upstairs to that $12,000 man.

Mr. Garson: They are provincial appointments, as my hon. friend knows. They are not federal appointments.

Mr. Gillis: I understand; but that is where justice is meted out to the great majority of our citizens, and reforms are necessary there.

If the municipalities and provincial governments have not got the finances or the personnel to make adjustments in these courts, then I think it should be the obligation of the Department of Justice at Ottawa to assist in that field. I do not want to hold the matter up, Mr. Speaker, but I believe the minister's comparison on a percentage basis of the increase in wage rates and civil servants' salaries to the judges' salaries was a poor one. Wage rates in this country in 1939 were very low. You could get a 225 per cent increase on nothing, and a million people in this country did, and still not have a large income. A 60 per cent increase on a salary of $6,000, which was stationary all during that period, runs into a lot of money. I thought it was not a good comparison. I agree with the members who said this matter should be left until further consideration can be given to it, and some of the other adjustments necessary should be made before we start talking about a proposition of this kind.

The house divided on the motion (Mr. Garson) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Adamson
Anderson
Applewhaite
Ashbourne
Beaudoin
Benidickson
Bennett
Blair
Blanchette
Blue
Boisvert
Boivin
Boucher
Bourget
Bradette
Bradley
Breithaupt
Breton
Brisson
Brown (Essex West)
Bruneau
Byrne
Cameron
Campney
Cannon
Carroll
Carter
Casselman
Catherwood
Cauchon
Cavers
Charlton
Chevrier
Clark
Cleaver
Conacher
Corry
Cote (Verdun-La Salle)
Cournoyer
Courtemanche
Coyle
Crestohl
Croll
Cruickshank
Darroch
Decore
Dewar
Dickey
Dion
Drew
Dumas
Dupuis
Eudes
Eyre
Fairclough, Mrs.
Ferguson
Fleming
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser
Fulford
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gauthier (Sudbury)
George
Gibson
Gingras
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Healy
Hellyer
Helme
Henderson
Henry
Hetland
Higgins
Hodgson
Hosking
Hunter
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Lafontaine
Langlois (Gaspe)
Lapointe
Larson
Leduc
Lefrancois
Leger
Lennard
Lesage
Little
Macdonald (Edmonton East)
Macdonnell (Greenwood)
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCulloch
McCusker
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Major
Mayhew
Monette
Murphy
Murray (Cariboo)
Mutch
Nowlan
Parent
Picard
Pouliot
Prudham
Ratelle
Richard (St. Maurice-Lafleche)
Rinfret
Robertson
Robinson
Rooney
St. Laurent
Sinclair
Smith (York North)
Stanfield
Stick
Stuart (Charlotte)
Tustin
Valois
Warren
Weaver
Weir
Welbourn
White (Hastings-Peterborough)
Whitman
Winters
Wood—144.

NAYS

Messrs:

Black (Cumberland)
Blackmore
Bryce
Coldwell
Fair
Gagnon
Gillis
Hansell
Harkness
Herridge
Johnston
Jones
Knight
Knowles
Low
MacInnis
McGregor
Noseworthy
Poulin
Quelch
Shaw
Sinnott
Stewart (Winnipeg North)
Wright—24.

The house went into committee, Mr. Dion in the chair.

The Chairman: Shall the resolution carry?

Mr. Knowles: On division.

Resolution reported, read the second time and concurred in.

Mr. Garson thereupon moved for leave to introduce Bill No. 405, to amend the Judges Act, 1946.

Mr. George A. Drew (Leader of the Opposition): I know it is not customary to say anything on the first reading—

Mr. Speaker: Order. I might point out that a motion for first reading is not debatable. However—

Mr. Drew: I was only going to repeat my suggestion for the consideration of the minister and the government, that if this matter

could stand until October I believe it would be to the advantage of the house and the people of Canada.

Motion agreed to and bill read the first time.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

LEGISLATION

205. Allowance in lieu of residence, $3,000.

Item stands.

DEPARTMENT OF TRANSPORT

Board of transport commissioners for Canada—

529. Administration, operation and maintenance, $681,220.

Mr. Black (Cumberland): I do not know whether this item has anything to do with the Canso undertaking, but at some stage we should have a more definite statement from the Minister of Transport as to why action is so long delayed in bringing down the recommendation of the engineers with respect to the construction of the Canso bridge. There is an increasing feeling in Nova Scotia that it is being held up at some place for some reason, either by the engineers who have been paid a considerable sum for it and have had it before them for many months, or by the department, or by some other people. The people in Nova Scotia are very much disappointed with conditions at the present time. Are we to have the report of the engineers? I should like a statement from the minister as to what his attitude is and the attitude of the government with respect to the report. The people in Nova Scotia, almost without exception, are demanding that there be a permanent crossing over Canso. It has been promised them, and they do not want to see it sidetracked. At the present time we are entitled to a full and complete statement from the minister as to the report of those engineers and as to the attitude of the department.

Hon. Lionel Chevrier (Minister of Transport): This item is one having to do with the board of transport commissioners. The Canso project cannot be discussed on this item. We have already disposed of one item concerning Canso. I said this morning that I would make a statement when I tabled the report of the board of engineers which will be before the session ends.

Mr. Black (Cumberland): Can the minister state when he will be able to make this statement, and whether any action is to be taken by his department or by the government with respect to the construction of this project?

Mr. Chevrier: When we deal with the report I will be able to make the statement, but not on this item.

Mr. Adamson: Will the minister elucidate the function of the board of transport commissioners concerning level crossings? I am referring to a crossing that he knows about, namely, the one on Dundas street near Toronto. It is entirely beyond the means of the grade crossing fund to deal with because it is a very expensive matter. I have been to the board of transport commissioners about this matter and they have offered to sit in the town of Islington to discuss the matter and to decide whether the grade separation should be built or not. Can the minister elucidate what the function is because there have been a great many inquiries of the board of transport commissioners with regard to this. Do they sit as a court and decide whether the grade separation shall be proceeded with? Just exactly what do they do?

Mr. Chevrier: The functions of the board of transport commissioners are clearly set out in the Railway Act with reference to applications relating to grade crossings. The application, as a rule, is made by a municipality or other bodies interested, and the board may after a hearing find that the crossing is one which should be authorized, or a certain proportion of the cost be paid out of the grade crossing fund, the remainder to be divided equally or proportionately between the railway and the applicant.

Mr. Adamson: Then I gather that they sit and decide first of all whether the work should be proceeded with and then they apportion the cost between the municipality, the railway company and the grade crossing separation fund?

Mr. Chevrier: That is right.

Item agreed to.

Canadian maritime commission—

531. Steamship subventions as detailed in the estimates, $3,779,875.

Mr. Higgins: I should like to ask a question with reference to details on page 506, Newfoundland coastal steamship services.

Mr. Chevrier: What item is that?

Mr. Higgins: I am referring to item 531 and the details on page 506, which read: "Newfoundland coastal steamship services".

Mr. Chevrier: The western services, $445,000 the eastern services $1,700,000, Newfoundland coastal services, $1,590,000.

Mr. Higgins: What does it mean? I do not quite follow that.

Mr. Chevrier: These are the subsidies paid to the Canadian National Railways for operation of the steamship services in the province of Newfoundland.

Mr. Higgins: Does that mean there is a loss to that extent?

Mr. Chevrier: It may and it may not mean that; it would depend upon the position of the applicant company. In the case of the Canadian National Railways it so happens that it is a financial loss to that extent.

Mr. Higgins: It has nothing at all to do with new equipment or anything of that nature?

Mr. Chevrier: No, it is the operation of the steamship service.

Mr. Higgins: Operation loss for the coming year?

Mr. Chevrier: That is right.

Mr. Black (Cumberland): I prefer this item would stand. It is six o'clock and I have some more questions to ask.

Item stands.

Progress reported.

BANKING AND COMMERCE

CONCURRENCE IN EIGHTH REPORT OF STANDING COMMITTEE

Mr. Hughes Cleaver (Halton): Mr. Speaker, may I ask leave of the house to revert to presenting committee reports. I should like to table the eighth report of the standing committee on banking and commerce.

Mr. W. J. Henderson (Kingston City): Mr. Speaker, I should like to move concurrence in this report.

Motion agreed to.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

On the order for private bills:

Mr. W. J. Henderson (Kingston City): Mr. Speaker, at six o'clock Bill No. 354, letter V-11 of the Senate, an act to incorporate First Canadian Reinsurance Company, was reported back to the house by the chairman of the banking and commerce committee, and the report was concurred in. The bill was not amended with the exception that the name of the company was changed. It was recommended that the name be changed from First Canadian Reinsurance Company to the Great Lakes Reinsurance Company. I would ask for unanimous consent of the house to have this bill placed on the order paper for consideration by committee of the whole immediately.

Mr. Speaker: Is it the pleasure of the house to adopt the suggestion of the hon. member for Kingston City?

Some hon. Members: Agreed.

FIRST CANADIAN REINSURANCE COMPANY

The house in committee on Bill No. 354, to incorporate First Canadian Reinsurance Company—Mr. Henderson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Cruickshank: I should like to ask a few questions. As I understand it, there is an amendment to change the name of the company. The original bill is an act to incorporate First Canadian Reinsurance Company. It is a great privilege in Canada even to incorporate a company and to have a name such as that. I presume there must be a reason for changing the name, and when it is more or less sprung on us I should like to know why. I agreed to give unanimous consent to considering the bill now. If any of my colleagues would like to speak on my behalf I would be delighted to sit down and give them the opportunity, particularly as I realize that they are far more qualified than I am to speak on a matter so important. I had the privilege this afternoon of seeing a bill pass that made me regret more than ever the fact that I can never aspire to a position that some others may. I grant them that great privilege.

I should like to know the reason for the change in the name of the company. I presume it wants to do business in all parts of Canada including my province and riding. We are not so much interested in reinsurance in my riding as we are in insurance, but as the name is being changed there are one or two questions I want to ask. I do not want to be called to order because I very seldom am. There is a list of the directors of the company. I presume they are all residents of the Dominion of Canada, and I presume that the stock, which I understand is to be in the amount of $500,000, will be sold within Canada. One who is far better versed in finance than I am is asking me why it should all be sold in Canada. However, presuming

it is going to be sold in Canada, or even outside of Canada, I should like to know the denominations of the stock, whether it is going to be $100, $500 or $1,000 shares. I might be interested in buying a few shares myself.

I am not altogether sure that it is good business for a company intending to deal in reinsurance—and I repeat the word "reinsurance"—to sell all the stock in one lump sum to one individual. For that reason I should like to know more about it from the sponsor, and I am sure the sponsor wants to tell me and wants to tell the people of Canada. When you come before the house sponsoring a bill, and particularly such an important measure as this one, you naturally want the people of Canada to have all the details at their disposal. You want them to know where all the directors reside. You want people to know not only the total amount of stock that is to be sold but the denominations in which it will be sold. I should like the sponsor to give me a little information.

First of all may I repeat that I should like the sponsor to tell me why the name of the company is to be changed. For instance, I remember that a couple of years ago a very strong investment company down the street had its name changed. I believe the head office used to be in Renfrew and they moved it down by the Rideau club and changed the name of the company. At that time I wondered why the name was being changed although I have no doubt there was good reason for its being changed. I have no doubt it enhanced the value of the stock and the security of the people who invested in that company. However, when you change the name and move from such an outstanding district as one of the suburbs of Ottawa, there must be a reason for it. I should like the sponsor to explain why the name of this company is being changed at the last moment. Then I should like to know the denominations of the stock that are to be sold.

The Deputy Chairman: If we are to proceed in an orderly manner questions with respect to the title will have to be dealt with at the time of calling the title, and questions relating to the capital stock will have to be dealt with on clause 3 and other sections of the bill. Of course the sponsor may now reply to the questions asked by the hon. member having relation to clause 1.

Mr. Cruickshank: Surely under this item the sponsor can give an explanation of the reason for changing the name at the last moment, in the dying days of the session. The session cannot die soon enough so far as I am concerned. Surely the sponsor can explain why the change is being made in the name.

The Deputy Chairman: I would point out to the hon. member that the bill is called clause by clause, and then we call the preamble and title. When the title is called the explanation the hon. member has requested can be given.

Mr. Henderson: Section 1 was amended in committee by striking out the title "First Canadian Reinsurance Company" and substituting therefor "Great Lakes Reinsurance Company".

The Deputy Chairman: That is so.

Mr. Cruickshank: Am I in order in asking why that title was changed?

Mr. Henderson: In the committee it was felt that the original title might be somewhat misleading to the people and not in the interests of the Canadian people as a whole, so it was decided that another name should be substituted therefor. With the approval of the superintendent of insurance, I believe, and after a review of his records, it was considered that Great Lakes Reinsurance Company as a title would not be to the prejudice of the Canadian people.

Mr. Cruickshank: This new name would have no connection with the proposed international waterway, I suppose?

Mr. Henderson: I do not believe so.

Section agreed to.

Section 2 agreed to.

On section 3—*Capital stock.*

Mr. Cruickshank: How is this stock to be disposed of?

Mr. Henderson: I believe the hon. member for Fraser Valley asked a question as to the par value of the stock. As I understand it the Canadian and British Insurance Companies Act provides that if not otherwise provided in the bill the par value shall be $100, and it is not otherwise provided in this bill.

Section agreed to.

Sections 4 to 8 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 359, for the relief of John Brock Short.—Mr. Winkler.

Bill No. 360, for the relief of Joseph Duchesne.—Mr. Winkler.

Bill No. 362, for the relief of Helen Marion Peacock Rondeau.—Mr. Winkler.

Bill No. 364, for the relief of Rodolphe Boisjoly.—Mr. Winkler.

Bill No. 368, for the relief of Theresa Verna Brisson Humphreys.—Mr. Winkler.

Bill No. 369, for the relief of Dorothy Shapiro Ram.—Mr. Winkler.

Bill No. 371, for the relief of Dorothy Chaffee Caduc.—Mr. Winkler.

Bill No. 382, for the relief of Flora Muriel Crane Keane.—Mr. Winkler.

Bill No. 383, for the relief of Opal Jean Ellis Pike.—Mr. Winkler.

Bill No. 384, for the relief of Elphege Fournier.—Mr. Winkler.

Mr. Gauthier (Portneuf): On division.

MARIE ELIZABETH ROSE ANGE COUSINEAU BROUSSEAU

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 394, for the relief of Marie Elizabeth Rose Ange Cousineau Brousseau.

Motion agreed to on division, and bill read the second time.

Mr. Speaker: Mr. Winkler moves that I do now leave the chair for the house to go into committee on the said bill.

Mr. Knowles: No. Mr. Speaker; this bill should go to the private bills committee.

Mr. Speaker: I probably misunderstood the motion. Does the house still wish this bill to go to the private bills committee? If not there will have to be unanimous consent. Is it the wish of hon. members to consider Bill No. 394 in committee of the whole instead of sending it to the private bills committee?

Some hon. Members: Agreed.

Mr. Knowles: I think it should be pointed out that what is being asked for is that a stage usually required in connection with divorce bills be dispensed with. It is not my understanding that the house feels that way about these bills.

Mr. Speaker: If there is not unanimous consent I shall have to refer this bill to the private bills committee.

JOHN ATHERTON CRITCHLEY

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 232, for the relief of John Atherton Critchley.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, by a vote of 11 to 5 in the committee on miscellaneous private bills the subject matter of this bill has been returned to the House of Commons. This is the second time this bill has been up for second reading, the subject matter thereof having been sent back to that committee on the previous occasion. So we have before us this bill, the evidence relating to which I hold in my hand, asking for the granting of a divorce for the relief of one whom I will call Mr. X. I do not know Mr. X personally nor do I know Mrs. X, but I am sorry for both. I should like to help them both or either of them, if it lay within my power to disentangle the skein into which their lives have become tangled. Great as may be my interest in the troubles of these particular people mentioned in Bill No. 232, there is something that even transcends that interest, and that is my desire that the honour and dignity of this House of Commons be preserved.

I believe, sir, that in the stress and strain of our lives here, in the tedium of routine and in the bickering of daily debate, we are inclined, through our closeness to what we are doing, to lose sight somewhat of the importance and greatness of our task which I conceive to be the moulding and welding of this young country into a great nation. We have here a great tradition. The mantles of great men have fallen upon our shoulders. I suggest that tradition has its drawbacks and dangers as well as its advantages. Precedent has begun to harden into tradition in this house. A precedent which was established, and has continued by expediency, has over the years begun to harden into tradition in the matter of the consideration or lack of consideration of these divorce cases like the one in this Bill No. 232 in which Mr. X is suing for divorce. These cases emanate from provinces which have no divorce courts of their own. Those are the provinces of Newfoundland and Quebec, notedly the province of Quebec. Thus it is that tonight we are considering this Bill No. 232 in which Mr. X is suing Mrs. X for divorce. One of the greatest heritages of this country, which explains to some degree our virility, is the mixture of races that we have.

We have great statesmen in our tradition. We have great parliamentary traditions behind us. We have the Pyms and the Hampdens, the Gladstones and the Pitts. The French have their great statesmen, some of them translated to this soil, like Cartier and Laurier. Those of United States origin have their Washingtons and Lincolns. I am, in all seriousness and earnestness, asking hon. members to ask themselves what those statesmen, who have handed on all these glorious parliamentary traditions, would think of us tonight if they knew we were stooping to the consideration of Bill No. 232, a case for

the divorce of Mr. X from his wife; that we were turning this great parliamentary institution into a mere divorce court, because a mere divorce court it is. There is no question about that.

Sometimes I think, perhaps it is a presumptuous thought, that there may be in this parliament at this very moment men whom posterity may some day call great. I am sure that you, sir, with your characteristic modesty would deny that title as applied to yourself, but there are those who may think otherwise. Some of the men whom I have mentioned were not considered great by their contemporaries, either, and it was only time that elevated them in the esteem of succeeding generations. Some of them were great parliamentarians. They mapped the course of great nations. They laid down the paths that we should follow. I would suggest that the path we are following tonight is not one of the paths they intended us to follow.

Here we are considering Bill No. 232. I would ask if this great forum of the Canadian people is to be turned into a divorce court. I wonder if there is any other parliament anywhere that has stooped to such a procedure. We are the representatives of the Canadian people, sent here for a totally different purpose. In considering divorce cases we are attempting to handle work for which we are not at all fitted. Some of us may be fitted for it. There are clever lawyers in this house, but I am not one of them. Are we to descend to listening to these tales of knocking at bedroom doors, to devoting our time to hearing about investigators prowling up darkened stairs and sticking scotch tape on the outside of doors? Are we to descend to the unfolding of divorce drama on the stage of Montreal boarding houses, listening with unwilling ears to this sordid and conflicting evidence, produced in many cases by professional investigators who take that way of earning their living.

It is becoming the custom in this house, and certainly in the private bills committee, not to consider these bills at all in the ordinary sense of the word "consider". The practice has grown up, as you, sir, very well know, of passing these bills en masse, forty or fifty at a time, without even the formality of reading the numbers. When my hon. friend the chairman of the committee started consideration of these bills tonight, he had to be told to read the numbers, and naturally so because that is not the custom which he has been following. We in this house are sick and tired of that procedure. It is my belief that all the members of this house are sick and tired of that procedure, probably including the sponsor of these bills, our genial chairman of the private bills committee. The perpetuation of this backdoor method of granting divorces is to me a sign of political and national immaturity.

In dealing with this bill I am not here entering into a discussion of divorce at all from a moral point of view. There are those whose religious beliefs teach them that divorce is wrong. I respect those views. I respect the men that hold those views. The province of Quebec does not desire to have divorce courts set up within her boundaries. That is completely within the rights of that province, and those rights must be respected. But the individual rights of the citizens of this province to come here and obtain a divorce in the only manner that is presently available to them must also be respected. I suggest to you that there are two courses open to us: first, to continue this method of turning this house and the private bills committee into a divorce court. If we are going to do that, then some of us feel that we must accept the responsibility a little more than we have done in the past. We shall have to give to those bills the proper consideration so that we can pass upon them without violating our consciences. We shall have to weigh the evidence in each case before passing judgment.

There are objections to that course. In the first place this is not a judicial, but a legislative, body. Careful study of each of these cases would take up most of the time which we now devote to the passing of legislation.

Mr. Speaker: Order. I hesitate to interrupt the hon. gentleman, but we are now considering a particular divorce bill. I believe the hon. member's remarks are a little too general. I probably did not interrupt hon. members at the beginning of the session, but now that the session is drawing to a close, and there are other private bills on the order paper, I think hon. members should confine their remarks to the particular bill which is before the house.

Mr. Knight: On the point of order, Mr. Speaker, may I say that I have always understood that there was a certain amount of latitude on second reading. This bill is not, like the others, being considered in committee. Perhaps if I were to apply my remarks to this particular bill, Your Honour might allow me to do that.

Mr. Speaker: The hon. member may speak to the principle of this bill.

Mr. Knight: My whole argument is in relation to this particular bill. I am prepared to deal with it and, if necessary, with the evidence in connection with it and with the clauses of it, if that is desirable.

Mr. Speaker: Then I would ask the hon. member not to speak too generally about divorce, but rather to direct his remarks toward the principle of the particular bill that is now before the house.

Mr. Knight: I think I can relate the remarks which I am about to make to this particular Bill No. 232, because I am going to suggest that, in considering this particular Bill No. 232, we should have another course open to us. Is that remark too general, Mr. Speaker?

Mr. Speaker: Order. That would not be in order at this time.

Mr. Knight: Then I shall go back to the bill.

I should like to say that the Senate committee, in passing this bill amongst others, themselves indicated that they would like to get rid of their present business of looking after them. This bill is one of those upon which the chairman of the committee of the other place commented when he said—and I quote from the report as follows:

> It is to be hoped that something will be done in that regard in the near future.

That was in explanation of a remark that he made in regard to these other bills, to the effect:

> . . . that parliament has not seen fit to solve the problem of parliamentary divorce by setting up suitable courts or tribunals before which the numerous cases from Quebec and Newfoundland can be heard.

There are certain faults that I have to find about the consideration of even this bill which had a certain amount of consideration before the committee on miscellaneous private bills, extending over two or three hours. For I submit that even that amount of consideration, where some of the gentlemen did not even have the evidence in front of them, was something of a farce. I think we should get rid of this particular bill. As a matter of fact, I am going to suggest that we get rid of it; and having said that, I hope I may be permitted to suggest that we should get rid of all these particular bills, including Bill No. 232. Such a method, of course—and it is a method that has been proposed by my friend the hon. member for Winnipeg North Centre (Mr. Knowles)—would be to allow these bills to go before some other court such as the exchequer court sitting in Ottawa.

Mr. Speaker: Order. I do not think the hon. member should stray too far away from the principle of this bill. I would ask him to direct his remarks to the principle of this bill.

Mr. Knight: I think I should perhaps be allowed, Mr. Speaker, to defend my remarks about the Senate with regard to this bill; because when I am commenting upon their actions in regard to this bill, I want to make it perfectly clear that I am making no reflection whatever upon those gentlemen. I believe that this bill had a thorough and complete investigation by the Senate committee; and I believe that they gave their judgment in accordance with their views. It may be a tedious and thankless task. That committee is made up of sensible men. Some of them are lawyers. I am sure that they were able to handle this bill by a proper method. It was suggested that it might be left entirely in their hands. So far as I am concerned, I should like it if this Bill No. 232 had never come out of the Senate; I should be glad that, if necessary, their decision should be taken, and that we should not have been bothered with it. But having been bothered with it, and having felt the responsibility of looking into the evidence in connection with this Bill No. 232, I have come to the conclusion that this Bill No. 232 is a case in which there is a reasonable doubt at least as to whether Mr. X should receive a divorce from Mrs. X, his wife.

I promised that I would come directly to the bill itself and I have a word to two to say upon that. The group to which I belong has insisted that we give this bill thorough examination.

Mr. Cleaver: May I ask the hon. member a question?

Mr. Knight: Not just at the moment. I have had some of the hon. gentleman's questions in the miscellaneous private bills committee. It is my privilege, as I understand it, to answer or not to answer questions put by the hon. gentleman, at my own pleasure.

As I say we have given, and we intend to continue to give, full consideration to these bills. Our limited examination of this bill and others has slowed down but little the passage of these bills through the house. I admit that I am slowing down the passage of this one to some extent tonight. I refer to this particular Bill No. 232. But heretofore we have not held up any bill because we felt that to do so without notice would not be fair. These are bona fide people who have paid their fees in these particular cases, and who have come through the House of Commons miscellaneous private bills committee. Then for them not to get the divorce is something we do not think would be fair, without due notice.

In this case we have seen to it that there was a discussion. As a member of the House of Commons it is my privilege to ask that a

certain procedure be followed. Since we are a divorce court, this bill must be examined by the house. It is my privilege to ask for a vote upon this bill, and I intend to exercise that privilege. Those of my hon. friends who are opposed to the passage of this bill, being opposed to divorce in general as a matter of conviction, and whose custom it has been to oppose these bills merely by shouting "on division", will now have the opportunity to be counted and registered by name as being in opposition. When this bill comes to a vote, those who are not perhaps necessarily opposed to the principle of divorce will have an opportunity to express their disapproval of the procedure by which this bill has been handled. One might say that that is a rather drastic procedure as far as the principals of this bill are concerned. But I would suggest to you, Mr. Speaker, that this is one bill as to which there is a reasonable doubt; and if there is a reasonable doubt, that doubt should be for the benefit of the respondent and not for the petitioner.

In voting on this bill there is yet another class of hon. members to be considered. I know that some of my hon. friends on the other side of the house, my colleagues in the particular divorce committee—that is a short name I have for the miscellaneous private bills committee—have considered this bill carefully. I know that they are convinced that this bill for divorce should be granted. So those gentlemen, this third class of people, will have an opportunity to vote on this bill, and to vote in favour of it.

In regard to the passage of bills like this one through the house it has been said—and I think the suggestion came from my friend the hon. member for Portage-Neepawa (Mr. Weir)—that these bills should be considered in detail in the miscellaneous private bills committee and not in this house. I therefore want to tell you, Mr. Speaker, how this particular bill, No. 232, was handled in that particular miscellaneous private bills committee. You will remember that the subject matter of this particular bill, not the bill itself, was referred back to that committee. I shall break no confidence here and I shall tell no secrets because the proceedings of that committee are open to the public. This bill, No. 232, the petition of Mr. X for a divorce from his wife, was considered on June 13 at ten o'clock. On the orders of the day there were three classes of item, three private members' bills, religious bills and the like, and there were 123 divorce bills which had received second reading in the house, and then there was the subject matter of this particular bill which was to be considered. The three private bills were called, and I want the house to note that in each case there was a sponsor or parliamentary agent to explain the bills to the committee. Then came the 123 divorce bills, all of them. I did protest to my colleagues—and they will bear me out in this—I did protest and objected to the way these bills were being handled in that committee. I do want to say here, and I want to put it on the public records, that we did not hear a reviewing of the evidence in any of those bills. With this protested bill it was different. Members of the committee asked some questions of lawyers who appeared, one for the petitioner and one for the respondent. At the end of that time, having in some cases considered the evidence before, certain of the members were beginning to see what were the facts in regard to this particular bill.

I might say that the 123 bills which were not up for second reading, but had been referred to the miscellaneous private bills committee for examination were passed by that committee without being read by name or number or by any other method. These 123 bills passed in exactly two minutes by my wrist watch, a procedure which affected twice 123 or 246 principals, and probably a greater number of children. Just two minutes were taken in the miscellaneous private bills committee for that purpose, and I shall challenge any of my hon. friends on the other side of the house who do not approve tonight of what I am doing here to dispute that statement.

Now, to come to the bill itself and the reasons why I say that this is a bill upon which we can safely centre our protest as to the method used. It is a bill, the opposing of which will create no great hardship on anyone. I shall put on the record the reasons why I take that stand. I know that there are some of my hon. friends in the committee who do not agree with me in that regard, but that of course is their privilege. From this study and from the review of the evidence by the lawyers in question I would like to submit the following reasons why this bill should not be passed. I am talking about Bill No. 232 now before this house for second reading. I have written down, sir, and with your permission I shall read the six reasons that I have here as arguments.

One, that some of the evidence is contradictory, and what evidence is not contradictory, is quite inconclusive; two, that the husband had applied for annulment some years before but that it had not been granted to him; three, that when both of these people, the petitioner and respondent in this case, had applied for a legal separation in the civil courts it was to the respondent of Bill

232 and not to the petitioner that such separation was granted; four, that the manner of the woman's life had been brought about to a degree if not totally by the desertion of the husband in the previous years; five, that he was alleged to have left his wife alone and deserted and without care when she was seriously ill; six, that the motive for bringing the application for divorce would appear to be—I say in my opinion—a desire to evade any further payment of the weekly allowance which the husband had been compelled to pay to his wife under the legal separation to which I have made reference.

Now, sir, those are the reasons why I think this is one bill which we can oppose without creating any great hardship on anyone. In making this case, sir, of course I say I have no legal training. I presume that is readily apparent. I can simply state the things in this bill as I see them. One of the less kind of my hon. friends suggested in the committee that I was quite ignorant of legal proceedings. Exactly; that is just the point I want to make, and I have already confessed to it. I said that he was unkind, but he was kinder than he knew, because he made the exact point that I wish to make, namely, that we are not qualified to act as judges on Bill No. 232, or any other divorce bill, at least I am not; and yet it is one of the things that I have to do. It is one of the things with which I have to reconcile my conscience; it is one of the things for which I have to take the responsibility, this breaking up of a home. How then can we act as judges in a case like this about which we know nothing except in so far as the lawyers were able to rehash the evidence? But we did not see the witnesses. We could not judge of the kind of people they were. We had no idea how reliable their evidence would be except from the stories, contradictory, that we heard in the evidence. How then can we pass judgment upon cases of which we know nothing?

Sir, I do not think that a case like this Bill No. 232 should be a case of A suing B for divorce in order that it may be out of the way so that the case of C versus D could come up. It seems to me that, in a case of this sort where there are human beings involved, and where there are often children, divorce judges, like the judges in a juvenile court, should have special qualifications for the work which they are doing, understanding, interest and sympathy, and some knowledge of psychology, and above all an interest in bringing these people together again, this Mr. X and his wife mentioned in Bill No. 232, in making an attempt to patch this broken marriage before the granting of a divorce, and only when it is seen and admitted that that divorce is inevitable should divorce be granted; and finally there should be some regard to any children of such a union.

Would any hon. member in this house venture to say that this particular institution of the miscellaneous private bills committee approaches the ideal which I have been painting as to what a divorce court should be? For as things stand, this is a divorce court dealing with Bill No. 232, the case of Mr. X and Mrs. X, his wife.

Some hon. Members: Carried.

Mr. Knight: I shall be finished in just one minute. I am now going to move a motion. In conclusion, Mr. Speaker, and before I move this motion may I say that we procrastinate on this thing from year to year. That is why I am moving a motion on this particular bill. I think we shall have to come to an end by refusing to approve of the method that we are using in this Bill No. 232. We must no longer be unwilling to face this issue, no longer unwilling to grasp this nettle, because the vacillation that we are indicating here is not the stamp of a great parliament, of a united nation, but is, as I have said, the sign of immaturity national and political. Let us rid ourselves of this undignified pretence; let us rid ourselves of this scourge and get on with the work that we were sent here to do.

I oppose this bill, Mr. Speaker, and I move, seconded by the hon. member for York South (Mr. Noseworthy):

> That the word "now" be deleted, and that the words "this day six months hence," be added at the end of the question.

In opposing this bill, Mr. Speaker, may I say this in conclusion: I can do no other. Were I to support this bill, and were it to pass this House of Commons, I should have it upon my conscience that through such action here we will have accomplished one thing only—

An hon. Member: I do not think you have any.

Mr. Knight: If we pass this bill we shall have accomplished one thing, namely, we shall have deprived this woman of her only means of sustenance, a woman who is past middle age, broken in health and who has already suffered much. Let other hon. members of this house, let my hon. friends who have interrupted me tonight who are secure in their livelihood, and doubtless in their own integrity, think well before they cast at her this final crushing stone.

Mr. A. C. Stewart (Yorkton): Mr. Speaker, I aim to be brief. We are not here to discuss

the whole matter of divorce proceedings. This bill is simply following a precedent which has been set in parliament while the hon. member who has just spoken at length was here for many years. This petitioner has come to parliament in accordance with the usual practice. He has had to pay to have this bill presented, he has had to pay his lawyers and so forth.

I am not going to review the evidence in this case because the galleries are occupied, but a Senate committee which had as chairman a gentleman skilled in the law, which had as a member a gentleman skilled in medical science, has found that there was sufficient evidence of adultery to satisfy it. Then a committee of this house re-examined that evidence and a majority of that committee—we had a standing vote—felt that there was definite evidence of adultery. No reasonable man could come to any other conclusion but that these two at three o'clock in the morning, considering the way they were dressed or undressed, had been guilty of adultery.

There was ample evidence to support the petition and a committee of this house adopted the bill. Therefore I am against the motion. If my hon. friend wants to change the divorce laws of the Dominion of Canada, this is not the way to go about it. The proceedings in this case were the same as the proceedings in other cases which other hon. members of his group have countenanced for many years. In view of the fact that the Senate committee and a committee of this house have examined the evidence in connection with this bill, and in view of the fact that there is ample evidence to satisfy any reasonable man there was adultery, I submit that the petitioner is entitled to his divorce.

Mr. E. G. Hansell (Macleod): Mr. Speaker, it would appear to me that the hon. member for Yorkton (Mr. Stewart) has his wires crossed in respect to the evidence he has been reading. Perhaps he has been reading evidence in another case. I do not think the evidence of the case before us would indicate the things that he states. I rise to support the motion of the hon. member for Saskatoon (Mr. Knight).

Over the years I have spoken in this house on a number of occasions on these divorce bills. I want to point out from the start that I am not against divorce provided the statutory grounds have been proved. But I do insist that before any divorce bill passes this house I must be satisfied that such grounds for divorce have been proved.

The hon. member for Yorkton has eulogized somewhat the qualifications of certain members of the other house who sit on the Senate divorce committee and attempt to exercise their good judgment. I agree with the hon. member that they are men of integrity; I agree that some of them are men of legal ability; but that does not mean that this house must swallow their decisions holus-bolus. Even the best jurists misjudge at times.

The hon. member for Halton (Mr. Cleaver) suggested on one occasion that some of us were not skilled in legal matters. I must confess that I am not skilled in legal matters, but when it comes to reading evidence and attempting to discover from the evidence whether grounds for divorce have been proved I submit that it does not take a legal mind to discover whether proof has been made. As a matter of fact I think sometimes the legal mind can overlook some human elements that enter into cases such as those that come before us.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Hansell: It is all right; the hon. member was not tapping his desk, he was knocking his head. I stand with the hon. member for Saskatoon in his motion to give this bill the six months hoist. I do so on the ground that the reason for divorce has not been proved in this particular case. I have gone through the evidence rather carefully and I am perfectly convinced in my own mind that the hon. member for Saskatoon is right when he draws the conclusion that the petitioner is simply seeking to absolve himself from responsibility in connection with the terms of the judicial separation which involves the payment to the wife of a certain amount for her support.

I notice the clock states that it is nine o'clock and I move the adjournment of this debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. W. A. Robinson (Simcoe East): Before Your Honour leaves the chair I should like to move:

That the time for the consideration of private bills be extended this day until eleven o'clock p.m., or such earlier hour as the remainder of the same still appearing on the order paper have been disposed of.

I introduce this motion under citation 856 in the second edition of Beauchesne's which reads:

Private bills come up for consideration in the house on Monday afternoon and from 8 o'clock to 9 o'clock on Tuesday and Friday evenings. By general consent the hour may be extended, but if objection be taken, the house must go on with the other business on the order paper.

I fully realize, Mr. Speaker, that the citation might lend itself to two interpretations.

Mr. Coldwell: Mr. Speaker, on a point of order, I believe it is after nine o'clock.

Mr. Speaker: Order. The hon. member has risen on a point of order and I think I should hear him.

An hon. Member: He started before nine o'clock.

Mr. Robinson: I am hoping, Mr. Speaker, that you will rule that the phrase "general consent" does not mean "unanimous consent". You will notice that the phrase "unanimous consent" is used in other citations and in other standing orders whereas in citation 856 the phrase "general consent" is used. I think you, Mr. Speaker, and hon. members will realize that, in view of happenings in the past several months, I would have a snowball's chance of getting unanimous consent, but I am hoping that I can get the great majority of members of the house, if they are allowed to vote on this motion, to agree that we might have a little more time.

I might say in that respect, as I have said on several previous occasions, that those of us who have been sponsoring private bills this session have already lost a certain amount of time. We lost our Monday afternoons some time ago. We also lost an hour when the Minister of Finance (Mr. Abbott) introduced the budget. We also lost twenty minutes to half an hour one evening when the Minister of National Defence (Mr. Claxton) made an important statement. Therefore I feel that the house might give some consideration to a motion of this kind so that those of us who still have private bills on the order paper may have some chance of having them dealt with by the house.

Mr. Speaker: I am inclined to think that, as we are considering private bills in accordance with standing order No. 15, we could not change the order of business under standing order 15 unless there was a motion as to which forty-eight hours' notice had been given, or which met with the unanimous consent of the house. I think under standing order 15 I would be required to interpret "general consent" as meaning "unanimous consent", and unless there is unanimous consent I cannot put the motion which has been moved by the hon. member for Simcoe East (Mr. Robinson).

Mr. Robinson: May I ask whether I have unanimous consent?

Mr. Speaker: Has the hon. member unanimous consent?

[Mr. Robinson.]

Mr. Cruickshank: Mr. Speaker, he definitely has not.

Mr. Speaker: There is not unanimous consent. Accordingly I cannot put the motion. The hour reserved for public and private bills having expired, the house will resume the business interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF TRANSPORT

Canadian maritime commission—

531. Steamship subventions, as detailed in the estimates, $3,779,875.

Mr. Black (Cumberland): Before the dinner recess I was about to ask the minister for a statement under the general heading of Canadian maritime commission. The minister promised a statement on the policy for the present year with respect to the Canadian deep sea shipping industry as well as a statement with respect to the North Atlantic planning board for ocean shipping. The matter was brought before the minister on May 17 by the hon. member for Vancouver-Quadra. No report has yet been supplied to the house, and I should like the minister to make a statement.

Mr. Chevrier: I wonder if we could have that in the next item. It has to do with the transfer and subsidy policy. This item is for steamship services. If we could pass it, perhaps I could make a statement on the next item.

Item agreed to.

532. Assistance for Canadian flag ocean shipping industry, $375,000.

Mr. Chevrier: With reference to the North Atlantic planning policy, at the request of the hon. member for Vancouver-Quadra I did make a statement which I placed on *Hansard*, and I think perhaps it will not be necessary for me to deal with that again now. With reference to the maritime commission, I tabled the annual report some days ago—perhaps it was yesterday—but for the hon. member's information let me say that general conditions with reference to world shipping are far better now than they have been for quite some time. As a matter of fact the world shipping situation has undergone a complete change, and this has been of great benefit to the deep sea shipping industry. The change can be attributed to a variety of reasons including increased international tension, the increased need of ships for transporting facilities and supplies to the Korean theatre of war, the sudden need in

the latter part of 1950 for additional bottoms for the movement of coal and other commodities to Europe. That has brought into great demand ships of the Liberty and Park types of which Canada has a substantial number. Canadian owners operating these ships have had substantial profits in the last period.

With reference to the subsidy policy, there is only one application which has been made for transfer of flag from Canada to the United Kingdom. If the hon. member will look at the supplementary estimates he will see there a small item to cover the remaining ships. I think an amount of $3 million was set aside, following the announcement of policy made by the Prime Minister, to care for some forty ships at the rate of $75,000 each. Some thirty-seven applications have been made and approved of, although the amount of the subsidy has not been paid in each of these cases. There remain some payments which are being looked after by the supplementary estimates.

With reference to the replacement plan, it has worked out very well. There is a substantial amount of money in the escrow fund, and this money has been used on numerous occasions for the construction of ships. Not only in the great lakes shipping area but also on the Atlantic coast and the Pacific coast there are owners who have taken advantage of the replacement plan and have constructed a number of ships varying from large ferry vessels to large lake carriers. In fact one of the largest lake carriers ever to be built in Canada was launched at one of the upper lake ports on Saturday of last week. The transfer policy has worked out very well, and I think because of it, it can be said that the position of the operators is better today than it was at the time it was instituted. At that time there were some 37 or 40 ships out of employment. Today there are none, in fact there is a scarcity of bottoms at this time. Generally speaking I think that is the position in so far as the transfer and subsidy policy is concerned, and the replacement plan, the subsidy policy and the position of the escrow fund.

Mr. Black (Cumberland): Then do I understand from the minister that no further announcement has been made with respect to the North Atlantic planning board under NATO?

Mr. Chevrier: No. In answer to a question by the hon. member for Vancouver-Quadra, I placed on record a statement which I think covered the position as far as I could go, because much of it was of a strategic nature. I indicated then that it was impossible to go much further than the press release agreed upon by the members of NATO at London last year.

Mr. Black (Cumberland): I understood the minister offered to put it on *Hansard* but there was some objection in the house and that was not actually done.

Mr. Chevrier: I put on the record in substance what was in the press release. At the time I said I had no objection to putting the press release itself on *Hansard* but Mr. Speaker indicated that would be out of order, and the house did not give unanimous consent. I would be glad to send my hon. friend a copy of the press release if he wishes it.

Mr. Black (Cumberland): I would be glad if the minister would do that.

Mr. Pearkes: Could the minister say how many ocean going vessels there are flying the Canadian flag today?

Mr. Chevrier: When the plan was first put into operation there were 178 ships. Of these 98 have been transferred to the U.K. flag, so the balance are operating under the Canadian flag.

Mr. Pearkes: And no additional ships are being brought in?

Mr. Chevrier: No, sir.

Mr. Hodgson: Has this vote any relation at all to the loan of $12 million to the Ming Sung Company, which was guaranteed by the government?

Mr. Chevrier: Not the slightest.

Item agreed to.

National harbours board—

533. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1951 on any or all of the following accounts: reconstruction and capital expenditures, Halifax, $1,243,000; Quebec, $22,000; Port Colborne, $112,000; Churchill, $161,000; generally unforeseen and miscellaneous, $200,000, $1,738,000.

Mr. Higgins: On a number of occasions, the last quite recently, I asked the minister whether the province of Newfoundland had made a request for the establishment of a national harbour. To all such questions the minister replied that no request had been made, and I understand that is correct. However, in the brief of the province to the royal commission on transportation recommendation No. 15 was that a national harbour be established at Bay d'Espoir on the southwest coast of Newfoundland. In the event that the minister receives a recommendation during the adjournment I trust he will take into consideration the fact that I am not asking

that a harbour be established there. If there is to be only one national harbour in Newfoundland it should be at St. John's. If there is to be more than one it would be all right to have the second one at Bay d'Espoir, but I think St. John's is the only suitable place for a national harbour at the present time. I would like the minister to bear that in mind.

Mr. Black (Cumberland): I would like a statement by the minister on this $1,243,000 to be spent at Halifax. I would like to know what is involved in that expenditure and how far the work has advanced.

Mr. Chevrier: Most of that is for the construction of the new pier No. 3 and the sheds at the deep water terminals. These sheds are to cost $3 million, and of the total this year $1,230,000 is for the replacement of the old timber pile wharf and the single storey wooden transit shed. A contract was given for the construction of two sheds at pier 3 in November, 1950, and the work should be completed by the end of December.

Mr. Black (Cumberland): Then I understand that this $3 million will have been expended and the work completed at that time, and that of that total about $1,750,000 has been expended already?

Mr. Chevrier: That is right.

Mr. Black (Cumberland): And $1,243,000 will complete what is proposed to be done?

Mr. Chevrier: That remains to be expended.

Mr. Wright: What works are being constructed at Churchill, for which there is a vote of $161,000?

Mr. Chevrier: That is a staff house for the men working there.

Item agreed to.

Loans, investments and advances—

Air services—

568. To authorize and provide for a revolving fund for the purchase of materials and supplies to be held in northwest communications system stores for use on both capital and maintenance works, $100,000.

Mr. Fulton: May we have from the minister an authoritative statement as to the relationship between this northwest communications system and the northwest communications system which is operated either by or on behalf of the Department of National Defence. In the public accounts committee some two or three weeks ago we spent an hour or more one morning going over the public accounts in relation to the northwest communications system as reported in the public accounts of that year under the Department of National Defence. There they assured us, though at the time I was there at any rate they did not have a great deal of detail to back it up, that there was no relationship between the system operated by that department and the northwest communications system operated by the Department of Transport. Therefore I am wondering if the minister has the information on which to make an authoritative statement on the nature of this system in his department and the relationship between it and the system under the Department of National Defence.

[Mr. Higgins.]

Mr. Chevrier: This system was constructed by the United States government and taken over by the Canadian government by virtue of what was known as the Ilsley-Morgenthau agreement of 1944, together with the Canol project and other projects in the Northwest Territories and the northwestern part of Canada. These assets were turned over to Canada for operation. This northwest communications system is operated by the Canadian National Railways for the use and on behalf of the Department of Transport, and this amount of $100,000 is a capital expenditure for additional facilities required on the system. In other words it is working capital for the land line system facilities in operation in that area.

Mr. Fulton: Is this in connection with the Alaska highway? Is this a telephone and telegraph system on the highway itself?

Mr. Chevrier: It is.

Mr. Fulton: And it does not serve the military installations at all?

Mr. Chevrier: Only to a limited extent.

Mr. Fulton: It is chiefly a highway communications system?

Mr. Chevrier: That is right.

Item agreed to.

794. Departmental administration—further amount required, $70,779.

Mr. Hodgson: I have had a telegram and letter from the maintenance of way union in my railway centre asking for some sort of assistance, a bonus or something of the kind, in view of the high cost of living. If this were given it might avert another strike or something of the sort. All over the system, particularly on the Belleville division, a great many maintenance of way men have been laid off. On one branch line they have been cut down to almost half. This is really disrupting the men and the service. The men were laid off. I think each man has five miles of track to maintain, whereas previously he had three and a half miles. Can the minister tell us anything about that?

Mr. Chevrier: May I point out to the hon. gentleman, Mr. Chairman, that this is a vote for the administration of the Department of Transport, and therefore has nothing to do with the operation of the Canadian National lines. The Canadian National Railways budget was placed before the committee on railways and shipping some months ago, and passed. I shall be glad to tell the hon. gentleman that this does contain a vote for increase in salaries to the extent of $43,000 for employees of the department. In so far as the Canadian National Railway is concerned, I am not able to discuss it on this item.

Mr. Hodgson: I know that a great number of men have been laid off in this Belleville division, and that they have added ten or twelve officials to the staff.

Mr. Chevrier: I shall be glad to bring it to the attention of the Canadian National Railway officials.

Mr. Fulton: I should like to ask the minister if he will make some comment on whether it is proposed to take any action, probably not at this session but possibly at the next session, with respect to a recommendation made by the standing committee on railways, canals and telegraph lines. This recommendation was made on June 14 and is embodied in the committee's minutes of proceedings of evidence, No. 8, as follows:

> Consequent upon consideration of Bill No. 116 (Letter E of the Senate), intituled: "An act respecting British Columbia Telephone Company," it is recommended that your committee be empowered to make a special report on the question of extending the jurisdiction of the board of transport commissioners to enable them, in approving or revising tolls and charges of a company under its jurisdiction, to investigate fully and take into account transactions relating to companies having an intercorporate relationship with such company, and to make recommendations in respect thereof.

That report was presented to the house on Thursday, June 14, by the chairman of that standing committee. The recommendation of the standing committee on railways, canals and telegraph lines was adopted as a special recommendation to the house, because the committee felt that under its terms of reference it did not have the power to include that as a report on the bill which it was considering. It therefore asked the house, in effect, to enlarge the terms of reference to refer to it later the whole question of the jurisdiction of the board of transport commissioners with respect to intercorporate contracts when the board is considering a rate application. I do not imagine that it would be felt to be expedient that the committee be reconvened at this session, but I would ask the minister whether he is in a position to give any consideration to the matter, and whether it is intended to bring it before the house at the next session?

Mr. Chevrier: The matter to which my hon. friend refers has just recently been brought to my attention. I took cognizance of the recommendation made by the committee on railways, canals and telegraph lines, but I have not yet had an opportunity of discussing it with the chairman of the board of transport commissioners. I think I should, through courtesy to him, ask for his views. In any event, I am not in a position to say whether or not an amendment to the Railway Act would be required. If it is, consideration would have to be given to whether an amendment should be included along with the other amendments that are being made to the Railway Act. Personally, I do not think it should because the amendments that will be introduced at the fall session are those having to do with the report of the royal commission on transportation. If my hon. friend will allow me, I should like to give the matter further consideration before making any further comment on it.

Mr. Fulton: I would point out to the minister that the committee did not ask that the Railway Act as such be referred to it, or an amendment to the Railway Act be considered. It asked that it be empowered to consider a general question as to whether or not the jurisdiction of the board of transport commissioners should be extended, and also to consider whether or not the board, at present, has the jurisdiction fully to take into account this intercorporate relationship when the board is dealing with a rate case. This subject matter would not, as I say, necessarily fall within the purview of any of the specific amendments to the Railway Act which are to be referred to that committee.

Mr. Chevrier: I agree.

Mr. Fulton: It would have to be a separate reference to the committee.

Mr. Chevrier: I agree with the hon. member, but I think it may well require an amendment to some section of the Railway Act.

Mr. Wright: Before the general item passes I want to bring to the minister's attention the matter of the serious congestion which is likely to arise at the elevators in western Canada when the new crop comes forward this fall. I know the minister has been giving careful attention to this subject up to date. As a matter of fact, not long ago he had enough lake carriers diverted to Port Arthur to move 16 million bushels of wheat out of those elevators, which relieved the congestion there up to June 23.

I just want to point out to him again that that will not be sufficient to take care of the

situation between now and the first of August. I should like him to keep close watch of the situation, because unless more lake carriers are diverted to the head of the lakes there will be a serious congestion this fall.

Mr. Chevrier: We are keeping in touch with it carefully.

Mr. Black (Cumberland): Will the minister state whether there has been any change in the policy of patrolling the main line of the Canadian National Railway in Nova Scotia? Complaints or misgivings have been voiced to me by those interested in the safety of travel that there is no patrol on this part of the railway on Sunday.

Mr. Chevrier: I should like to point out to the hon. member that this is not a railway item. We have dealt with those items several times this session. This is a departmental item, and I wonder if we could have that discussion at some other time.

Mr. Fulton: Before the item carries, Mr. Chairman, may I refer to the subject I mentioned? Do I understand from the minister it is his intention to discuss the recommendation of the committee with the chairman of the board of transport commissioners during the interval between this session and next session?

Mr. Chevrier: Yes.

Mr. Fulton: So the minister will be in a position at the next session, then, to give us a definite answer and recommendation one way or the other.

Mr. Chevrier: I expect to.

Item agreed to.

Canal services—

796. Construction or acquisition of buildings, works, land and new equipment—further amount required, $1,489,597.

Mr. Black (Cumberland): I am not going to hold up this item, but I see there is an amount of almost $10 million being provided for the maintenance of canal services in Canada.

Mr. Chevrier: There is about $1,400,000.

Mr. Black (Cumberland): Then, in the main estimate there is $8,140,244. In view of the representations made by a delegation that came from the maritime provinces, will the minister state whether any provision is being made for a further examination into the Chignecto canal?

Mr. Chevrier: I am sorry to say there is nothing in these estimates for the further consideration of the Chignecto canal.

Item agreed to.

[Mr. Wright.]

Railway and steamship services—

805. Construction of new dock and terminal facilities at Port-aux-Basques, Newfoundland—capital—further amount required, $500,000.

Mr. Macdonnell (Greenwood): I want to ask about the division of ownership and responsibility at Port aux Basques in connection with the construction of the new dock and terminal facilities. What is the division of ownership and responsibility as between the railway company and the Department of Transport?

Mr. Chevrier: The Department of Transport will be the owner of the ship, and will entrust the ship for operation to the Canadian National Railways. The Department of Transport will also be the owner of the terminals at both Port aux Basques and North Sydney. In so far as the railway is concerned, the act of union has dealt with that and has transferred it, in so far as ownership is concerned to the dominion government.

Mr. Macdonnell (Greenwood): Then the Department of Transport owns the dock at North Sydney also?

Mr. Chevrier: Yes. That was included in the transfer; and the new wharf which will be built will also be the property of the dominion government.

Mr. Higgins: When does the minister expect the facilities to be ready? When will the dock and other ship facilities be ready? When will the ship be ready?

Mr. Chevrier: In 1953, we expect.

Mr. Black (Cumberland): I understood the minister to refer me to the item under this heading, railway and steamship services, under which to give a reply to the question I asked a few moments ago having to do with the reduction in patrolling on the Canadian National Railways on Sunday in eastern Canada, if such a policy has been put into effect.

Mr. Chevrier: Mr. Chairman, I hesitate to tell the hon. gentleman, who has had a great deal of experience, that this vote again is not a Canadian National Railway matter. This is a sum of money set aside for the building of terminals and the operation of the ferry. The Canadian National Railway items have all been disposed of and have been discussed on numerous occasions; but if the hon. gentleman insists on an answer, all I can tell him at this time is that it is not, as far as I know, the intention of the Canadian National Railway to reduce their staff or their employees in that particular. It may be that, because of the putting into effect of the 40-hour week, some revision

will have to be made. But on the whole, I am hopeful that it will not be nearly as disastrous as my hon. friend thinks.

Item agreed to.

Air services—
Telecommunications division—airways and airports —radio aviation services—

807. Construction or acquisition of buildings, works, land and new equipment—capital—further amount required, $494,000.

Mr. Higgins: Might I ask the minister this question. Apart from the extension of the one runway at Gander, is it proposed to do any other work in connection with either the runways or the terminal buildings?

Mr. Chevrier: This is exclusively a radio item. The items having to do with airport extensions are under "Civil aviation division", item 812. This is all radio construction.

Mr. MacInnis: Is item 807 the one the minister was dealing with just now?

Mr. Chevrier: That is the one we are on, yes.

Mr. MacInnis: That is an item for $494,000. Then on the page where details are given, we find details of two items only. They are:

Construction or acquisition of buildings, works and land, $370,900.

Construction or acquisition of new equipment, $123,100.

Where are these works located? What is the nature of the construction? Will the minister give any other information that he can?

Mr. Chevrier: As I indicated earlier, these are radio facilities in the Department of Transport. This is a construction vote for capital expenditures. For instance, at Fredericton, it is proposed to spend $40,000 for the construction of two dwellings and garage; at Gander, $10,000 for the construction of ILS; at Hope, B.C., $80,000 for the construction of a home beacon; at Lakehead, $30,000 for the construction of a remote receiver station; in Montreal, $15,000 for the relocation of an instrument landing system; in Saint John, N.B., the construction of a radio range station, $55,000; Sydney, $20,000, ILS; and so on down the line.

Item agreed to.

Air services—
Northwest communication system—

809. Construction or acquisition of buildings, works, land and new equipment—capital—further amount required, $131,254.

Mr. Fulton: This is an item relating to the northwest communication system about which I asked the minister a few moments ago. Before coming to the question I want to ask, may I make a comment somewhat similar to that made by the hon. member for Vancouver East, and which I intended to make as a result of studying this item earlier. At the top of the page in these further supplementary estimates we find it stated "the details on page No. 47". If you look at the print on page 17, where you are supposed to get just the general item, you find this:

Northwest communication system—

809. Construction or acquisition of buildings, works, land and new equipment—capital—further amount required, $131,254.

Then if you look at page 47, under the heading "details" you will find that there is less detail on page 47 than there is on page 17. It seems to me that if we are going to get details, then in order to avoid a certain number of questions, if we could just be told where the major works are going to be located for which the money is voted, it would save a lot of questions. Now I come to my question. Where and of what nature are these works?

Mr. Chevrier: I agree with the hon. gentleman. If it were on the main estimates I think he would find a greater amount of detail. Perhaps the detail should have been given in greater amount than it is on page 47 to which he has referred; but I am glad to give it to him now. This again is capital expenditure for the northwest communication system. There is $43,000 set aside for an additional three-channel telephone carrier system from Edmonton to Grande Prairie; then $88,267 for the replacement of communications equipment at Koidern in the Yukon territory. Those are the two big items making up the amount of $131,254. As to the last item, replacement of communications equipment, that equipment was destroyed by fire.

Mr. Fulton: That was destroyed by fire, the minister says. I was going to ask the minister whether this system is being extended, but I think perhaps his last statement explains the matter.

Mr. Chevrier: It is being replaced.

Mr. Fulton: There is no extension of the system.

Mr. Chevrier: None at the moment.

Item agreed to.

Civil aviation division—
Airways and airports—

811. Airway and airport traffic control—further amount required, $82,018.

Mr. MacInnis: This is rather a substantial item. There is not much detail given here.

I wonder if the minister could give a little bit more information with regard to it.

Mr. Chevrier: Yes. This additional amount is for the operation of a tower at Torbay, Newfoundland, and one at North Bay, Ontario, to the amount of $13,538 each. The rest is increase in salaries. It is mostly a salary vote. It is the other item that deals with construction.

Mr. MacInnis: I have just one other question and it merely has to do with airports. May I ask the minister if there has been any progress in the negotiations between the city of Vancouver and his department in connection with the purchase by the Department of Transport of the airport at Vancouver.

Mr. Chevrier: I suppose I could answer that question best by using the Latin maxim *festina lente*.

Mr. MacInnis: That is quite clear to me, but it may not be to some other hon. members.

Mr. Chevrier: The progress is proceeding slowly. We have had a number of talks, both in Ottawa and in Vancouver, in connection with the taking over of the Vancouver airport. There are some difficulties in the way but I am happy to say that they are not of a major nature. I am hopeful that, before the fall session, I will be able to make some arrangement with the municipal authorities in Vancouver.

Mr. Black (Cumberland): There is a wide variety of items having to do with air services, with the airports and so on. I have just made a rough addition; they would appear to run to a total of about $40 million. I would ask the minister what the department has done with respect to keeping the airport at Amherst, Nova Scotia, in repair so that it will be in a state of usefulness. It was an important airfield during the last war. I suppose there is no other field in all of Canada that is so well constructed and so useful, having regard to the money expended on it, partly by the municipality and partly by the different government departments at that time. But after the war it seemed to be a sort of deserted child and the minister and his department would not assume or did not assume responsibility for keeping it in repair, although used casually and largely as an emergency field. Will the minister say that his department has made any expenditures on it this year? Is it the purpose to do so to keep it at least in suitable condition as an emergency field to look after emergency landings? I do not know that it is necessary for me to impress upon the minister the necessity of a field of this kind during periods of stress such as we are passing through.

Mr. Chevrier: I remember that some question was asked on a previous occasion. I have to draw on my memory to answer the question. My recollection is that there is no amount in the main estimates or in the supplementaries to deal with the airport at Amherst. My recollection also is that the airport is not the property of the Department of Transport. In fact I think I had some correspondence with the hon. member and certainly with the mayor of the municipality of Amherst. My recollection is that that correspondence indicated that the title to a large part of the airport was still with the municipality, and that the present position is that it may be declared surplus.

Mr. Black (Cumberland): I think the minister is in error. If I remember correctly, the mayor of the town of Amherst communicated with him and his department and informed him that title is still held by the department. The town of Amherst has not taken it over or assumed the responsibility for its maintenance. I think certainly the outlying parts of the field were leased not by the municipality of Amherst but by the department. It is perfectly reasonable that it should be so. This also indicates that the ownership of this airfield still rests with the government and with the Department of Transport. I again point out that it is in the general interest that this field be kept in repair. It will require no large sum to keep it in repair, but it should be kept in repair as an emergency field. It is a useful field for casual landings.

In view of what has been done by the municipality in its construction and in the care of it, I think it is only fair to the town of Amherst that the department assume its responsibility and keep it in serviceable condition.

Mr. Chevrier: I would be glad to look into it. My memory is not too clear, because there is quite a lot of correspondence that goes across my desk. I know there is some difficulty about title, part of which may be in the crown, but I know that part of it is also in the municipality. However, I shall be glad to look into it further.

Item agreed to.

Civil aviation division—Construction services—

812. Construction or acquisition of buildings, works, land and new equipment—capital—further amount required, $629,400.

Mr. Higgins: Will the minister tell me what is being done at Gander?

Mr. Chevrier: There is in this item, consisting of $629,400, $115,000 for Baie Comeau and $20,000 for Torbay. There is nothing here for Gander. The amount for Gander was voted in the main estimates.

Mr. Higgins: Is there anything for Goose?

Mr. Chevrier: Yes, there is a small amount for Goose, about $10,000.

Item agreed to.

814. Contributions, as specified in the details of the estimates, to other governments or international agencies for the occupation and maintenance of airports, air navigation and airways facilities—further amount required, $17,210.

Mr. Fraser: Will the minister say whether any of the foreign governments pay us anything?

Mr. Chevrier: No; the foreign governments do not pay us anything. The foreign governments pay into the fund the amount required for the maintenance of these facilities. This is a responsibility which we have taken arising out of the international civil aviation organization, a specialized organization of the United Nations. We pay our proportionate share of this just as other countries belonging to ICAO pay their proportionate share.

Mr. Fraser: Yes, but we are paying this on behalf of the government of Iceland and also the government of Denmark.

Mr. Chevrier: Yes, and so do all the other members of the specialized agency of ICAO which is under the United Nations aegis; the United States, United Kingdom, France, and the Benelux countries all pay a proportionate share to this fund.

Mr. Fraser: Into this fund?

Mr. Chevrier: Yes.

Mr. Black (Cumberland): Will the minister place on *Hansard* or make available a statement showing the different maintenance appropriations paid to all the airfields in Canada?

Mr. Chevrier: That is a tabulation that I cannot give offhand, because I would have to look at the main estimates and the supplementary estimates, but it is a thing that I could get for my hon. friend.

Mr. Black (Cumberland): I would be very pleased if the minister would get it.

Item agreed to.

817. Steamship subventions for ocean services—Pacific Ocean—Canada, New Zealand and Australia, service between, and if either or both the governments of Australia and of New Zealand should request or authorize the Canadian maritime commission to act on its or their behalf in contracting for this service, the Canadian maritime commission is hereby empowered so to act, $166,667.

Mr. Pearkes: Is any assistance given to maintain the *Aorangi*?

Mr. Chevrier: Yes, the vote to cover our proportionate share, together with New Zealand and Australia, of the subsidy required in order to look after the annual operation and maintenance of the *Aorangi*.

Mr. Pearkes: This will be adequate to maintain that service between Canada, New Zealand and Australia?

Mr. Chevrier: For this fiscal year it will, yes.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

The Deputy Chairman: We shall now call the estimates of the Department of National Defence and consider item 245, the details of which appear on page 269. According to the agreed procedure we are considering the details appearing on that page. We are now considering "materials and supplies" which is listed as sub-item 12.

Materials and supplies, $5,263,500.

Mr. Pearkes: Will the minister explain this sub-item? There is a very big increase there which I think requires some explanation. It is an increase from $71,800 to $5,263,500, which is fairly substantial.

Hon. Brooke Claxton (Minister of National Defence): Yes. Here I think I should answer the question that I promised to answer for the hon. member for Calgary East which appears at page 3441 of *Hansard* of May 25, when we appeared here on our sixth day. The sub-item previous to this item was passed subject to my giving this information, the details of the $122,500. Of that amount $51,500 is available for transfer to the Department of National Health and Welfare in regard to civil defence, leaving $71,000. Of that, $43,000 is for administration, $24,000 for public relations, and $4,000 for inspection services. A good part of that covers forms, and that totals the sum of $71,000.

In answer to the hon. member for Nanaimo as to the details of item $5,263,500, by far the biggest proportion of this increase is due to civil defence. That accounts for $4,303,500, and then there is also an addition of $960,000 for inspection services due to increased services.

Sub-item agreed to.

Acquisition and construction of buildings and works including acquisition of land, $3,350,000.

Mr. Pearkes: This is a new item and it is rather large. At the risk of probably calling forth a repetition of the Biblical reference the minister made to the reign of Nebuchadnezzar, will he please tell us what this is?

Mr. Claxton: Three million dollars of the $3,350,000 is for plans and possible acquisition of land for a new national defence headquarters. It is contemplated that at some future date we shall have to move from Cartier square. That is provided for in the federal district plan. This item is to provide for the commencement of plans and the acquisition of property. Neither has been decided upon yet. There is $350,000 for civil defence for construction of buildings for a training school and this was dealt with by the Minister of National Health and Welfare.

Mr. Harkness: If I understand the minister aright, they have not started the new building for national defence headquarters and there is no likelihood that this $3,000,000 will be required this year?

Mr. Claxton: That is now so. If we were able now to get started this year we would only be able to acquire the property and commence the preparation of the plans.

Mr. Macdonnell (Greenwood): Does the $3,000,000 cover both the acquisition of property and the proposed construction? The minister has just said that all that is likely to happen this year is the acquisition of the property. Does the $3,000,000 cover both or just the acquisition of property?

Mr. Claxton: Both.

Mr. Macdonnell (Greenwood): Why do we budget now for $3,000,000 when the minister thinks that there is really no chance of anything more than the acquisition of property being proceeded with?

Mr. Claxton: This is a commitment authority to enable us to to spend that amount should it be possible. If it were found possible or desirable to spend it this year, then we could spend it, but it is not contemplated that the whole amount will be spent this year.

Mr. Harkness: Is not that amount in the position where it could be switched, say to sundries, under this same general item?

Mr. Claxton: That is right.

Mr. Harkness: I do not think that is a very good way of estimating, to put in an item of $3,000,000 for the acquisition of land and construction of buildings which there is no intention of building this year. In other words, you are not going to use the $3,000,000 for that; you may use only $100,000 or $300,000, and the remainder of the $3,000,000 can be put into any of these other items. It makes for rather loose administration, I should think.

Mr. Claxton: That is true of any item in this vote 245. We are endeavouring to provide a defence program for three years costing $5,000 million. We are endeavouring to achieve just as much of that program each year as we can with the money provided by parliament.

Mr. Harkness: While all that is true, it still seems to me it removes parliamentary control over these expenditures, which is the very purpose of our dealing with the matter in this committee. If it were not for parliament exercising some control over these estimates it would be useless in theory for us to deal with them. Putting in an item of this sort, which can be switched to any other item which the minister decides would be a good one, really removes that parliamentary control. I do not think this is the type of thing we should be considering.

Mr. Macdonnell (Greenwood): My recollection is that last year authority was granted, first of all, for so much by way of expenditures and then there was a total figure for commitments. Is there a similar figure here? I cannot spot it at the moment. Is there an over-all figure for commitments as against expenditures? Perhaps it is in the estimates and I have missed it.

Mr. Claxton: This was all covered in my preliminary statement. On page 36 we have item 245 which reads:

To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000—

And then later on:

—against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000—

Mr. Macdonnell (Greenwood): How much of this $3,000,000 item we are talking about now is in the $1,595,050,000? That seems to be relevant.

Mr. Claxton: A total of $1,100,000 is the estimate of possible expenditure on this account this year.

Mr. Macdonnell (Greenwood): I am still puzzled. We have this figure of $3,000,000 which we pass as an item for expenditure, and we are now told that only $1,100,000 of that is included in the amount estimated for total expenditures. I must say that I agree

with the hon. member for Calgary East that it gets rather confusing. I hardly know where I am at. It seems to me that the net result is that we have $1,900,000 that is sort of floating about in no man's land, available to be dealt with in whatever way seems most convenient. Like the hon. member for Calgary East, I think this is budgeting which is really not budgeting at all.

Mr. Claxton: This method of dealing with the estimates of this department has been explained each year. Greater details have been given this year in accordance with the recommendations made by the comptroller of the treasury and the public accounts committee. However, the principle of dealing with these items is exactly the same; there is no change.

Mr. Macdonnell (Greenwood): Maybe we have been at fault in the past, but that does not mean that we should go on. In fact, I think we were at fault in the past. I still want to know if the needs of the department, which we all want to meet, would not be satisfied by voting the $1,100,000? Why do we have to clutter it up with this additional amount? I must confess that I have never felt satisfied about this commitment figure. It always perplexed me. When you get an actual case of this kind I must confess that it does not make sense at all. We are apparently authorizing a commitment which we are told in advance there is no real expectation of needing.

Mr. Claxton: The answer to this has been given on a good many occasions, and it is not a simple subject. We have to make a plan for a new defence headquarters or some other construction. In order to make that plain we have to ask architects to get to work, and we have to acquire property. Then we proceed with that as far as we can during that fiscal year, but in order to make contracts we have to have commitment authority in respect not only to the current fiscal year but also with reference to future fiscal years. In order to provide flexibility, in order to enable us to carry out the total program over the planned period of three years, this has been found by the Department of Finance and this department to be the best way in which we can do it.

The alternatives to the course we are following would be to ask parliament for a very much larger sum of money in the cash vote than we could possibly spend in order to get on with each one of a thousand different projects, some of which would be accomplished and others of which would not. But in order to provide for the possibility of each one of them being accomplished we would have to ask parliament for 100 per cent of each particular project. We avoid that by asking for a large vote under one single item with commitment authority in respect of future years and the current year.

Mr. Macdonnell (Greenwood): I think I remember more clearly now. It seems to me that the explanation given to us, and a very natural and proper explanation too, was that the department needed to have certain commitment authority because it had to contract for things during the year which might take two or three years to be completed. That is perfectly intelligible, and I am not questioning it at all. This item seems to me to be somewhat different. As I understand this item of $3,350,000, and with reference to the expectation of what they need to contract for this year, the minister has told us that $1,100,000 is the expectation, the outside likelihood, of what they will need. After all, if they underestimate they can if necessary come back, but in the meantime we have this definite item, and it does not seem to me to come within the principle that the minister has outlined in other cases, and which I think I understand. It seems to me that we are being asked to vote over $3 million instead of $1,100,000.

Mr. Claxton: If all the plans we made with respect to this item and every other item mentioned in the details at page 269 were accomplished during the fiscal year 1951-52 we would need $3,350,000 for this item. However, our experience is we cannot do everything we plan. We cannot do it that fast, and sometimes it is not desirable that we should. Therefore for the current fiscal year the amount that was expected to be spent on a headquarters out of the $3,350,000 is $1,100,000.

Mr. Pearkes: With respect to the construction item for new headquarters, in the Department of Public Works would they not follow the procedure of revoting next year the amount which was not spent? This seems to be a more flexible method, and perhaps not quite such a desirable method because there may be too much flexibility. I believe that there is the power, with the authority of the treasury board—and I should like to be corrected if I am wrong—for the minister to transfer this amount to any other building or buildings, the acquiring of equipment, and so forth. Would it not be preferable to follow a more or less uniform policy in different departments, and, when it comes to the question of a building, vote the amount of money for the building and have it definitely earmarked? Then if it is not expended it can be revoted for the same building next year, as is done in the Department of Public

Works. It seems to me that the Minister of Public Works has a more reliable system of seeing that the taxpayers' money is kept within certain channels rather than this loose way of doing it in the Department of National Defence.

Mr. Claxton: The hon. member for Nanaimo is quite right that for everything that is done under this vote the approval of treasury board has to be secured. The arrangement is flexible, and it is designedly flexible. We could not possibly contemplate a construction program of over $300 million this year without great flexibility because we do not know how much we will be able to have contracted for and completed within the building season. This depends on supply of materials and labour which are uncertain. Therefore it is virtually certain that we will not be able to complete all of this over $300 million construction program. How much we will be able to complete will depend on local conditions, labour, materials and so on, and also the supply of equipment from other countries. Great flexibility is required at a time of great development.

Mr. Drew: Every answer that has been given with respect to this item is one that demonstrates that we cannot rely on these figures. One of the purposes of bringing these estimates before the house is so that members will accept some responsibility for passing the items. The minister says that they must go before treasury board, but that does not in any way meet the responsibility of members to vote money. Our responsibility to vote money is perhaps the highest responsibility of members of parliament, to vote money with knowledge of what it is we are approving. When the minister says it is convenient to put in the whole amount for this particular plan and that is a satisfactory method, I would point out it is entirely contrary to the procedure that is adopted with respect to other construction of a very similar nature.

On January 2 this year it was officially announced that it had been decided to construct a new atomic reactor. The government's statement issued on that day indicated that the government would be spending $30 million on the new reactor. If hon. members will look at the estimates under the national research council and atomic energy control board on page 40, they will find that, although the plan has been stated by the government to cost $30 million, item 308 of the estimates under the heading "construction of a new reactor" is $7 million. The reason for that is that the department only expects to spend $7 million this year.

[Mr. Pearkes.]

Then again we have a similar situation with respect to television. We have been told that the government expenditure on television is to be a figure considerably in excess of the amount set aside this year. The amount included for that work, which we hope will be undertaken some time, is only an amount estimated to correspond to the amount spent this year. As I understand, one of the things that the Auditor General has been emphasizing over and over again in his reports is the obligation of those preparing the estimates to prepare them in a way that makes it possible for members to deal with them with some belief that they represent the actual amount that parliament is voting in a particular year for a particular purpose. In this case we are confronted with a figure of $3,350,000, yet we are told it is not expected that more than $1,450,000 of that will be spent. The minister says it is necessary to have flexibility. If a flexible sum is to be appropriated for purposes other than those designated, then there should be an entry showing that there is a figure to be allocated for any general purposes not covered by the specific items. We then would know we were voting an amount for that purpose.

It will be recalled that when this subject was under discussion last year in the public accounts committee it was indicated that there was what was described as a cushion of 10 per cent in a great many cases in the preparation of the estimates. That was a 10 per cent variable factor to provide for the possibility that expenditures might exceed by 10 per cent the amount estimated. But this is not a 10 per cent cushion; this is a cushion of approximately 100 per cent, and hon. members must immediately ask themselves how much of a cushion there is in this figure of $1,490 million. We are not here to vote cushions; we are to vote dollars, and we should be voting dollars with the knowledge that what we are voting is to be used for a particular purpose. When we ask that this should be the recognized method, then we should be realistic and prepared to concede that there may be need for some sum to be provided for contingencies. I should think the best way to do that would be to set up a contingency fund to be applied wherever it is required, if in fact it is required at all. It must be remembered that we are to meet again on October 9, and there is a practice of providing any additional money needed by supplementary estimates. That is a system by which this government can meet its requirements. In addition, if any further money is needed and it is not provided during the session that will begin early in October, we will meet again well before March 31 of

next year. At that time we can deal in a regular and proper way, by further supplementary estimates, with any amounts required.

To pass this vote with the explanation that has been given would simply be a declaration by the members of this house that with regard to a huge item of $1,490 million we do not have the slightest idea what it is we are really approving. In view of the answers given I suggest that the minister should agree to let this item stand or to reduce it to the amount he has said will be spent.

Some hon. Members: Carried.

Mr. Drew: If this is carried with the explanation that has been given the members of this house might as well say now that they are not going to make any real attempt to examine the estimates, and that they are going to vote huge sums of money without being given any of the substantial and material facts as to how much of that money is to be spent.

Mr. Macdonnell (Greenwood): Just following what the leader of the opposition has said I want to read a statement by the Minister of Public Works on June 21, describing the technique followed in his department, at page 4477 of *Hansard*:

> We get an initial vote, we prepare plans, we acquire a site, we ask for tenders, we give a contract, but that contract may take one, two or three years to complete. We try to have as exact an amount as possible in our estimates.

The Department of National Defence has a different process. Where they are acquiring war materials we recognize that fact, and we recognize the special circumstances in which the vote is made. But for the life of me I cannot see that this item, having to do with the proposed building for headquarters, differs in any way from the kind of thing the Department of Public Works does, or why it should be dealt with in this way. Incidentally we are providing a very easy way for the Minister of Finance to have a surplus. Quite apart from that, however, it seems to me incredible that the minister can expect to have economy or that we can expect him to have economy if large sums of money are voted in this omnibus way and the money just left lying around loose.

Mr. Claxton: As I said before, the basis of making up these estimates is not established by me; I do my best to explain them. We have a construction program which lists all the projects we believe should be done to carry out the three-year program for the armed forces of Canada. They run into hundreds of items, a great many of which cannot be carried out in any one year and many of which cannot even be begun this year. We put in the estimates the amount involved both in the way of cash and current year's commitment authority.

As hon. members will notice on looking at item 245 on page 36, if everything listed here were to be carried out the total amount of this year's estimates is $1,924,170,835. Of that it is estimated that total expenditures this year will not exceed $1,595,050,000, of which $183,050,000 is provided under the appropriation act of 1950. The amount we are asking for in the total vote is $1,412,000,000, and the total commitment authority for this and future years provided for in this vote is $3,831,270,000.

That is the way it has been put before this house for the last four years. I think the hon. member for Greenwood has a point. If this were the only item of the kind in our vote we should deal with it in exactly the same way as it would be dealt with by the Department of Public Works, but since it is not we have dealt with it in the same way as the other construction items and provided for both cash and commitment authority. With a total construction program for this year of about $330 million I do not see how it would be humanly possible to list the items in the same detail as in a static department. Then we would not get the job done at all.

Mr. Harkness: I think we are back to the basic difficulty as far as the estimates of this department are concerned. The minister says they have been brought down in this form for the last four years. I would remind him that for the last four years I have complained that practically the entire amount we are asked to vote for national defence has been in one item. In this case it is item 245, and the amount is $1,412 million. This means that any money covered by these sub-items given in the details at the back of the book can be moved around and used in any way the minister wishes. I have never been able to see why the department did not return to the method followed before the war and all through the war, of preparing their estimates much the same as any other department does. If they did that in this case we would have as one item the salary and motorcar allowance of the minister. The next item would be departmental administration; the next would be imperial war graves commission; the next would be navy, central administration, or something like that.

If the estimates were prepared in that way, as is done by every other department, we could have our discussion on each one and get it out of the way. We would know the money voted for a particular item, if it were departmental administration, would be spent

on departmental administration, that it would not be spent on a building in the Yukon or something else along that line. This method of presenting the estimates of this department, as I observed when I spoke on this matter first this evening, really removes parliamentary control over the spending of the Department of National Defence. What actually happens is that we vote the department a lump sum, in this case about a billion and half dollars, and then the department can do what they like with it. So far as I can see there are no restraints as to how they spend it. They can spend it on the details in the back of the book or they may not spend it on them. They can spend it any way they like. The ordinary system which has been in existence for so long, so far as English parliamentary institutions are concerned, disappears. We have lost the financial control which we are supposed to exercise, and for which we are responsible.

Mr. Macdonnell (Greenwood): The minister has said, and I am grateful to him for saying so, that if this transaction could be isolated it could be dealt with in the same way as similar transactions are dealt with in the Department of Public Works; that is putting it very frankly. I have said to the minister that we recognize there are certain things in the Department of National Defence which have special features of their own, and which must be dealt with specially in voting the money. But nothing the minister has said tonight has convinced me that there is any reason in the world why this particular item of headquarters cannot be dealt with in precisely the way which the Minister of Public Works indicated was done in his department, and which I read a few minutes ago.

So far as I can see what is really happening is that we are being asked to vote money in a huge vacuum. The minister has told us, incidentally, that this is not the only case where we have this vague figure of commitment, as well as the figure of supposed expenditure. Therefore I want to check with the minister as to whether I am right in my understanding of his figure, that actually of the $3 million—and it was $3 million I believe which was mentioned in connection with the proposed headquarters—there is no expectation that more than $1,100,000 would be expended this year? If I am right in that figure, then I propose to move that this item be reduced by the difference between these figures, in other words by $1,900,000. I am basing that on my understanding of the figures the minister gave me.

In other words, what I am suggesting is that we should vote what money the department requires for the purpose which the minister has indicated, but not vote the additional $1,900,000 of authority. I shall point out, at the risk of being a little tiresome, that I distinguish in my own mind this transaction, especially and definitely, from the other transactions where we have recognized that there must be future commitments authorized by reason of the fact the department must make contracts for munitions of war and other things which may take years to be completed. Therefore, Mr. Chairman, I move —unless the minister wishes to correct my figures, and I am ready to correct the figures so as to leave in the estimates the amount which I understood him to say was required. Subject to his correction, I move that $1,900,000 be struck off this item.

Mr. Claxton: I hope I can persuade the hon. member that that would not be a good thing to do. The situation regarding the Department of National Defence and the Department of Public Works with respect to this varies only in size. Perhaps I gave the wrong impression before, but if you look at page 373, for example, and the same is true of other details of the estimates of public works, you will see on page 373 a total for New Brunswick of $2,641,500, less estimated amounts by which actual expenditure on all listed projects will fall short of the total amounts that may be required for each $110,000. The amount stated there is $2,531,500.

Mr. Drew: On what page is that?

Mr. Claxton: Page 373, dealing with public works. There are similar items throughout the votes of the Department of Public Works. If you look at the details of the votes—

Mr. Macdonnell (Greenwood): May I interrupt the minister there? This is doing what I am suggesting; it is deducting the amount not expected to be required during the year. That is what I am doing.

Mr. Claxton: We do exactly the same, and that is the point I am trying to make. If you look at the vote for national defence on page 275, you see "total defence services program", $1,924,170,835.

Less estimated amount to be provided from section 3 of the Defence Appropriation Act 1950 as supplemented by item 426, $183,050,000.

Estimated amount for commitments nominally to fall due during the fiscal year, in accordance with the program detailed above, but not required for actual expenditures in that year, $329,120,835.

This makes a deduction of $512,170,835, leaving a total for defence services, estimated actual expenditure, $1,412,000,000. This is

the figure which appears in the main estimates at page 36.

Now, included in the amount of $329,120,835, is $1,900,000 in respect of this building. Those estimates were prepared during the months of December and January, and when they took their present form it was not known how much of which construction we could do. We would have liked to proceed with the preparation of plans, the acquisition of property and possibly the excavation of a foundation for a national defence headquarters, but it has not proved desirable to start that yet. This estimate of expenditure and commitment authority for this year of $3 million was reduced to $1,100,000.

If the hon. member's motion were carried, it would affect not the commitment authority and the plans for this year, but the cash available to meet this and other items that we hope to be able to do with the money voted by parliament. I would suggest, therefore, that perhaps with that explanation I have given it would not be necessary for him to press the motion.

Mr. Macdonnell (Greenwood): I want to be very sure of that. Does the minister now say, contrary to what I think we all understood before, that this deduction which I proposed to make by my motion is actually made in those figures on page 275? Does he say that in this figure of $329 million which is deducted from the $1,924,000,000, there is included this figure of $1,900,000: in other words, that the actual estimated expenditure of $1,412,000,000 includes only the $1,100,000 for this building?

Mr. Claxton: Yes.

Mr. Macdonnell (Greenwood): Then that is a very different story from what we had before, and I certainly withdraw my motion, because according to what the minister now says what I wanted to do is done by those figures.

Mr. Pearkes: I should like to ask one more question, if I may. Suppose none of this $3 million is spent on the acquisition of this property or in the preparation of the plans. How much of that $3 million would the minister, if he felt it was necessary to do so, be able to transfer, with the approval of the treasury board, to, let us say, the printing of departmental reports? Would it be the whole amount or that amount less the amount that is quoted?

Mr. Claxton: $1,100,000 cash.

Mr. Pearkes: But not the $3 million.

Mr. Claxton: No.

Mr. Drew: Is the minister in a position to give us a list of those items that are included in the $329 million? If he were able to give us a list, we would then have the same information that we are furnished with in the estimates to which he referred us on page 273, where we are able to see the exact deduction in relation to a particular item.

Mr. Claxton: No. Those are estimates.

Mr. Drew: Those are what?

Mr. Claxton: Estimates.

Mr. Drew: They are all estimates that we are dealing with.

Mr. Claxton: Yes.

Mr. Drew: That is the best answer that we have had this year: we are dealing with estimates. Of course we are. What I am asking is, whether we can have the estimated details of the deductions. Let us keep together on this matter as much as possible.

Mr. Claxton: Surely.

Mr. Drew: If the minister is able to say with certainty—and he has—that there is included in the figure of $329 million, the figure which the hon. member for Greenwood just moved should be deducted from the $3,350,000 appearing on page 269, then he must have some records that show it. If he has those records, he can then give us those records. Then we will be able to go along, item by item, and know what deductions are included in the $329 million as against the particular items that we will be examining. Either the minister knows what is included or he does not. If he knows what is included, there must be a list of detailed figures that make up the $329 million. Has he those figures available?

Mr. Claxton: I can give the hon. member the way in which the $329 million is arrived at, and I can give it to him, for example, with regard to the navy, the army, the air force, defence research and administration.

Mr. Drew: All right.

Mr. Claxton: Then I can tell him that, in the calculation of the items relative to manpower, the figure is worked out on the basis of the anticipated intake and the anticipated cost of food, allowances and so on. With regard to construction, what we do there is to arrive at the total program and then make an estimate across the board, based on our current experience, as to how much we are likely to complete. The same thing is done with regard to equipment. I can therefore tell him the basis on which the figure is arrived at, and from that the details could be worked out if that was desirable and useful.

Mr. Drew: I think it is most desirable and most useful, Mr. Chairman. In fact, I think there is an obligation resting on members to ask for and to get this information before passing these estimates. We are told tonight, for the first time, that this item of $3,350,000 described as being for acquisition and construction of buildings and works including acquisition of land, is for a new national defence headquarters here in Ottawa. Then we are told that of that amount, $1,450,000 is to be spent. Then the minister tells us that while it is true that this figure shown on page 269 is not to be spent or that it is not anticipated that it will be spent in 1951-52, there is in fact a deduction made in respect of the amount which it is not expected will be spent, and that that deduction, while not shown separately, is included in the bulk figure of $512,170,835 appearing at page 275. Let us examine that figure. That figure is made up of two items. The sum of $183,050,000 is to be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246. That is not a variable factor. The variable factor comes in next. It is:

Estimated amount for commitments nominally to fall due during the fiscal year, in accordance with the program detailed above, but not required for actual expenditure in that year, $329,120,835.

The minister has told us that the amount by which the figure of $3,350,000 exceeds the actual amount to be spent this year is to be found in that figure. All I am pointing out is that if he can say that definitely, then he must have some set of figures and some statement which makes it possible for him to tell us that this is so. For that very reason I suggest that, in discussing the other items, it is essential that we know how this item of $329,120,835 is made up.

Mr. Claxton: I can give my hon. friend the information quickly and shortly with regard to the item under consideration, for administration. Of the item for administration totalling $13,419,162 appearing at page 269, the only item included in that $329,120,835 is $1,900,000 applicable to this item for construction in respect of the national defence headquarters. All the other is for cash.

Mr. Drew: But, Mr. Chairman, that does not tell us how that figure is made up. The minister has quite properly informed us that these figures are prepared by those who actually do the detailed estimating of these items. But after all, he is asking the committee to accept certain figures. This figure was not just pulled out of some grab bag; the figure must be related to some understandable process of computation. I am simply asking that the minister inform us in a clear and understandable way how the figure of $329 million is arrived at.

[Mr. Claxton.]

Mr. Claxton: I have already done that with regard to the item under discussion, Mr. Chairman. I have said that the only provision made in the item of $329 million is the $1,900,000 in respect of national defence headquarters in so far as the figure for administration appearing at page 269 is concerned. With regard to the others, as we come to them in the navy, the army and the air force, I can give both the totals and the way in which they are arrived at. I think that should be plain enough.

Mr. Drew: If that is so, it is obvious that the minister has a list of the items that make up the total of $329 million. I am pointing out to him that we would be able to proceed in a much more orderly way if we were furnished with that list now; then, as we proceed, we can compare the amount that is included in this total of deductions as set off against the particular items that we will be considering.

Mr. Claxton: I am sorry, Mr. Chairman, but I have not such a list. I thought I had indicated that. But I can give the information, I believe, as we pass along to each branch. It has not been sorted out in the way the hon. member would like it, but we have it; and I have given it with regard to the item under discussion, for administration. The commitment authority in respect of the present fiscal year, which we do not expect to expend and which is included in the sum of $329 million, is the one item of $1,900,000 in respect of this building under discussion.

Mr. Drew: It is difficult within parliamentary rules to use words that properly describe the answers that we are receiving. We are dealing with figures running into enormous sums of money; we are dealing with one item that is equal to almost half the total amount that this parliament is called upon to vote during the current year. Here we have a figure of $329 million, which is a deduction from the over-all total. Obviously that must be computed by some process of arithmetic. Any child at school would be expected, when he was arriving at some total figure, to be able to explain the process by which he arrived at that figure, and I do not think that the Minister of National Defence who is asking this house for the approval of a figure of $1,490,000,000 on this particular item should ask us to accept these figures unless he can at least give us the simple arithmetical process by which the figure of $329 million is arrived at.

Mr. Claxton: I do not want to repeat myself more often than necessary. I think I have explained this very thoroughly, but on page 269 there is an item "Acquisition and construction of buildings and works, including acquisition of land." That is the sub-item under discussion. We agreed to discuss these by sub-items. No. 13 in the categories set out by the Auditor General is for $3,350,000. Of that, $3 million is for national defence headquarters. I have explained the situation regarding that. I have said that of that amount $1,900,000 is not contemplated to be spent this year. I have said that that $1,900,000 is included in the total of $329 million odd which appears at the end of the estimates of this department at page 275. I have also said that I can give the way in which the $329 million is made up, divided under administration, navy, army, air force and defence research. Then under each appropriate item I can say how the figure is arrived at, and I think that is a full answer.

Mr. Macdonnell (Greenwood): I refer the minister to page 275 again, and to the other item which I think has not been mentioned yet, and which has also been deducted from the figure of $1,900 million. I refer to the amount of $183,050,000, which is described as the estimated amount to be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246. Am I correct in understanding that $183 million is an amount voted but not expended during the past year?

Mr. Claxton: Appropriated by act of parliament, and under that act put into the consolidated revenue fund for the purpose of replacing equipment which we have transferred to other countries.

The Deputy Chairman: May I point out that item 245 is the item that is now under discussion. The hon. member, by referring to $183,050,000, which appears on page 275, is referring to an amount that is in relation to item 246, which is the next item. Does the sub-item carry?

Mr. Drew: No, Mr. Chairman. The Minister of National Defence has said that as we go through these items he can give us the figures. Now, he first told us a few minutes ago that he could not give us a list of the figures. He tells us on the other hand that as we go through this item he can give us the figures. It is one or the other. Either the minister knows and has the list of figures or he has not. If he has the list of figures then he would greatly facilitate the consideration of this item if he would furnish us with the figures so that we could examine them in advance. The minister is making this house try to get the facts that it should have as a matter of right by the painful process of cross-examination, which he could completely avoid if he would give us the figures which should be in our possession, and that he certainly has in his possession if he is in a position to answer the questions that are now being asked. If the minister is not prepared to give us that list I can only suggest that he is treating this house with complete contempt and trying to get through these estimates without giving us information.

Mr. Macdonnell (Greenwood): As I understand, Mr. Chairman, you are suggesting that this inquiry with regard to the figure of $183 million, which I thought was relevant since it all bears on the minister's explanation of the total figure of $512 million deducted and relates back to the question that was originally asked, should not be made at this time. I suggest with deference that in order to get the full understanding of this net figure on page 275 we should know a little more about the total figures deducted, the two figures deducted, including the $183 million. If you would permit it, I think the minister was just about to say something about that $183 million. As I understand it, that $183 million was appropriated last year, was available but was not spent. I would be interested if the minister could indicate to us without going into undue detail how it was that $183 million provided last year was not required.

Mr. Claxton: Parliament at the last session voted $300 million for aid to other countries. It was provided that this aid might be furnished in the way either of new equipment or of transfers of equipment; and that in the event of money being needed to replace the equipment that was transferred abroad, that money would be kept in the consolidated revenue fund for the use of the department to replace that equipment.

Hon. members will recall that in November we offered to the North Atlantic treaty nations the equipment for a division. On the recommendation of the standing group that was transferred to the Netherlands. At once we placed an order with the United States for the replacement of that equipment with equipment of United States type. Then the next month we offered the equipment for another division, and on the recommendation of the standing group we transferred that to Belgium. We placed an order for another division's equipment with the United States, and then we offered the equipment for a third division. On the recommendation of the standing group of NATO it was decided

to transfer this to Italy, and we placed an order with the United States. This $183,050,000 is largely made up of these three items.

Mr. Macdonnell (Greenwood): Does that really mean that we carried out our intention of supplying $300 million of equipment to the extent of $117 million; that is, the difference between $183 million and $300 million in cash, and the rest by giving equipment that we already had, or do we consider that we have given the whole $300 million both in cash and in kind?

Mr. Claxton: No; this provides on balance for the transfer of equipment to the value of $183,050,000. The total amount so far voted for mutual aid to North Atlantic treaty nations is $300,000,000. That was voted last session and we seek an additional $61,383,108 this session which will cover the equipment for the three divisions, other new equipment and in part the cost of air training.

Mr. Pearkes: Before we get too far away from this particular item and start to deal with equipment and so forth for other countries, may I ask why in a period when there is a great shortage of steel and other building materials, when there is a great demand for private homes all across the country, it should be considered necessary to even consider building a new headquarters for the defence forces? They have substantial buildings not so far from here which were considered ample during the war from which to administer large bodies of troops in all the three services, there being something like 1,000,000 men under arms at that time. Although these buildings are called temporary buildings they are quite substantial as far as I can see, and I pass them almost every day. Why is it necessary to even give consideration to building new national defence headquarters? It seems to me that if there is a shortage of steel what steel might be available should be put in another direction. We know that there is a definite shortage of homes and housing all across the country. Is it really necessary to provide new headquarters for the armed forces?

Mr. Claxton: I can assure the hon. member that his views will receive the most serious consideration. It is necessary that at some future indefinite date we move from where we are. What that date will be will depend on the need, the availability of materials, labour and so on. At the time these estimates were prepared it was considered that we might prepare plans, get the property and possibly begin the excavation. It was not intended to go any further. Whether or not that will be possible this year remains to be seen.

Sub-item stands.

Progress reported.

TRUST AND LOAN COMPANY OF CANADA

MOTION FOR SECOND READING AND REFERENCE TO STANDING COMMITTEE ON BANKING AND COMMERCE

Mr. Hughes Cleaver (Halton): Mr. Speaker, by leave of the house I should like to revert to motions.

Mr. Speaker: Has the hon. member leave?

Some hon. Members: Agreed.

Mr. Cleaver: By leave of the house I move:

That Bill 398, respecting the Trust and Loan Company of Canada, be now read the second time and referred to the standing committee on banking and commerce.

Motion agreed to and bill read the second time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will proceed with Bill No. 404, to amend the Dominion Elections Act, 1938; Bill No. 405, to amend the Judges Act, 1946; then we will go into supply and consider estimates of national defence, public works, resources and development, post office, citizenship and immigration, national revenue and secretary of state.

Mr. Drew: Are there any more?

Mr. Fournier (Hull): A few more.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF TRANSPORT

Board of transport commissioners for Canada—

529. Administration, operation and maintenance, $681,220.

Canadian maritime commission—

530. Administration, $166,799.

531. Steamship subventions, as detailed in the estimates, $3,779,875.

532. Assistance for Canadian flag ocean shipping industry, $375,000.

National harbours board—

533. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1951 on any or all of the following accounts:

Reconstruction and capital expenditures—

Halifax, $1,243,000; Quebec, $22,000; Port Colborne, $112,000; Churchill, $161,000; generally unforeseen and miscellaneous, $200,000; total, $1,738,000.

534. To provide for payment to national harbours board of the amount hereinafter set forth, to be applied in payment of the deficit (exclusive of interest on dominion government advances and depreciation on capital structures) arising in the calendar year 1951, in the operation of the Churchill harbour, $128,800.

Transport—

Air services—

568. To authorize and provide for a revolving fund for the purchase of materials and supplies to be held in northwest communications system stores for use on both capital and maintenance works, $100,000.

National harbours board—

569. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1951 on any or all of the following accounts: reconstruction and capital expenditures, Montreal, $1,279,968; Vancouver, $150,000; total, $1,429,968; less amount to be expended from replacement funds, $203,000, $1,226,968.

Transport—

A—Department—

794. Departmental administration—further amount required, $70,779.

Canal services—

795. Operation and maintenance—further amount required, $155,000.

796. Construction or acquisition of buildings, works, land and new equipment—further amount required, $1,489,597.

797. To provide for expenses in connection with the St. Lawrence ship canal surveys and investigations—further amount required, $5,000.

Marine services—

Marine service steamers—

798. Operation, maintenance and repairs—further amount required, $320,355.

799. Construction or acquisition of vessels and new equipment—capital—further amount required, $139,500.

Aids to navigation—

800. Administration, operation and maintenance—further amount required, $60,000.

Nautical services—

801. Operation and maintenance, including grants and contributions, as detailed in 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 296 of the Canada Shipping Act—further amount required, $27,765.

Pilotage service—

802. Construction or acquisition of buildings, works and new equipment, $119,500.

River St. Lawrence ship channel service—

803. Administration, operation and maintenance —further amount required, $500,000.

804. To provide for the replacement of machinery and equipment destroyed by fire in May, 1950, at L'Ecole d'Arts et Metiers de Rimouski, Que.: gross estimated cost, $150,950; less: proceeds of insurance, on machinery and equipment so destroyed, which the department is hereby authorized to pay out of the Department of Transport suspense account for the purposes of this vote, $60,000, $90,950.

Railway and steamship services—

Canadian government railways—

805. Construction of new dock and terminal facilities at Port-aux-Basques, Nfld.—capital—further amount required, $500,000.

806. To provide towards the cost of surveys of Newfoundland railway properties entrusted to the Canadian National Railway Company, $15,000.

Air services—

Telecommunications division—

Airways and airports—radio aviation services—

807. Construction or acquisition of buildings, works, land and new equipment—capital—further amount required, $494,000.

Radio Act and regulations—

808. Construction or acquisition of buildings, works, land and new equipment—further amount required, $57,700.

Northwest communication system—

809. Construction or acquisition of buildings, works, land and new equipment—capital—further amount required, $131,254.

Meteorological division—

Meteorological services—

810. Construction or acquisition of buildings, works, land and new equipment—further amount required, $14,000.

Civil aviation division—

Airways and airports—

811. Airway and airport traffic control—further amount required, $82,018.

Construction services—

812. Construction or acquisition of buildings, works, land and new equipment—capital—further amount required, $629,400.

813. Contributions, subject to the approval of the governor in council, to assist municipalities in the development of and improvement to airports, the sites of which have been provided by such municipalities—further amount required, $15,000.

814. Contributions, as specified in the details of the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities—further amount required, $17,210.

815. Contribution towards the cost of construction of a landing strip in Goldfields, Saskatchewan area, provided Eldorado Mining and Refining Limited enters into an agreement with His Majesty to furnish the site and to undertake the construction, $80,000.

B—General—

Canadian maritime commission—

816. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $8,000.

817. Steamship subventions for ocean services—Pacific Ocean—Canada, New Zealand and Australia, service between, and if either or both the governments of Australia and of New Zealand should request or authorize the Canadian maritime commission to act on its or their behalf in contracting for this service, the Canadian maritime commission is hereby empowered so to act, $166,667.

HOUSE OF COMMONS

Wednesday, June 27, 1951

The house met at eleven o'clock.

REPORTS OF COMMITTEES

Ninth report of standing committee on banking and commerce.—Mr. Cleaver.

Third report of standing committee on public accounts.—Mr. Picard.

Thirteenth report of standing committee on miscellaneous private bills.—Mr. Winkler.

Fourth report of special committee appointed to consider the Dominion Elections Act, 1938, and amendments thereto.—Mr. Fournier (Maisonneuve-Rosemont).

STRAIT OF CANSO

REPORT OF BOARD OF ENGINEERS ON TRANSPORT FACILITIES—STATEMENT AS TO CAUSEWAY AND LOCK STRUCTURE

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I should like to table the report on the problem of crossing the strait of Canso.

On September 15, 1950, a meeting was held in my office for the purpose of considering the plans and specifications of the low-level bridge prepared by the consulting engineer, Dr. P. L. Pratley. This meeting was attended by the members of the board of engineers of the strait of Canso and by representatives of both the Canadian National Railways and the department of highways and public works of the province of Nova Scotia. At this meeting it was disclosed that engineers of both the railway and the province were of the opinion that the low-level bridge as designed was not practicable, and that they could not approve such a project.

As a result I immediately reconvened the Canso board of engineers with instructions that, in the light of the discussions, they review their previous findings and recommend the best method of improving the present rail and highway facilities across the strait. I am now in receipt of the report of the reconvened board.

The report indicates that further studies were made of two projects, one of which involved improvements to the existing ferry service, and the other the construction of a causeway and lock structure. The board advise that their estimate of cost of replacing the existing railway ferry service at present capacity would be $9 million, which figure would be increased to $13,400,000 if present capacity were to be increased by provision of larger vessels and wider ferry slips. The estimate of cost of replacement of the highway ferry service amounts to $1,287,000, or a total estimated capital expenditure for combined services of $14,687,000. As to the annual operating costs as estimated for these services, the board states that the operation of the railway ferry service would require $1,587,000 and the highway ferry service $370,000, making a combined total annual operating cost of $1,957,000.

The board also reports that, in reviewing their previous findings on the causeway and lock structure, their chief object was to search for ways and means to reduce the probable cost. They are now of the opinion that the best site is that of the low-level bridge at Balache point as proposed in the March, 1949, report. They propose a causeway which would be entirely built of rock placed by dump-trucks working from west to east. The slopes on this causeway would be finished at about the proportion of 1 vertical to 1¼ horizontal, and a lock of Welland ship canal dimensions but with sliding gates would be located on the Cape Breton end of the causeway. The railway and highway diversions would be similar to those as originally proposed for the low-level bridge.

In conclusion the board reports that in view of the elimination of the bridge projects and the high cost of improving the ferry services, the causeway scheme remains as the only practical solution to the problem. The capital cost of the causeway and lock is estimated by the board at $22,760,000 and the annual operating charge at $1,130,000.

I now table the report.

Mr. Black (Cumberland): I am pleased that this report has been brought down, and I would like to know whether the minister on behalf of the government can state when the construction of this causeway will be undertaken. I point out that it is very urgent to a great many people in Nova Scotia, who have been waiting for it for a long time.

Mr. Chevrier: In the first place, the report will have to be considered by the government. That has not yet been done fully. When it is, a decision will be made as to

whether or not it will be possible to implement the recommendations. The report will be considered at the first opportunity.

Mr. Black (Cumberland): Will copies of this report be distributed to members and a great many other people who will want them?

Mr. Chevrier: Copies are available at present, though not for every member. In connection with the first report that was tabled, I believe copies were made available to the maritime members. I have copies now, but not with the maps attached. It will be another twenty-four hours before those will be available. If hon. members who are interested will telephone my office, I shall be glad to see that they receive copies.

NATIONAL HOUSING ACT

ORDER IN COUNCIL ESTABLISHING INTEREST RATES

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, I desire to table order in council P.C. 3344, establishing the interest rates under the recently amended National Housing Act. The new rate to the borrower for joint loans under sections 4 and 8 is five per cent. The rates under other sections are correspondingly increased by one-half of one per cent.

QUESTIONS

WHEAT PRICES—FLOUR FOR CONSUMPTION IN CANADA

Mr. Fair:

1. How many bushels of class II milling wheat were sold since August 1, 1950?
2. At what average basic price per bushel was this wheat sold?
3. What is the average basic price at which wheat has been sold to millers for milling into flour for consumption in Canada?

Mr. McIlraith: It is not the policy of the board to publish details of its operation for the crop year in which it is operating.

Note: The board posts at the close of the market each day its selling price for wheat sold:

(a) for domestic use

(b) for export under the international wheat agreement

(c) for export as class II wheat.

For the period from August 1, 1950 to June 25, 1951, the average of the board's daily quotations for wheat sold under the international wheat agreement and for domestic use was $1.91¼ per bushel basis No. 1 northern wheat in store Fort William/Port Arthur or Vancouver. For the same period the average daily quotation for class II wheat was $2.10 per bushel basis No. 1 northern wheat in store Fort William/Port Arthur or Vancouver.

TRADE WITH UNITED KINGDOM

Mr. Laing:

1. What were the values in dollars of (a) Canadian exports to the United Kingdom; (b) Canadian imports from the United Kingdom, in each of the years 1928 to 1951, inclusive?
2. What are the values of this two way trade in the first quarter of the present year?

Mr. McIlraith:

	Exports	Imports
Year 1928	$446,128,667	$190,756,736
1929	290,294,564	194,777,650
1930	235,213,959	162,632,466
1931	170,597,455	109,468,081
1932	178,171,680	93,508,143
1933	210,697,224	97,878,232
1934	270,491,857	113,415,984
1935	303,500,846	116,670,227
1936	395,351,950	122,971,264
1937	402,062,094	147,291,551
1938	339,688,685	119,292,430
1939	328,099,242	114,007,409
1940	508,095,949	161,216,352
1941	658,228,354	219,418,957
1942	741,716,647	161,112,706
1943	1,032,646,964	134,965,117
1944	1,235,030,206	110,598,584
1945	963,237,687	140,517,448
1946	597,506,175	201,433,220
1947	751,198,395	189,369,855
1948	686,914,277	299,502,200
1949	704,955,726	307,449,800
1950	469,910,011	404,213,449
Jan. 1 to Mar. 31, 1951	113,294,454	92,141,499

OLD AGE PENSION—VETERANS

Mr. Laing:

1. How many pensioned veterans will be eligible for the universal old age pension of $40 per month by virtue of having attained, at January 1, 1952, the age of seventy years?
2. How many pensioned veterans will be in the age group 65-69 as at January 1, 1952?

Mr. Mutch: Statistical records show the year of birth of pensioners; to ascertain the date of birth would necessitate a review of over 160,000 cases.

Moreover, in forecasting the number of pensioned veterans who would be eligible for the universal old age pension, a factor is an estimate of the number of deaths during the intervening period.

The following figures show the estimated number of all disability pensioners, including those resident outside Canada, who reach the ages stated:

Age 70 and higher during 1952..	11,331
Age 65-69 during 1952.....	11,364

QUESTION PASSED AS ORDER FOR RETURN

SUBSIDIES OR OTHER ASSISTANCE TO AGRICULTURAL PRODUCERS

Mr. Fulton:

1. How many boards or agencies of government are in existence now or have been in existence since January 1, 1946, which have paid any form of production or market subsidy or assistance to agricultural producers?

2. What is the name of each such board or agency?

3. What is the total that has been paid to recipients in each province by each such board or agency since January 1, 1946, or since the date of establishment of the board or agency if established after that date?

4. How much has been paid by the government to provincial governments or apple growers in each province for tree removal and tree planting in each year since January 1, 1946?

MOTIONS FOR PAPERS

CAPLAN RIVER, QUE., WHARF

Mr. Courtemanche:

For a copy of the payrolls and a statement of materials and equipment purchased in connection with the construction and repair work on Caplan river wharf, during the years 1947, 1948, 1949 and 1950.

WORK AT MOUTH OF FOX RIVER, QUE.

Mr. Courtemanche:

For a copy of the payrolls and a statement of materials used in connection with the work done at the mouth of Fox river (Rivière au Renard), county of Gaspe, during the year 1950.

BUSINESS OF THE HOUSE

ADJOURNMENT UNTIL OCTOBER 9, 1951, ON COMPLETION OF CURRENT BUSINESS—SPECIAL COMMITTEE ON PROCEDURE

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That when this house adjourns on completion of its current business after returning from attending on the giving of royal assent in the Senate to the bills which will have been passed, this house stand adjourned until October 9, 1951, at eleven o'clock in the forenoon, provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with His Majesty's government, that the public interest requires that the house should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the house shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time.

He said: Mr. Speaker, since the notice of this motion was published, some hon. members have asked why the hour of eleven o'clock on Tuesday, October 9, was being fixed instead of the hour of three o'clock in the afternoon. The reason is that this house adopted a motion providing that during the remainder of this session it shall meet at eleven o'clock in the morning instead of three o'clock in the afternoon. An additional reason is that we hope by meeting at eleven o'clock in the morning that we can have prorogation by noon; that parliament can be prorogued until three o'clock that afternoon, and the opening of the new session can take place the same day, thus saving one day in the time required for the usual formalities. Needless to say, the adjournment will make it possible for Mr. Speaker to call parliament together should anything occur in the international or even in the domestic situation before October 9 which will make it desirable for parliament to meet.

Mr. Coldwell: Then do we understand that October 9 is a firm date, unless it is found necessary to call the house together before that time?

Mr. St. Laurent: It is a firm date for the reconvening of this session, and I hope the situation will be such that, within an hour or so after reconvening, parliament can be prorogued until three o'clock in the afternoon for the opening of the new session.

Mr. Donald M. Fleming (Eglinton): In connection with the current business, may I ask if the select committee to assist Mr. Speaker in connection with the proposed revision of the rules of the house is expected to meet before October 9, so that with the opening of the new session some experiments may be made with changes in the rules, particularly with respect to the hours of sitting?

Mr. St. Laurent: I think some experimental changes will be tried out during the new session, but I would not hope for so much as a complete and definite report by the committee at the very opening of that session. I can give the house immediately the assurance that it would be the desire of the government to move as early as possible in the next session for the reconvening of that committee, and I trust nothing may happen in the interval to make it necessary to change its personnel.

Mr. George A. Drew (Leader of the Opposition): I should like to offer a suggestion which I think might be of some assistance to that committee, whether it meets during the intervening period or not until the opening of the new session. It is our good fortune to have here in Ottawa a man who I am sure holds the complete confidence of members in all parts of the house. I refer to Dr. Arthur Beauchesne. We follow his rules on procedure. While the committee must be entirely responsible for any recommendations, I believe it would be highly desirable if Dr. Beauchesne could in some way be brought into the general discussion

and asked to prepare recommendations, out of his long experience, for the consideration of the committee when it meets.

Mr. St. Laurent: Under the resolution adopted by this house the committee has the right to send for persons and papers. It may very well be that amongst the members of the committee there will be those who will feel, as does the leader of the opposition, that very helpful assistance could be obtained from Dr. Beauchesne.

Mr. G. A. Cruickshank (Fraser Valley): I should like to ask a supplementary question, Mr. Speaker. I am greatly reassured if my understanding is correct that there will be no further attempt to try out new rules or regulations during this session, as was the case last night. If I am required to go into details, I shall be glad to do so. Last night an hon. member, quite within his rights, asked to have certain privileges granted to him. I should like to know if that is going to be permitted for the remainder of this session.

Mr. Benidickson: We can do anything with unanimous consent.

Mr. Cruickshank: I am getting assistance from Kenora and other places. I am asking the Prime Minister, through you, sir, whether any deviations from the existing rules will be permitted during this session as an experiment, or shall we continue to be governed by your ruling of last night?

Mr. St. Laurent: I do not think any experiments will be undertaken during this session. As to what the house will choose to do with respect to the business that remains to be dealt with, that is a matter for the house to decide. I can assure the hon. member that the government will not initiate anything as an experiment at this stage of the present session.

Mr. Jean François Pouliot (Temiscouata): I think I may be permitted to speak this morning about this matter, which has been discussed for a long time without success. I have been sitting here as a member for a very long time. According to my knowledge, and I say this without any flattery, with one possible exception you are the only one, Mr. Speaker, who has made his own rulings. They have always been fair. I cannot congratulate you, but I can tell you that the house appreciates the way you deal with us.

Motion agreed to.

[Mr. Drew.]

COUNCIL OF EUROPE

INVITATION TO SEND OBSERVERS TO SEPTEMBER SESSION

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct a question to the Prime Minister, of which I have given him notice. It has to do with Mr. Speaker's announcement to the house on Monday that he had received a communication from the president of the consultative assembly of the Council of Europe, inviting this parliament to send observers to the session of the council commencing September 24 next. Will the Prime Minister state what action the government may take concerning this matter?

Right Hon. L. S. St. Laurent (Prime Minister): It was some minutes after ten o'clock when the hon. member telephoned to my office in this connection. Had I had more time to do so, I would have prepared a carefully worded statement to answer the question, but I think hon. members would prefer to have it answered less formally and immediately.

This is an invitation which you, sir, stated had been addressed not to the government of Canada but to the parliament of Canada. Of course if the invitation were to be accepted I imagine that there would have to be some provision made for the expenses of any delegation that would go there representing this parliament, and that the government would have to take the responsibility of making the required recommendation to parliament. Because of that, and because of the interest which naturally attaches to this matter, it has been under consideration by the government, but no decision has yet been reached. There are many factors about which we are seeking to obtain more enlightenment. We are in communication with our representatives, both in London and in Washington, in that regard.

One of the factors to which consideration has to be given is the apparent fact that this Council of Europe is made up not of representatives of the governments of the countries but of the national groups of several countries in Europe. This may be all to the good, but it is somewhat of a departure, because what they would be doing is something which would have a profound effect upon the foreign policies of the governments of all those countries. According to the manner in which our parliamentary institutions are set up, foreign policy is usually a responsibility of the government of the country, and is usually handled through the foreign office of

the country. It would seem that this is a new way of going into matters that are of such great concern to the peoples and the governments of all the free countries of the world.

There is another matter which has given us some concern, and that is that the form of the invitation to this parliament seems to differ from the form of invitation extended to the houses of the United States congress. They have been invited to appoint a delegation to meet a delegation of the Council of Europe, and to have discussions with that delegation; whilst the invitation to this parliament, through you, sir, has been to send observers to attend the sittings of the council itself. We are curious to know if that is an intentional difference, or if it is just an accidental difference in the wording of the invitation. If it is intentional, we should like to know why the distinction is being made. We are also trying to ascertain whether invitations similar to the one addressed to this parliament have been sent to the parliaments of other commonwealth countries.

There is also the factor that it is nominally a council of Europe. For a long time there has been a Pan-American union of the republics of the western hemisphere, and they have never had observers from elsewhere attending their meetings. As a matter of fact we have not, because of our monarchical traditions, been included in that group. If the council has for its purpose the setting up of a federation of European states, I would say that we had no observers attending the Charlottetown or Quebec conferences at the time we were discussing our confederation, or at the time we were discussing union with Newfoundland. We are seeking to explore all these possible implications of the invitation that has been addressed to this parliament.

There would be some rather inconvenient features, in view of the fact that this meeting is scheduled for September 24, and we are contemplating an important session of our own parliament early in October. But that would probably not be an insuperable difficulty, nor would the difficulty arising from the fact that at that time of the year we usually have to provide a representative delegation to the meeting of the United Nations.

These are matters about which we have not yet obtained all the information and enlightenment we would wish to have before deciding to recommend an appropriation to parliament for official participation in the activities of this body. But the meeting will be taking place before parliament reconvenes; and if it is felt that we should take the responsibility of a recommendation to parliament, in supplementaries or otherwise when parliament reconvenes, I would expect that it should be a delegation representative of the complexion of the house and not merely a delegation representing the government party in the house; and I would expect to discuss it with the leader of the opposition.

Mr. Macdonnell (Greenwood): Mr. Speaker, as I spent two days at Strasbourg last summer, perhaps I might be allowed to say just one word. I realize all the difficulties, but I also realize that at that assembly there was expressed a great desire that it might be possible for the commonwealth nations other than the United Kingdom to be represented. I say again that I realize all the difficulties, but I hope this suggestion may be considered. The head of it is that great European, Mr. Spaak.

I might make one further comment. As the Prime Minister has said, I think the delegation ought to be representative not of governments but of the various parliaments concerned. For instance, the United Kingdom delegation was proportionate to the members of the two parties in the United Kingdom government.

C. D. HOWE COMPANY LIMITED

REFERENCE TO REMARKS OF THE LEADER OF THE OPPOSITION

On the orders of the day:

Mr. Daniel McIvor (Fort William): I rise on a question of privilege, Mr. Speaker, and I hope that I shall be capable of using proper restraint of language. I am sorry that the Minister of Trade and Commerce (Mr. Howe) is not in his seat, because if he were, I, as his neighbour and friend, would not have to stand up and defend him. I regret very much that the charge was made against the minister of arranging government contracts with his own family company. Mr. Speaker, the Minister of Trade and Commerce has no family company.

Some hon. Members: Oh, oh.

Mr. McIvor: He has no connection with that company. If the leader of the opposition (Mr. Drew) has the courtesy and courage to do so, he should withdraw this charge.

Some hon. Members: Order.

Mr. Speaker: Order. I do not know that I should allow debate on this subject at the present time.

Mr. George A. Drew (Leader of the Opposition): In view of the fact that the hon. member for Fort William has raised the subject, I might say definitely that, far from

withdrawing, I repeat the statement that it is a family company and that these contracts should not have been given to that company.

Right Hon. L. S. St. Laurent (Prime Minister): If the leader of the opposition has any charge of any wrongdoing whatsoever in connection with any contracts given by this government, the place for any such charge to be made is here in this house.

Some hon. Members: Hear, hear.

Mr. Drew: Mr. Speaker,—

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Drew: On a question of privilege, Mr. Speaker—

Some hon. Members: Sit down.

Mr. Speaker: Order. I do not think the Prime Minister has finished his remarks.

Mr. St. Laurent: If the leader of the opposition wants to make any charge, the government will welcome the setting up of a special committee or the referring of the charge to the public accounts committee where it can be fully investigated.

Mr. Drew: Mr. Speaker, I rise on a question of privilege simply to point out to the Prime Minister that I did raise this matter in this house and that when I raised it in the house I used the well-known term applied to cases of this kind, namely, nepotism. As I think the Prime Minister will recall, the Minister of Trade and Commerce was in the house and made some comment on that matter at that time. I for one would welcome a full inquiry into the transactions of the C. D. Howe Company by a royal commission,—

Some hon. Members: Oh, oh.

Mr. Drew: —but not by a muzzled public accounts committee which never inquires into anything which the government does not want examined.

Mr. Chevrier: The leader of the opposition's reputation with royal commissions is not very good.

Mr. St. Laurent: When the matter was raised in the house, Mr. Speaker, the Minister of Trade and Commerce declared that he had no connection with this company and that he had not had any connection with it since 1935. I took it at that time that his statement of fact was accepted. In spite of the statement made to that effect in this house, the leader of the opposition still attempts to smear the reputation of one whose reputation for devotion to the country's interest and for integrity is as high as that of any member in this house. The leader of the opposition is just following a practice which he may think is good politics but which I deprecate, namely, the policy of making smear remarks such as he made in connection with the George T. Davie Company which he stated had been incorporated—

Mr. Drew: That is absolutely untrue.

Mr. St. Laurent: —through the professional activities of the firm of St. Laurent and others in Quebec. That is something which was done before I came into this house of parliament, and something which it was quite unnecessary for the hon. gentleman to refer to. In spite of the denial of the Minister of Trade and Commerce that he had any connection with this company since 1935, the hon. member still chooses to call it the family company of Mr. C. D. Howe.

An hon. Member: It is.

Mr. St. Laurent: I think that is the kind of smearing remark that will not produce any good results for the one who makes it.

Mr. Drew: Mr. Speaker, the Prime Minister has obviously lost his temper to the point—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Drew: —where I leave it to you to use your own judgment with regard to whether the word "smear" is a parliamentary word or not. I make no request in regard to the word, because the Prime Minister has used the term in a way that is a reflection on his office as Prime Minister.

Some hon. Members: Oh, oh.

Mr. Drew: I would point out that I used the term "family company". The Minister of Trade and Commerce stated in this house that he had dissociated himself personally from that company. The records of the company are those of a private company and therefore do not disclose the disposition of the shares of the company in a way that makes it possible for anyone to do other than accept that statement. But let me say that I used the term "family company" advisedly because his son and son-in-law are actively engaged in that company, and I understand that his son and son-in-law are members of the family. I would point out still further that when the minister, with the immense powers he has, gave to this family company the handling of the $30 million contract on the Chalk River reactor he was handing that contract to a company bearing his name in which his son and son-in-law would gain advantage, and that if there is one thing in this house that is peculiarly

under the exclusive authority of the Minister of Trade and Commerce it is everything connected with atomic energy.

I would point out further that when this government handed this contract for supervision of the construction at Seven Islands to the C. D. Howe Company Limited, his son-in-law was sent to Montreal to deal with the contract particularly. That is a matter of record. When the Prime Minister used the term "smearing" in regard to that, may I point out to him that there is an obligation on the members of the government at all times not to hand out contracts to members of their own family any more than to themselves, and there is also an obligation on the members of the government to deal with these matters in a way that will remove any suggestion that we should be unduly concerned about the enormous contracts running to hundreds of millions of dollars which are being handled by the Minister of Defence Production. It is having regard to the fact that contracts for such things as radar stations, and other matters of that kind, which are not discussed in this house in detail, are being handed out by that minister that we must examine with some care the methods by which that minister does deal with contracts under his exclusive authority.

Mr. McIvor: I am just sorry—

Some hon. Members: Oh, oh.

Mr. McIvor: —that the leader of the opposition has not the sense to withdraw this untrue charge.

ENEMY PROPERTY

QUESTION AS TO PAYMENTS FOR WAR DAMAGE FROM FUNDS HELD BY CUSTODIAN

On the orders of the day:

Mr. Rodney Adamson (York West): I should like to direct a question to the Secretary of State. I regret that he is not here now, but he can take it as notice. In view of the fact that a state of war with Germany is officially to come to an end in the near future, will the Secretary of State say when claims for war damage will begin to be paid from the funds now held by the custodian of enemy property? I direct this to the attention of the Secretary of State and the government because a number of claims dating back as far as the *Athenia* are still outstanding.

Right Hon. L. S. St. Laurent (Prime Minister): I think that I can supply the hon. member with some information. The matter of setting up a special commission to determine the classes of claims that should be recognized against enemy property held by the custodian is under active consideration. It has been decided to set up that kind of commission, and the Minister of Justice (Mr. Garson) is considering the selection of one or more commissioners to whom a commission will be issued under the Inquiries Act to determine what classes of claims should be recognized against those funds, and what priorities, if any, should be established between those classes of claims.

Mr. Adamson: Thank you. I hope that this commission will be set up without further delay.

Mr. St. Laurent: Well, we are appreciative of the desirability of as much dispatch as possible in dealing with these claims.

BRIDGES

NORTH SASKATCHEWAN RIVER NEAR LLOYDMINSTER—REQUEST FOR ASSISTANCE IN CONSTRUCTION

On the orders of the day:

Mr. A. J. Bater (The Battlefords): I should like to address a question to the Minister of Public Works. Has the minister received representations from the governments of Alberta and Saskatchewan for assistance in the construction of a bridge on the meridian line between the two provinces north of Lloydminster? If so, did he reply to the requests?

Hon. Alphonse Fournier (Minister of Public Works): To the best of my recollection I did receive a letter from the government of the province of Saskatchewan, and I have replied to it. I would not give the contents of these two communications without having the consent of the provinces to table the documents.

Mr. Coldwell: May I ask a supplementary question to that asked by the hon. member for The Battlefords? Has the minister brought down the return which was ordered having to do with the correspondence concerning a bridge on the meridian between Alberta and Saskatchewan near Lloydminster?

Mr. Fournier (Hull): I cannot recall that this correspondence was tabled. I think it is of recent date. I know I have answered the letters, and to the best of my memory I did give about the same answer that was given in the case of the Ottawa bridge at Pembroke, namely, that we would consider taking part in the construction of a bridge if the two provinces made contributions; but that is speaking from memory, and I would not want to be tied down to the exact terms of what I have just said.

Mr. Coldwell: There is correspondence that will be brought down, I take it?

Mr. Fournier (Hull): If a motion was made for production of papers, I shall ask the consent of the provinces of Saskatchewan and Alberta to bring down the documents.

WHEAT

MOVEMENT OUT OF STORAGE AND FROM HEAD OF LAKES

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Transport. I cannot by way of preface to my question state the circumstances under which it arises, but what I want to find out on behalf of western farm organizations is this: What is the present position as to the expedition with which wheat is being taken out of elevator storage and from the farms, and what is the probability of the wheat being moved before the new wheat crop comes in?

Hon. Lionel Chevrier (Minister of Transport): I am sorry that I have not an up-to-date statement, because my hon. friend did not give me notice of this question.

Mr. Diefenbaker: That is right.

Mr. Chevrier: But I have in mind that when I made the statement in answer to his question about a week ago I said that it was expected to move by June 23 about 16 million bushels of wheat. I saw a letter from the chairman of the wheat board this week to the effect that 15,900,000 bushels had been moved, so that the quota for the period has been met. I do know that the transportation committee which has been established in the Department of Transport, consisting of the railways, the carriers and our own officials, has arranged for a quota to be moved in a certain period of time. Whether that quota has been met by this day, I am unable to say, but I will try to have an up-to-date statement for my hon. friend.

Mr. Diefenbaker: May I ask a supplementary question? I do not know whether the minister has the information, but he mentioned what has been done. Has he any record of the amount that has to be moved that is still in storage? Will he be able to get that when he makes a further report?

Mr. Chevrier: Yes, I will.

DOMINION ELECTIONS ACT

AMENDMENTS WITH RESPECT TO NORTHWEST TERRITORIES ELECTIONS

Hon. W. E. Harris (for the Secretary of State) moved the second reading of Bill No. 404, to amend the Dominion Elections Act, 1938.

[Mr. Coldwell.]

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

Sections 1 to 3 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

JUDGES ACT

INCREASE IN SALARIES AND NUMBERS OF JUDGES —ADJUSTMENTS IN PENSION

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 405, to amend the Judges Act, 1946.

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

Mr. Knowles: On division.

Mr. G. S. White (Hastings-Peterborough): Mr. Speaker, I wish to make a few remarks before we go into committee on this bill, because to me it is a most important measure. I feel that the administration of justice, and the manner in which we treat the judiciary of Canada, goes to the very root of the foundations of our democracies. Magna Carta, which is still part of the law of the commonwealth countries, including Canada, is often quoted in the house.

In Canada one of the things in which we take greatest pride is the impartial administration of justice, and the high type of the members of the judiciary; for it is fundamental to the well-being of every nation that all the citizens of a country have due respect for law and constituted authority.

The Minister of Justice (Mr. Garson) on Monday last, speaking about amendments to the Criminal Code, repeated the oft-quoted statement that under British justice a man is deemed to be innocent until he is proven guilty. As we know, that is not the law of all countries. But to uphold that principle in Canada, we must continue to have a capable and competent bench to administer the law.

So far as respect for law and authority in Canada is concerned, I believe that Canadians, perhaps more than people in other countries, have every reason to be proud of the administration of law and justice in this country. Under our set-up, in administering the law all judges must follow legal precedents. They also must follow a code of interpretation in their administration of the law, one which has been established for generations. These precedents are binding upon them. They must obey and follow the judgments of superior courts.

Judges must also take into consideration changing law to meet changing conditions. To guide them they have a mass of precedents from courts of record. This is not so in connection with committees or commissions. During the war, for instance, a rentals administrator was appointed to deal with problems affecting real property. Very often administrators of this type, who had never studied law, and had no knowledge of it, with the exception of the acts they were to interpret, were given power to interpret the law. In many cases judgments given on one day would be entirely opposite from those given the day following, in exactly similar circumstances. Under this procedure there does not seem to be any way of checking such things, but in my opinion the results did not add either to efficiency or to respect for law.

In Ontario we have a municipal board which administers and deals with a wide variety of legal matters. The members of the board, with the possible exception of the chairman, are not members of the legal profession. They have not had the long experience that judicial officers have had. The workmen's compensation board is another example. Then, if we want to take an example from the federal field, there is the wartime prices and trade board, in almost every branch of which there are people engaged in interpreting the law, for the enactment of which they themselves are responsible.

One of the fundamental principles of British justice is that there shall be a distinguishing difference between the judge, the prosecuting attorney, the jury, the witnesses, the plaintiff and the defendant; and we must bear that always in mind. We should make sure that all those appointed to high positions on the bench are able to perform in a capable manner the functions thereof. Therefore it naturally follows in my opinion that these men should be paid adequate salaries, in view of the importance of the high office they hold.

As I suggested yesterday to the Minister of Justice, if proper consideration had been given to the amendments introduced in 1946, at which time the salaries of judges were increased, it would not have been necessary to bring this bill before the house. Even at this late date I suggest to the Minister of Justice that the provision he has made for county and district court judges should be reviewed, because I think he will find that the increase is not sufficient. I think the minister will agree that the salaries paid to county court judges, and perhaps the salaries to be paid, are completely out of line with salaries paid to others for work which is, if anything, of less importance to the community.

Yesterday the minister referred to New York state, where county court judges having comparable jurisdiction are paid a minimum of $16,000 per annum.

Mr. Garson: Does the hon. member recommend that we pay county court judges in Canada $16,000?

Mr. White (Hastings-Peterborough): No, I am not even suggesting that. I am only pointing out that judges in New York state having practically the same jurisdiction are paid at a much higher rate. I am not suggesting at all that they should be paid $16,000.

Judges of the Supreme Court of Canada are paid not quite but almost double the salaries of county court judges. May I point out to the minister that, having regard to the volume of work done, and the importance of the respective courts to the public, it seems to me that so far as Ontario is concerned there is no practical reason why the county court judges should not be paid at the same rate as the supreme court judges, because, in Ontario at least, the work of county court judges has greatly increased throughout the year. Only recently their jurisdiction was increased, thereby increasing their work; and I believe that in the very near future there will be a further increase in the jurisdiction of the county court, thus further increasing the work.

I listened yesterday to the observations of hon. members who are not members of the legal profession and, while I have no criticism of what they said—it is their right and privilege to speak—there are certain matters with which they dealt and with which, after some years of experience, I am familiar. May I place these facts before the minister. Naturally I am more familiar with my county and the surrounding ones than I am with other jurisdictions. However, what I shall say about the county of Hastings can be applied with equal force to practically every other county in Ontario.

The county of Hastings is the largest in Ontario, with a population of well over 80,000, and is increasing every year. It consists of thirty-five municipalities, one town with a population of well over 10,000, and a city with a population of 27,000, as well as several other smaller towns and villages. Many years ago, when I began practising in the county, the population was not anything like what it is today. At that time there were two county court judges and, in addition, the local master of the supreme court. Today there is only one county court judge.

and there is no local master. The county court judge now handles and hears all matters that formerly came before the local master of the supreme court.

In my county there are twelve division courts, and in 1950, the last year for which there is a record, the county court judge spent seventy-three days in dealing with division court actions alone. The city of Belleville division court handled 1,379 cases. In addition, they had 133 judgment summonses and some fifty transcripts from other courts. The number of writs issued in the county court in 1950 was 131, and the approximate number in 1951 will exceed 200, thus giving some indication of the greatly increased amount of work in the county court.

I have before me a list of the county court non-jury cases scheduled for hearing in April, 1951. There were fourteen cases set down for trial, and all fourteen were heard. I also have a list of cases set down for the general sessions of the peace and jury sittings held in June of this year. I find there were four criminal cases, two charges of perjury, one of bigamy, and one of theft. All cases were heard. There were five jury cases and eight non-jury cases. I point out that the average jury case takes practically two days and a non-jury case one day. The county court judge naturally hears all motions and other matters pertaining to county court actions. In addition, the county court judge handles a large number of matters relating to actions in the supreme court. In one year the county court judge of my county will hear from fifty to seventy-five motions pertaining to supreme court matters. Up to the middle of April of this year twenty-seven such motions had been heard. I would point out to the minister that there are many cases heard in the county court as the result of consent being given to the jurisdiction of that court inasmuch as the amount involved is beyond the statutory limit set for the county court.

I have referred to motions heard by the county court judge in his capacity as local judge of the supreme court. On one motion in which I was interested it took two full days to hear the argument. I know the average motion does not take anything like two days, but that is an indication of the time that is spent on certain matters. In addition, in the various county towns one week of five sitting days is usually allotted for the supreme court. It has become the practice, at least in my county, that cases which are not heard by the supreme court judge are, by his direction, handed over to the county court judge, and I have noticed from the press that a number of supreme court cases have been heard by the county court judge.

In addition to all these various matters, the county court judge hears appeals from magistrates' decisions. He handles mechanics lien actions, and I noticed in the papers recently that there were no less than fifty-two naturalization applications to be heard before him. In addition to all these cases, there are innumerable provincial acts which provide for reference or appeal to the local county court judge. I should like to refer to a few of them: the Adoption Act, the Agricultural Societies Act, the Assessment Act, the Bills of Sale and Chattel Mortgages Act, the Bonus Limitation Act, the Bulk Sales Act, the Cemetery Act, the Children of Unmarried Parents Act, the Conditional Sales Act, the Children's Protection Act, the Costs of Distress Act, the County Courts Act, the County Judges Act, the Creditors Relief Act, the Dependents Relief Act, the Ditches and Water Courses Act, the Division Courts Act, the Election Act, the Farm Loans Act, the Fraudulent Debtors Arrest Act, the High Schools Act, the Highway Improvement Act, the Highway Traffic Act, the House of Refuge Act, the Industrial Schools Act, the Judicature Act, the Jurors Act, the Juvenile and Family Courts Act, the Lakes and Rivers Improvement Act, the Line Fences Act, the Liquor Control Act, the Landlord and Tenant Act, the Local Improvements Act, the Master and Servants Act, the Mechanics Lien Act, the Mental Hospitals Act, the Money Lenders Act, the Municipal Act, the Municipal Drainage Act, the Notaries Act, the Partnership Act, the Power Commission Act, the Provincial Land Tax Act, the Public Schools Act, the Public Works Act, the Police Act, the Railways Act, the Registration of Deeds Act, the Property of Religious Institutions Act, the School Sites Act, the Separate Schools Act, the Snow Roads and Fences Act, the Succession Duty Act, the Surrogate Courts Act, the Trustee Act, the Vendors and Purchasers Act, the Voters Lists Act, the Wages Act, the Woodmen's Lien for Wages Act.

In addition to all these provincial acts, there are a certain number of federal statutes under which certain matters are referred to the local county court judge. In my county there is a full time court reporter, and it has been found that he is unable to handle the volume of work. He has had to have an assistant appointed. As was pointed out yesterday, in the smaller centres the judge is often regarded as the first citizen of the community. He

must necessarily give very freely of his time, and like all other citizens he is expected to support every worthy cause.

There are many other duties that the county judges perform of which the minister is well aware. I for one certainly feel that the men who are appointed to these posts, and who are cut off from earning additional salary in any way, should be paid a salary large enough to compensate them for the services they perform, and they should not have to be constantly worried over financial matters. Yesterday an hon. member from British Columbia referred to a judge in his province who, in order to educate his children, had to resign and go back to practice. I should like to tell the minister about a county court judge in my district who, when the salary was $5,000, came to see me about his son who was at law school. His daughter was also taking training in a hospital. The judge told me that at that time he had borrowed every cent he could on his insurance policies in order to finance the education of the boy at law school and to assist his daughter, and that it was absolutely impossible for him to continue on the salary he was receiving and keep the boy at law school. Despite all that was said yesterday by various members, I do not think that anybody in Canada expects or desires that the members of our judiciary should be constantly worried over financial matters.

In support of that I would like to read part of an editorial that appeared in the Toronto *Globe and Mail* of April 17:

> Neither are judges' salaries substantial when measured against their responsibilities. The courts stand guard over the rights and liberties of every Canadian. We expect from them the highest standards of wisdom, of integrity, of independence. Judges must be, in a very real sense, above the common level; above the passions and anxieties of everyday life.
>
> It is a great distinction to be a judge. Because of that, many lawyers have sacrificed their financial interests, and those of their dependents, to enter the judiciary. But it is not fair to expect them to do so; it is not fair to reward such men with little more than prestige. They should be enabled to live on a scale at least comparable with that they would otherwise have enjoyed.
>
> This is not merely in their own interest; it is in the public's interest as well. If the law is to be maintained, if justice is to be dispensed in accordance with our proudest traditions; the ablest lawyers must be attracted to the bench; and once there, sustained in a manner befitting their duties and their abilities. We can economize on many things, but not on this. When it comes to justice, we can afford nothing but the best.

I suggest to the minister that the sentiments and thoughts there set out sum up the whole matter.

I have tried in a brief and general way to state some of the many and varied duties performed by the average county court judge. Some may say that what applies in my county does not apply elsewhere. So far as the county of Peterborough is concerned, which adjoins my own, I know from personal experience that the same conditions exist there.

I would like to say just a word in regard to the uncalled-for comments made yesterday as to the political affiliations of judges prior to their appointment. In my district we have a system under which the four county court judges rotate. At the present time, as it happens, all four judges were formerly Liberals and were appointed by this government. But after the long years I have practised, and especially after the twelve years I have been a member of this house, I have no hesitation in saying that in appearing before those judges who prior to their appointment were of a political faith different from mine, I have never had the slightest cause even to suspect that by reason of political affiliation any discrimination of any kind was made against me. In fact, in fairness to those men I should say that I have often felt they leaned over backwards a long way in order to be fair in any matter with which I was connected.

I suggest to the minister again that he is making an error in the scale of salaries he is fixing for the county court judges. If he feels that he cannot increase their scale to that of the supreme court judges, I do suggest that the amount a county court judge receives should not be less than $10,000 a year. As I said before, and as I think the minister will agree, the adjustment made at this time will fix the salary for a long time to come; and I am sure that when this is through the minister will want to feel that he has made an adjustment which will be satisfactory both to the public and to those who will receive this increase. I suggest that even at this late date the minister reconsider the matter and bring in an amendment to the bill to provide that the county court judges shall receive not less than $10,000 a year.

Mr. Angus MacInnis (Vancouver East): I wish to say a few words on this motion for second reading. Yesterday the house by vote made a definite decision on the measure; consequently I shall not delay matters unduly this morning. I would like to make it clear that I give place to no member of this house in my respect for the judges of our country and the positions they hold. It is largely because I respect the judges that I object to their being made a privileged class, with privileges to which very few in this country

can aspire—and not only privileges for themselves, but for their families as well, which I do not think is at all in accord with our democracy.

Yesterday the hon. member for Cariboo (Mr. Murray) referred to Judge Wilson, of Prince George, who, as he said, found it necessary to resign his position in order to educate his family; and I believe that matter was also referred to by the hon. member for Hastings-Peterborough (Mr. White). At the moment I do not know just what salary this judge was receiving; but if a judge, getting whatever salary goes with that position, cannot educate his family, then God help the great majority of the families of Canada, because at that rate they can hope for no education at all. If a person cannot educate his children on $5,000 or $6,000 or $10,000 a year, what about those who do not receive $1,000 a year? What is going to happen to their families? What is really happening is that a small class in this country are able to educate their children so that those children may and do follow them in these high positions, while the rest are hewers of wood and drawers of water. As long as we accentuate that relationship instead of diminishing it, we are not doing the best we can and should for our country.

I said I honour and respect the judges and the positions they hold. I honour and respect them not only as judges but as men, and I honour and respect mankind as a whole: the farmer who tills the fields, the miner who takes his life in his hands in order to bring coal out of the mine, the lumberman who works in the forests, the men who carry on the dangerous operations of our railways. Surely we should respect these men and make provision for them after they have done their part in producing the wealth of this country and in building its capital; for I can tell hon. members that the capital of this country consists of the wages the workers earned but did not get. If we do not make fairly decent provision for the great mass of the people—and we are not doing that today—why should we make luxurious provision for the judges and their wives? I have not received any answer to that. Let me say again that I give place to no one in this house in my regard for the judicial institutions of my country and the persons who hold judgeships.

Yesterday the minister made the point—I think I am right in saying this—that the lower court judges had received only one increase since 1920. I think that speaks for itself. I believe it just shows that their position as of 1920 was so much better than that of the average citizen that it was neither necessary nor desirable to give them an increase. Then the minister referred to the representations made by Percy Bengough, president of the Trades and Labour Congress of Canada, on behalf of the judges. I am sure that it will be a great joy to Percy Bengough to know that anything he presented to the government has received attention, because to my knowledge Percy Bengough and the whole executive of the Trades and Labour Congress of Canada have been making submissions to this government for years, and this is the first time in my twenty-one years in the house that I have heard any minister speak with approbation of the requests made by the Trades and Labour Congress of Canada.

Mr. Garson: The world is improving.

Mr. MacInnis: All right, then; I am going to give you something to improve upon. I have in my hand a memorandum presented to the government of Canada by the Trades and Labour Congress of Canada on Tuesday, April 10, 1951. I wonder if the minister remembers what this memorandum contains? Did he read it, or has he forgotten it already, or was he there when it was presented? In any case, what is he going to do about it? This organization made recommendations concerning old age pensions. When the Old Age Pensions Act was being discussed here last week, I did not see the smiling face of the Minister of Justice (Mr. Garson) bob up and say: Mr. Speaker, before this act is passed I want to put on the record what Percy Bengough said on April 10, 1951, when he appeared with the executive of the Trades and Labour Congress of Canada before the cabinet. There was nothing about that. Percy Bengough and the other members of the executive who signed the report were completely forgotten and ignored. There was present on that occasion: Percy Bengough, president; J. A. Whitebone, vice president from the maritimes; Claude Jodoin, vice president; William Jenoves, vice president; Carl E. Berg, vice president; Birt Showler, vice president; Gordon Cushing, general secretary treasurer.

The Minister of Justice made no mention of the proposals they made to the government. They were not speaking only for a few judges; they were not speaking for people who were already getting generous pensions, particularly when you compare them with the $480 that Percy Bengough will have to get along with, I suppose, when he is no longer able to carry on, and the amount upon which Angus MacInnis will have to get along with when he is no longer able to carry on. Let us see what they proposed in regard to old age pensions. The proposals are listed as follows:

1. That the means test be abolished.

2. That all old age and blind pensions become the sole responsibility of the federal government.

3. That the monthly pension payment be increased to $65 as a preliminary and interim measure while the machinery is being developed for the implementation of a full social security scheme.

4. That the pensionable age be reduced for men to 65 and for women to 60.

5. That suitable housing arrangements be undertaken for all recipients where such is needed.

I said I did not hear the Minister of Justice put in a plug for any of those proposals. But when he comes to take up the case of those who have, as I said, a pension which provides luxurious living in comparison with the pensions the aged people have, he quotes with approval the person whose submissions the government have ignored for the last fifteen or twenty years they have been in office.

Then let me turn to health insurance. Percy Bengough and the executive of the Trades and Labour Congress of Canada had something to say about health insurance, but so far this session I have not heard the Minister of Justice supporting their claim. On page 5 of the submission they say:

Illness is still our greatest social and economic problem. More suffering is caused to individuals and families through sickness than from anything else. More financial troubles arise as a result of illness than from any other cause. Sickness frustrates production and will interfere with efforts to build up our defences more than all other factors combined. The time has long since passed when this problem should have been tackled with the will to solve it. Late as it is, immediate efforts should now be made.

I say the minister made no claims in regard to that. I could go through the whole of the submissions, all of them dealing with matters that vitally affect the people of this country, the people who are continually on the verge of poverty; and he has not raised his voice to help them.

I want to say a word about the salaries and the increases made.

Mr. Cote (Verdun-La Salle): Before the hon. member goes any further, will he let me ask him a question? If I understood him correctly, he said that during the past fifteen or twenty years the demands of labour, and particularly the demands of the Trades and Labour Congress of Canada, have been completely ignored by this government.

Mr. MacInnis: I did not specify particularly the Trades and Labour Congress of Canada, but the facts speak for themselves. So far as social security is concerned, I say that their claims and their representations have been completely ignored. Anything that has been done is paltry in the face of the need, and has been pushed from various quarters; so I do not believe the Trades and Labour Congress of Canada itself or its officers would say that they had any material results from their submissions.

Mr. Cote (Verdun-La Salle): If the hon. member will allow me, I should like—

Mr. MacInnis: No, I will not allow my hon. friend to make a speech, but I will answer any question he wants to ask. If he wants to make a speech or a statement, he will have to do it on his own time.

Mr. Cote (Verdun-La Salle): I just wish to ask my hon. friend a question.

Mr. MacInnis: Very well.

Mr. Cote (Verdun-La Salle): Was my hon. friend present when the Trades and Labour Congress of Canada made their annual representations to the cabinet on April 10? If he was present, did he hear the Prime Minister of Canada answer each of the demands of the Trades and Labour Congress of Canada, give the explanation, and finally state that the social legislation which Canada has on the statute books had kept pace with the demands of labour in that regard?

Mr. MacInnis: I told the parliamentary assistant that I was willing to be asked a question, but that I was not going to listen to a statement. He can make his own speeches. Obviously I was not present. I am not a member of the cabinet.

Mr. Speaker: May I interrupt the hon. member to say that it has occurred to me that the question which has been raised may tend to get the house away from the discussion of the bill. If the hon. member for Vancouver East wishes to answer the question, I would not of course stop him at this time. But may I remind the house that, after he has answered the question, the house should discuss the principle of the bill.

Mr. MacInnis: Mr. Speaker, I will abide by your ruling. But I was replying to the statement made by the Minister of Justice yesterday; and I thought the same rules operated today as those which operated yesterday.

Mr. Speaker: If the hon. member is answering any statement that was made yesterday by the Minister of Justice, I assure him that the same rules of debate prevail now as prevail at any other time. One of the rules of debate in this house is that, on second reading, the principle of the bill before the house at that time should be discussed, and the principle only.

Mr. MacInnis: To continue my answer to the parliamentary assistant to the Minister of Labour, I would say that I was not present. I have not the slightest doubt that the Prime Minister made wonderful explanations. Whether those explanations were completely satisfactory to the trades and labour congress, I do not know. But as to implementing

in legislation the things they asked for—and that is the only effective answer—the answer is nil.

I have now what I suppose is an advance copy of the bill, and we have information that we did not have yesterday. With this information before us we perhaps realize why the amounts in the bill were not stated in the resolution. The resolution was placed on the order paper some considerable time ago; and it would not look well to have these amounts public when we were discussing the Old Age Assistance Act. It should not be overlooked that the judge's salary is not just the amount that appears in this bill as his salary, because there is also the pension that must be considered to be a part of his salary. I have tried to do some quick figuring here. I take the salary of the chief justice of one of the provinces, $16,000. His pension will be two-thirds of that amount, or about $10,666. Every year, therefore, that the judge draws his salary of $16,000, this government is guaranteeing $10,666 that he will get when he retires in ten years' time if he wants to.

Mr. Garson: Mr. Speaker, I think I must take exception to that statement. It is not every year that he draws $16,000 that he is getting a guarantee of $10,000. In the supreme court the judge may serve until he dies, but in any event he serves until he is 75; and the period between his retirement and his death is quite a short one. Therefore my hon. friend's statement could not be correct.

Mr. MacInnis: I will not dispute the point with the minister, but my understanding was that a judge could resign. That was the law at least a few years ago. He could retire after ten years.

Mr. Garson: No. My hon. friend is quite wrong about that. I will deal with the matter at the proper time.

Mr. MacInnis: All right. In any case, he may receive a pension just as long as he has been receiving salary. It depends on how long he will live. If he resigns or retires at 75, if that is the retiring age—

Mr. Garson: It is not—not for provincial supreme court judges. They do not have to retire until death.

Mr. MacInnis: We are not dealing with judges of the Supreme Court of Canada. We are dealing with judges of the supreme courts of the provinces.

Mr. Garson: Yes, we are dealing with the judges of the supreme courts of the provinces; but under the terms of the British North America Act they cannot be retired from office unless they wish to go themselves, at any time before their death.

[Mr. MacInnis.]

Mr. Knowles: But they may retire after fifteen years and draw pension.

Mr. Garson: They may retire only if the governor in council considers it to be in the public interest; and if my hon. friend uses any imagination in relation to that point, he will know that it will not likely be a voluntary retirement, but that it will likely be because of insobriety or something of the kind.

Mr. MacInnis: Is it not a fact that there are judges now who have retired—and who have retired before reaching their seventy-fifth year—who are not only drawing their pensions but are engaged in other remunerative employment which has no effect on their pensions?

Mr. Garson: The only occasion on which they retire before they reach the age of 75 is where they have some infirmity which prevents them from the proper exercise of their duty. I will deal with this whole matter in detail at the proper point.

Mr. MacInnis: I happen to know of judges who have retired, so I speak with knowledge of the facts.

Mr. Knowles: Is the minister not confusing two things, the situation with regard to judges who retire voluntarily under section 22 and those retired compulsorily under section 29?

Mr. Deputy Speaker: Order. I think I should point out that it is not in order for hon. members to ask questions at this stage.

Mr. MacInnis: In any case, I said when I began that I was not going to detain the house for long, and I am sorry that I have spoken longer than I had intended. But here we are making provisions, as we have for other judges, that put the judges in a privileged class, that take them out of contact with the great mass of the people with whom they have to deal in the courts of law. That is not a good thing. A court of law indeed should be more than a court of law; it should be a court of justice. But it cannot be a court of justice unless the judge has knowledge, understanding and appreciation of the lives lived by the people who come before him. If he has those attributes, he will not just administer the law; he will dispense justice.

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

Mr. Knowles: On division.

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

On section 1—*Salaries of judges of exchequer court.*

Mr. Garson: Mr. Chairman, before we enter upon a discussion of the sections of the bill, there are one or two points which I should like to clear up. If I do so, I think discussion may be facilitated.

First of all, I desire to make a correction in the *Hansard* report of June 26, 1951, where I said, as reported at page 4710:

> I have before me a table showing the details of farm cash income from 1926 to 1950, the base being 100 in the year 1926. This table shows that in 1950 the farm cash income had risen to 235·5.

This table shows that in 1950 the farm cash income has risen to 235·5. I was then asked by the hon. member for Acadia: "What about farm costs?" and my reply was as follows, as reported at page 4810 of *Hansard*:

> This is cash income, after taking care of costs.

This statement of mine is incorrect. The figures which I quoted represent cash income received by the farmers from farm operations. It does not include the farmer's income from Prairie Farm Assistance Act, from investments, or from any source other than farm income. Nor does it include the value of home consumed produce and inventories. In the table that was presented for farm cash income the figure shown for 1938 is 68·6. I mention that because this is the year before which the dominion bureau of statistics had no comparative data as regards net farm income. That was the point that the hon. member for Acadia was making. Now, our net farm income table starts at 1938, and in that context the index is shown as 100 as compared with this other index figure for farm cash income for 1938 at 68·6.

By 1950 this net farm income had gone up to 377·5. Thus the increase in net farm income after the payment of costs from 100 in 1938 to 377·5 in 1950 is even more favourable, much more favourable, to my argument than the increase in the farm cash income.

Now, if we take $\frac{68}{100}$ times this 377 in order to put this back on a basis of using 1926 as the base year, then we end up with a figure of over 250 for 1950, or a gain over 1926 of over 150.

There is another matter which was brought up yesterday by the hon. member for Macleod when he deprecated the trend which he noticed toward the appointment of defeated candidates to judicial positions.

Mr. Fleming: Defeated Liberal candidates.

Mr. Garson: Yes, Liberal candidates, at least by implication. This is the sort of charge that one would expect to hear as a rumour in the street, but not from a member of the house in a parliamentary debate. When the hon. member made it I must confess I was rather unprepared, and in my reply I said, as the fact was, that only a small percentage of such defeated candidates had been appointed during my own term of office. This matter of the appointment of proper candidates to the judiciary is so extremely important that I feel constrained now to lay before the house the cases—but of course I will not mention the names—of those defeated candidates who have been appointed since November 15, 1948.

To begin with, out of a total number of appointments of 68 there were only two former federal defeated candidates. When I say "former" I mean there were not any who had been defeated a reasonably short time before their appointment to the bench, but there were some who at some stage in their career had sustained defeat, two of them in federal elections and eight in provincial elections.

In a country like Canada where, in order to carry on our democratic form of government, we must have elections from time to time, I would think that it was not really a stain upon a man's character that he should have taken part in one of those elections, or even that he should have been defeated. But if it is a stain upon his character then I suggest that, if he has been defeated in that way, if he carries on as a respectable member of society and does his work well, it is a stain which he ultimately can hope to remove, and that after an interval it would be proper not to disqualify him on that ground alone as a potential candidate for the judiciary. But in the case of every one of these ten men who at some stage of their careers, in some cases eighteen to twenty years before, had been defeated candidates, I want to show one by one that the other qualifications which they possessed admirably fitted them for the position to which they were appointed, in spite of their being defeated candidates. I shall do that because I think it is important, for the confidence that the people of Canada should have in the judiciary of this country, that we put an end to this canard that the main qualifications for judges is that they should be defeated candidates.

The first of this group of ten is a man who was defeated after he had had a long and distinguished career in the House of Commons. I do not think that that sort of career disqualifies him for appointment to the bench because I have a rather good impression of

my fellow members of this House of Commons. I think that as a group they will compare quite favourably with any other similar number of Canadians that you will find anywhere in Canada; and that while we must take great care to see that the lawyer who is appointed to the bench has the necessary legal qualifications for the position, the fact that he has been a member of this house in my view—I may be wrong—rather tends to qualify than disqualify him for judicial appointment.

The second defeated candidate was a man whom I recommended for appointment to the county court bench. In relation to his appointment I think I received a larger number of recommendations from individual members of the bar, from businessmen, from organizations and from representatives of all political parties—except, as it happened, the Social Credit party—than I received for any other candidate. There is no doubt whatever about his eminent qualifications for the position.

The next one was a highly successful practitioner, a comfortably well off, if not wealthy, man, who did not apply for the position, nor was it applied for on his behalf by any of his political friends. We went to him and asked him if he would take the judicial position because we thought of all the men who were available or who could be persuaded to become available he was the most suitable candidate.

The fourth man was the acknowledged leader of the bar in the large city in which he lived. He had in the course of the decade preceding his appointment made earnings at the bar and in the community which made him a moderately wealthy man, and in relation to his earnings at the time that he was appointed he sustained a heavy financial sacrifice by going on the bench.

The next was a professor of civil procedure in the law school in one of our largest Canadian universities, a former batonnier of the bar of his province, a member of the commissioners on uniformity of legislation of the Canadian Bar Association, a member of the commission on the revision of the Criminal Code, and an author of two textbooks on law. Are we going to say that such a man should not be appointed to the bench because at one time in his life he had sustained the alleged disgrace of standing for election and being defeated, although in order to maintain our system of government we must have elections once in a while and we must have good candidates to run in them?

The next was a man who was outstanding in the criminal law, having been a crown attorney of one of the large judicial districts in a large province, from 1921 to 1936, and had after that followed with a distinguished career as a defence lawyer at the criminal bar.

The next was a man who had been crown attorney for a period of five years, and was a distinguished pioneer resident of a northern part of the province from which he was appointed.

The next appointment was that of a man who, it is true, had been a defeated candidate once upon a time in his younger days, but redeemed himself by being successful in his subsequent elections, and had become attorney general of the province in which he was appointed.

The next one was a resident of one of the smaller provinces who had an excellent practice and was a thoroughly reliable practitioner, and whose defeat at the polls had taken place many years before he was appointed.

As to the last candidate, perhaps I should not include him because he was defeated at the polls in 1932 in Newfoundland, many years before Newfoundland became a province of Canada. But he redeemed that by going on to become what would correspond to the minister of justice in Canada and to become lieutenant governor of that province; he was lieutenant governor before he was appointed to the bench.

These are all the actual appointments in relation to which this aspersion was cast yesterday by the hon. member for Macleod. As I have known him for many years as a very fair gentleman, I would hope that when he has this explanation he will see fit to withdraw the charge he made.

Mr. Hansell: May I read exactly what I said? At page 4694 of *Hansard*, second column, I am recorded in these words:

> I am not going to criticize our judicial system, but I believe we have a right to criticize judges and the method of their appointment. I am afraid that we have come to the point where the main qualification for judges seems to be that they must have been defeated Liberal candidates.

Then there was some discussion between the hon. member for Simcoe North and me, following which I said:

> I am saying that at the present time our system of appointing judges is in danger of becoming a system of political appointments.

I believe it will be seen, when what I have read is analysed, that I have no reason to withdraw what I said. I am courageous enough to withdraw anything that I think is not according to the truth; I have never lacked the courage to be humble. But I do not think the thoughts expressed there are untruthful.

The minister has replied and I am prepared to accept his reply. However he has said by inference, if not directly, that what I said was that appointments had been made of those who were incompetent to carry on the job. I did not say that. As a matter of fact I said later in my speech that I agreed with the general integrity of our judges.

In his calculations the Minister of Justice has taken me literally, of course. I do not know that I am to be taken too literally in my speeches, because I have a certain style of oratory, if one may call it that, that is all my own. But he did make a good deal of the expression "defeated Liberal candidates". I do not know that I would be such a stickler for that; but I would ask him if he would mind telling us, from the calculations he has made, how many of the remaining number who were not defeated candidates were, at some time or other, successful candidates. For we know for a fact that more than two of them were taken right from this house in recent years, and given appointments.

Mr. Knowles: And the other place too.

Mr. Hansell: Yes, not only from here, but from the other place too. Our treatment of appointing judges, therefore, is in danger of becoming a system of political appointments. There is no use arguing against that.

I am not a jurist; I am only a common, ordinary chap, but I do believe there should be some revision or some reform in connection with this method of appointments. Perhaps the bar association should have the right of nomination, even though in the final analysis it would not make the appointments. I can conceive of other ways of doing it. Perhaps even the judges themselves should be permitted to make certain nominations. The argument might be made in that respect that if this were done it would result in a sort of family compact. But the nominations do not necessarily have to be accepted. I am convinced, however, that some reform in the system of appointments should be made.

Can the minister answer the question I have asked? Perhaps he has not the answer ready and, if not, I shall not press it. I have made my statement, and I see that in the figures he gave he has taken me literally and given his reply in respect of defeated candidates. But there have been many appointments made from those who were already in office.

Mr. Garson: I believe I can dispose of that quickly. I cannot give my hon. friend the exact number, but I shall be able to do so in a short time. However, I believe it would be smaller than the number of defeated candidates.

Mr. Hees: Mr. Chairman, in this bill the government is proposing to increase the salaries and the pensions of judges to the extent of twenty per cent to compensate for increases in the cost of living since 1946. As I understand it, that is the whole idea. With that I wholeheartedly agree. I do not believe any member of the house holds the view sincerely that judges, like other people, do not have to maintain a certain standard of living. We realize that they have to buy the necessities of life, and that the cost of living has increased tremendously since 1946. But it was only last week in this House of Commons that requests were made by members of the opposition to increase the pensions of war veterans so as to compensate them for the increase in the cost of living. It must be borne in mind that we are here dealing also with pensions for judges. The request for increased pensions for war veterans was turned down flatly by the government.

How can the government now in fairness reconcile these two actions? In one instance the government asks for an increase for one group of citizens—an increase which I believe is quite justified—while in the other it has completely refused to recognize the need for an increase in pensions for another group of Canadian citizens.

The Chairman: Order. I would point out that the hon. member cannot refer to a previous debate.

Mr. Hees: Well, now that I have referred to it, would it be possible for the minister, in all justice to the veterans, to give an answer? I should like to know what his answer is.

Mr. McIlraith: The hon. member is completely out of order.

Mr. Garson: Does the hon. member want me to break the rules, too?

Mr. Hees: I should like to have the minister's opinion.

Section agreed to.

Section 2 agreed to.

On section 3—*Salaries of judges of Court of King's Bench and of Superior Court of Quebec.*

Mr. Knowles: One o'clock.

Section stands.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Knowles: There are one or two comments I should like to make with respect to this clause. The first is that I feel there is something to be said for the argument that some members have put forward to the effect that a percentage increase across the board with respect to salaries hardly seems a fair way to deal with a matter of this kind. The result is that those whose salaries were already considerably higher get an even larger increase than those who were in the lower brackets. When it was decided to make the increase twenty per cent, which would bring the salaries of the county court judges up to $8,000, would it not have been possible to make the increase in the upper brackets a smaller percentage, or indeed none at all? After all, the Minister of Justice nodded his head affirmatively to the hon. member for Hastings-Peterborough this morning when I heard that member say that the purpose of the increase was to assist judges because of the increased cost of living. That may affect those in the lower brackets all right; certainly it affects them much more than it does those in the upper brackets. Frankly I do not see any excuse on that basis for salaries of $14,400 and $16,000 a year.

The other point to which I wish to draw attention is that in effect it is by amending section 7 and sections 9 to 18 of the Judges Act that we increase the pensions for judges who retire as from the date this amending bill comes into effect. The minister has pointed out we are not amending the pension provisions as such, but when we amend the sections related to salaries it follows as a consequence under section 22 that this bill will provide increases in pensions of the order of twenty per cent. When we get to the clause dealing with section 22 I shall have more to say about that aspect of the matter.

Mr. Pouliot: Before the clause is carried, I should like to say that I am in favour of this legislation because I want to see everybody happy, and a judge who is unhappy does not give good judgments. It is in the interests of the litigants as well as of the bench that the judges should live a comfortable life and enjoy independent means.

I will take this opportunity to make another remark that has been in my mind for a long time. Judges expect to enjoy the respect of everybody, which is natural. They will do so in so far as they stop using unpalatable language with regard to judges of other jurisdiction. I have never heard anybody complain so bitterly about judges as judges themselves. I hope they will be tolerant and will not take the attitude of being depositories of the revealed truth. There is too much of that, and it is impossible to argue with them.

Very often some of them do not take the trouble to study a case upon its merits. They follow the jurisprudence and render judgments just the same as a butcher makes sausages. Of course there are exceptions, and worthy exceptions, but the publication of compendiums of jurisprudence has a particularly bad effect upon the quality of the judgments rendered by some judges. Very often *les jugés*, or summaries of judgments or dissenting opinions, are not supposed to render absolutely the various shades of thought that the judges have taken so much trouble to try to make understood by those who listen to them or read their judgments. I do not say that to show any disrespect for the bench itself. I understand that the position of judges is very difficult because they act with litigants as the United Nations does with belligerents. They try to appease them as much as they can.

Let me tell you how I used to practice in my own law office years ago. I had a large office with my desk in the middle and there were two rows of chairs on each side. Very often both parties came to my office for a settlement. At first they would abuse each other in the most vociferous language. I did not listen to them. It was too noisy, and I thought of something else. When there was a lull I used to tell them: Gentlemen, now that you have reached an agreement, what will you do? They would say: We have not reached any agreement; we are not going to reach any agreement with that fellow across your desk. Then I would say: "Keep quiet, please", and they would start again. This time it was not so long, and after a few minutes they were ready to come to an amicable settlement. Some judges practice that way, and it is the best way instead of following the practice of Philadelphia lawyers.

I am glad this legislation has been brought before the House of Commons, for the reasons I have given.

Mr. Diefenbaker: I am sure all members of the bar and Canadians generally desire to have on the bench the best possible men who can be recruited for it; and that desire contributed to the action now being taken by the Minister of Justice in this bill providing for a substantial increase in the salaries of judges of the superior and district and county courts. If the administration of justice is to achieve its finest purpose, the best and ablest leaders of the bar must be able to hope the day may come when their integrity, ability and capacity will be recognized by appointment to the bench. Particularly must there be a

strong and independent bench in view of the invasions by bureaucracy of semi-judicial functions which are occurring so often these days, not only in the national field but also in some of the provincial fields.

I was not privileged to be here just before the lunch hour when the Minister of Justice gave his reply to those who had stated, as there are too many in the country who feel, that in recent years the major qualifications of integrity, capacity and ability have not always been regarded as of as much importance as the apparent political fitness of the appointee. That above everything else should be guarded against. I speak as one who has no ambition in this regard, but as one who believes the integrity of the bench and its high regard in the public mind must be maintained. In Britain the Lord Chancellor makes the recommendations. He does not seem to be restricted to the same extent that the Minister of Justice has been—and I am not speaking of the present incumbent any more than of some of his predecessors—by the coincidental fact that supporters of the government so often seem to be the only ones possessed of the necessary ability and integrity to merit appointment to the bench.

Mr. Pouliot: Who appoints the Lord Chancellor?

Mr. Diefenbaker: He is appointed by the government of the day and is the judicial officer who connects the cabinet with the judicial authority, by reason of the prerogatives he possesses. One of the outstanding reasons for the eminence that has been achieved by the British judiciary, irrespective of who might be the lord high chancellor, is that members of opposition political parties are not denied, because of the exigencies of politics, the opportunity to be appointed to the bench. In the United States the chairman of the judiciary committee of the Senate, being a member of the majority party, may not always belong to the same party as the president; and a proportion of the appointments are not restricted to the party in power. The Minister of Justice laughs. This question of maintaining the integrity of the bench is more than a laughing matter.

Mr. Garson: This is a favorite device of my hon. friend.

Mr. Diefenbaker: It is a favorite device of the minister when matters are being discussed seriously to adopt the jocular, irresponsible attitude he has just shown.

Mr. Garson: Lest there be any mistake about it on this occasion, may I tell my hon. friend that, funny though his remarks may have been, I was not laughing at them.

Mr. Diefenbaker: So far as our people are concerned there is nothing funny in their desire that the judiciary shall be maintained free of any suggestion of dependence upon political fitness as a qualification for appointment. It may be that only ten appointments to the bench, or whatever the number was, as stated by the minister this morning, were candidates in elections. That does not answer the question at all. I want to find out from the minister the basis upon which the appointments are made. Is there any submission to the officers or benchers of the law societies of the various provinces? Is there any submission to the Canadian Bar Association?—because, after all, the membership of that association knows no bounds of political considerations. I feel that if we are to elevate the bench to a position where never again shall there be suggestions such as have been made in this house—

Mr. Creștohl: I rise to a point of order. I do not think we are now debating the method of appointing judges. We are now discussing section 3, which deals with their salaries.

The Chairman: The point of order is well taken. We are discussing section 3, which has to do with salaries.

Mr. Lesage: How many Liberals were appointed by the Bennett government?

Mr. Diefenbaker: I always bow to your rulings, Mr. Chairman, but I submit that one of the reasons given for increasing the salaries is that it is necessary in order to obtain the best men for the position. My remarks were directed to that purpose. If Your Honour says they are out of order I shall immediately desist, but I was endeavouring to ascertain the basis of appointment. After all, other things being equal, there should be no objection to the law societies of the various provinces submitting the names of a group of men who are fit for appointment, whatever their politics. Then the Minister of Justice and those associated with him could give consideration to the appointment of a man from that list of men who the law society believes are qualified. This would in no way interfere with the prerogative rights of the Minister of Justice. He would have reinforcement in the appointments made by the support of the law societies in the various provinces.

Mr. Pouliot: May I ask the hon. member a question?

Mr. Diefenbaker: Yes.

Mr. Pouliot: Suppose the law society of Ontario recommends all its members to the minister, what shall he do?

Mr. Diefenbaker: I have too high a regard for the law society of Ontario, or any other law society, to think of their doing that. The law society comprises the best men who are the leaders in the bar in their respective provinces. Law societies know no limitation of politics or other considerations. There are in this house men who have been benchers. I see the hon. member for Yorkton, who has been the president of the law society of Saskatchewan and a distinguished member of the bar in that province. No one would suggest that such a man would restrict his recommendations to members of his own party.

I suggest this would go a long way towards elevating our judiciary to an unchallengeable position of independence and above any reproach. The members of the bar want to keep the judiciary above reproach. I am making a serious suggestion, and it is one which is supported by lawyers with whom I have talked in every province. Something along these lines would go a long way towards contributing something additional to the public esteem in which our judiciary is held.

I remember the Minister of Justice speaking in fulsome terms two years ago of the Supreme Court of Canada, when the supreme court was made the final court. At the inception of my remarks this afternoon I mentioned that we need a court that is strong and independent, particularly in view of the development of administrative law, boards and commissions. We had a case in Manitoba that came before the court of appeal of that province by way of appeal from a trial judge. I refer to the case of Nolan *v.* Hallet and Carey. Two years ago the minister said that we should make the Supreme Court of Canada the final arbiter, so that there would be no more appeals to the privy council.

Mr. Pouliot: I rise to a point of order, Mr. Chairman. There is no question of the supreme court in this bill. The hon. member should not refer to the supreme court. He only has the right to mention the courts of inferior jurisdiction.

The Chairman: I must ask the hon. member to have regard for the section of the bill, and make his remarks relevant to it.

Mr. Diefenbaker: I was giving that as an example of the kind of thing that should not take place. But apparently, Mr. Chairman, my examples are not well taken, because the first chance the minister got he appealed that case to the privy council. All of us want to see, as the member for Temiscouata said—

[Mr. Pouliot.]

Mr. Pouliot: Do not pronounce my name in vain.

Mr. Diefenbaker: I was deeply moved by the eloquence of the hon. member a few minutes ago, when he said we must have a judiciary that is comfortably independent. I did not pronounce his name in vain; I just quoted the hon. member.

Mr. Pouliot: Quote me and you will not be called to order.

Mr. Diefenbaker: If the hon. member had waited until I was able to pay him that tribute, I know he would not have raised the point of order.

This legislation will provide the opportunity for service to the most outstanding lawyers in the country. Let it operate in that direction, to the end that the most eminent men—when I say "the most eminent" I mean these characteristics, and I put them in this order, integrity, the capacity and the judicial wisdom—are elevated to the bench.

Mr. Pouliot: And the learning.

Mr. Diefenbaker: Judicial wisdom and learning are synonymous. Such men will be available to the public service in this branch of government which is so important at all times, but most important when one sees the degree of administrative interference in the legislative and executive functions of government.

Mr. Garson: Before the clause is carried, I should like to say a few words in reply to what my hon. friend has said. I am rather embarrassed that I should be put in the position of instructing so eminent a lawyer in the ABC's of the law on this point. I would refer him to section 96 of the British North America Act which says:

> The governor general shall appoint the judges of the superior, district, and county courts in each province, except those of the courts of probate in Nova Scotia and New Brunswick.

Now, that disposes of the question as to whether the law societies should make those appointments.

Mr. Diefenbaker: I rise to a point of order.

Mr. Garson: I know my hon. friend will say we should just receive recommendations.

Mr. Diefenbaker: That is what I said.

Mr. Garson: But I suggest that, in the face of this clear requirement of the law, and in the face of the principle that in a democratic country when the people go to the polls to elect their representatives in parliament they would prefer to have their business carried

on by those elected representatives rather than on a recommending basis by some other non-elected body the course which we follow is the correct one.

Be that as it may, I think that, so far at least as Liberal governments of this country are concerned, not so great a complaint can be made with regard to the manner of judicial appointments as my hon. friend seems to think. It may be that he is imputing to us the standards of his party when it was in power. Let me remind him that within the last few years this government has appointed Conservatives, whose names I shall not drag into this debate—

Mr. Lesage: Two in Quebec, at least.

Mr. Garson: I had not taken those into account. I shall have to add those to the list. There were two in Quebec, another in Nova Scotia, that is three; two in Ontario; the distinguished chief justice of one of the courts of one of the provinces, and I shall not even identify the province; another recent appointment made in my own time to the county court of my own province; two appointments to the Supreme Court of Canada; two appointments to the appeal court of Manitoba, one to the appeal court of Ontario.

Mr. Diefenbaker: The appeal court appointments were elevations.

Mr. Garson: They were promotions; that is right. But they were appointments nevertheless. And there was the continuance of two Conservative members in the supreme court of Newfoundland. If that same standard were maintained by all Canadian governments all through the picture, my hon. friend would not be able to get up and make the complaint that he has just finished making this afternoon.

Mr. Diefenbaker: Mr. Chairman, there are 288 superior court judges in Canada. My hon. friend has fairly well proven my case when in detailing the appointments made he had to include four or five appointments that were promotions.

Mr. Lesage: Oh, no.

An hon. Member: Tell us about Mr. Bennett.

Mr. Pouliot: In the first place, Mr. Chairman, I am greatly surprised at my hon. friend who is complaining that the Minister of Justice was smiling when he was speaking. I could ask him whether he prefers a smiling judge or a frowning judge.

As to the matter of appointments, that is something which is none of my business; it is that of the government. But I am quite surprised that the Minister of Justice has enumerated such a large number of Tories who have been appointed to the bench. It is not a matter of political patronage. I believe in liberalism and I believe in a liberal jurisprudence in this land. In the United States there were two Jews who were on the bench of the supreme court; their names were Brandeis and Frankfurter. They were known for their ideas of tolerance, and their judgments are quoted throughout the land as examples of good jurisprudence. There were other judges, such as Chief Justice Hughes and Chief Justice Taft who were appointed by the party in power and who, as soon as they were appointed to the bench, forgot politics. What do we expect of judges? We expect that they cease to be partisan on the day they are sworn in as judges.

I do not wish to pursue the matter further, Mr. Chairman, but as a lawyer and as a citizen of this country I hope that no judges will be appointed to the bench for the purpose of appeasing the opposition. That would be a tremendous mistake. One of the judges who were appointed by the former government sits on the bench now because a cabinet minister was afraid to have him as his opponent in his own county. That is not a reason for the appointment of a Conservative to the bench. I could name that judge, but I will not do so; I will be discreet.

An hon. Member: Why not name him?

Mr. Pouliot: Everybody knows him. There should be no bargaining with regard to appointments to the bench. My hon. friend mentioned the leaders of the legal profession. Who are considered to be the leaders of the legal profession? It is not the lawyers who study the law, who meet their clients in the office or who go to the courts. It is the big corporation lawyers who make good and bad weather in the councils of the bar. My hon. friend knows that, and he knows it especially with regard to the Canadian Bar Association. That is why I have never joined that association.

An hon. Member: How do you know?

Mr. Pouliot: I know. My hon. friend knows also. There is no use his denying it, because he would be the laughing stock of the legal profession if he were to do so. My hon. friend knows that those who are considered to be the leaders of the bar in Montreal, in Toronto, in Winnipeg and in other places are directors of big companies who pay little attention to their profession, the legal work being done by juniors in their offices, and who sit on company boards.

The Chairman: Order. I think we are getting far away from the clause under consideration.

Mr. Pouliot: I agree with you, Mr. Chairman; but I was just following in the footsteps of my hon. friend.

An hon. Member: You are out of order now.

Mr. Pouliot: Now that you have spoken, Mr. Chairman, I will stop doing so. I have expressed my feeling about the matter. I hope that, in the future, the Minister of Justice will not boast about the appointment of Tories to the bench.

Mr. Sinnott: Mr. Chairman, I have tried half a dozen times to get my ten cents' worth in here.

An hon. Member: Inflation.

Mr. Knowles: There is inflation everywhere.

Mr. Sinnott: I have been amused at the debate that has been going on between those who are competing for positions of judges. The hon. member for Temiscouata said that he wants to see everybody happy. I think that all of us want to see everybody happy.

Mr. Murphy: Then sit down.

The Chairman: Order.

Mr. Sinnott: Possibly that remark came from a Tory who thinks maybe he may get an appointment to the bench, and that if I sit down he may have an opportunity. Be that as it may, the hon. member for Temiscouata said that he would like to see everybody happy. So would we all. But having regard to what is in this bill, I think we should not rush it through too fast. While the hon. member for Temiscouata would like to see everybody happy, I believe that thousands of people across this land are going to be disappointed.

Mr. Murphy: Last Monday, for instance!

Mr. Sinnott: I have a little clipping here which might do a little good. This clipping is headed "Garson Moves to Hike Salary For Judges". I should not wonder that that was a big reason why those four by-elections were lost.

Mr. Murphy: Your reasoning is always good.

Mr. Sinnott: I propose to say that I am as close to the average individual in this country as is anybody on the other side of the house.

The hon. member for Lake Centre said that the members of the bar would all be happy about this bill. I have no bone to pick with him in that connection, because there are a certain number of lawyers who would be appointed to the bar from time to time, and the more they blow up this legislation, the better their chances are going to be. There are, however, many farmers, miners, bricklayers, carpenters and other people across this country who are not going to be too happy, because they will not have security in this bill.

I quite agree with the members of the legal profession who have said that we must have good judges. There is no doubt about that. We must have good judges and we must have the best men. But, Mr. Chairman, money will not buy good men. You must have men with character, men who seek to serve their country and who will not let the almighty dollar be their master. That is what I see in this bill; the almighty dollar is their master.

Mr. Rinfret: That is not true, and you know it.

Mr. Sinnott: It is true. When the Postmaster General tells me that a judge cannot live on $12,000 a year, then I say there is room for some examination some place.

I look at this matter from another point of view, Mr. Chairman. I look at it from the point of view that this is one of the few democratic countries left. Today we are fighting communism. We do not want to see—

The Chairman: Order.

Mr. McCann: This clause has to do with salaries.

Mr. Sinnott: We do not want to see—

The Chairman: Order.

Mr. Sinnott: Why?

The Chairman: Order. The clause refers to salaries.

Mr. Sinnott: Yes.

Mr. Fournier (Maisonneuve-Rosemont): Not to Stalin.

Mr. Sinnott: I am talking about Stalin. We do not want to see class distinction, class legislation, because when you give some people a much higher salary than others and guarantee it until the age of seventy—that is very good picking, particularly when the public has to pay for it. I do not care how much salary a man gets in private life; that is his own business; but when a man is being paid out of the public treasury, then we as citizens of this country and as members of parliament should have something to say about it.

I said that class legislation is something that we have to get away from. Class legislation is something that creates communism. I maintain that I am just as close to the average individual as anybody in this land.

The only way in which we can fight communism is to be as democratic as we can, so that those in the lower income brackets will have no objection to the legislation passed.

Section agreed to.

On section 4—*Substitution of "The governor in council may".*

Mr. Knowles: Clause 4 and also one or two other clauses have the effect of deleting the words "His Majesty may, by letters patent under the great seal of Canada" do such and such, and putting in their place "The governor in council may" do those things. In the explanatory note on the opposite side of the page we are told that the formality of letters patent is unnecessary and costly, and that is the reason for simplifying the procedure. Incidentally the explanatory note also says: "Pensions and annuities under the Civil Service Superannuation Act and Defence Services Pension Act are granted by order in council." I agree with the desire to simplify the procedure, but I doubt whether a comparison should have been made with these other two pension acts, because in the case of the other two there are certain very precise differences; for example, contributions in these cases are required from the person who is to draw the pension, but such is not the case under the Judges Act.

Will the minister explain why it is that the phrase "His Majesty may, by letters patent under the great seal of Canada" is not being changed in the case of some of the sections? I note that pensions under some of these sections are still to be granted by His Majesty through the form of letters patent.

Mr. Garson: To which section does my hon. friend refer?

Mr. Knowles: Well, section 23 of the act has not been changed by anything in the amending bill now before us.

Mr. Garson: If my hon. friend will read section 4 of the bill he will see that subsection 1 reads:

> Subsection 1 of section twenty-two, section twenty-three . . .

Mr. Knowles: I am sorry; the minister has got me there. I missed that reference to section 23.

Mr. Croll: That is surprising.

Mr. Knowles: In other words, the aim is to make the change all the way through. No more letters patent will be required for the granting of pensions to judges.

May I point out that the effect of section 22 when amended, as the result of the changes in salaries that have already been approved by this bill, will be to make certain increases in the pensions of those judges when they are retired, the amounts of which I think should be a matter of record. The main salary amounts provided for in the legislation before us at the present time are $8,000, $14,400 and $16,000. In the case of the first group, namely, county court judges, those who retire on the present salary of $6,666 retire on a pension of $4,444. That pension is being raised by this legislation to $5,333, or an increase of $889 a year. That does not apply to any county court judge now in retirement, but that increase is being provided for any county court judge who retires after this bill goes through.

In the case of judges of the superior and supreme courts of the provinces, the retirement allowance at the present time is $8,000 a year. By virtue of this bill this allowance will be increased to $9,600 a year, or an increase of $1,600 a year. Similarly, the position of the chief justices of the various provinces has been improved from a pension of $8,888 a year at the present time to a pension of $10,666 a year, or an increase of $1,778 a year.

Frankly, Mr. Chairman, although I can see an argument for increasing some of the salaries, for example the salaries of the county court judges and those in the lower brackets, I do not see the justification for increasing pensions that are already $4,444 a year, $8,000 a year or $8,888 a year. It seems to me that these pensions were more than ample for comfortable retirement befitting the dignity and the service that these men have rendered to their country. Indeed I feel that the minister should have worded the amendment to section 22 in such a way as to prevent these substantial increases in pension allowances that are already quite substantial. I point out that they are completely non-contributory. I point out that there is no means test attached to them in any way. I would also point out that the pension is based upon the salary annexed to the position at the time that the judge retires. Under most retirement plans the pension is based on the average of the last certain number of years of service. In this case the judge who waits until this bill becomes law, whereupon there will be annexed to his position an increased salary, apparently could retire almost the next day, certainly very shortly thereafter, and then get a pension related not to the salary that he had been drawing during his years on the bench, but related to the salary that was his at the time when he retired. It does seem to me that in the light of the way we deal with some other pension matters, the government is being altogether too generous with respect to these pensions.

I did not take much part in the debate on these salaries; I did express my view, particularly, to the effect that any increase should be on a dollar basis rather than on a percentage basis, so as to assist those in the lower brackets. But no matter what is done with regard to the salaries of judges, I do object to these substantial increases in the amount of their pensions. Please note that the lowest increase that we are providing is in itself approximately the same as the total amount of the old age pension for a married couple which we provided by legislation that we passed last week.

In connection with this matter of pensions and the retirement of judges, may I point out that section 22, which we are now amending, does seem to me to make it possible—and I should like the minister to explain if I am wrong—for a judge to retire after fifteen years and to go on pension. That seems a very short period in which to gain such a large pension.

With respect to another phase of the matter I understand that under section 99 of the British North America Act we do not now have authority to provide for the compulsory retirement of judges of the provincial superior and supreme courts.

Section 99 says:

> The judges of the superior courts shall hold office during good behaviour, but shall be removable by the governor general on address of the Senate and House of Commons.

The government has found a way to get around that in the case of judges it felt should be retired. That is covered in section 29 of the Judges Act, where provision is made, not that a judge be dismissed, but that his salary cease—which is a pretty good way of suggesting to a judge that he retire, particularly when he is told that his salary will stop, but that if he does retire he will go on pension. So in this way an indirect way was found of getting around section 99 of the British North America Act.

I should like to have a comment from the minister as to whether or not my statement is correct, that a judge can retire after fifteen years service, regardless of his age, and thereupon draw the pension set out, namely two-thirds of his salary.

The other matter upon which I would ask the minister to comment is as to whether any further consideration has been given by the government to finding a way to arrange for retirement of superior court judges at a reasonable age. As the minister knows, this matter was the subject of a bill which went through the house, I believe it was in the days of the Bennett regime, but which failed to pass in the other place. That bill was patterned after section 29 of the Judges Act. It provided that judges of the superior courts at a certain age should have their salaries reduced to what would be the amount they would receive on pension.

Another point I would stress is that we now have the right to amend the British North America Act here in this parliament, with respect to any matter that is purely federal. This is a matter that is purely federal. Does it not seem desirable to find some way in which to deal with this problem?

Mr. Garson: I shall reply to the hon. member's questions in the order in which he asked them. He asked if it was not right to ask that a supreme court judge may retire after fifteen years. In the way in which he stated it, it is not right, because while section 22 to which he referred states that—

> His Majesty may, by letters patent under the great seal of Canada, grant to a judge of a superior court who has continued in office as such for at least fifteen years—

—an annuity, it must be read in conjunction with section 28 of the act, which states:

> No annuity shall be granted under subsection 1 of section 22 or under section 24 of this act unless the governor in council is of opinion that it is in the public interest that such judge should resign his office.

I might add that since section 28 was inserted in the act not a single case, my officials tell me, has arisen under which a judge has been retired by invoking this fifteen-year provision, except in cases where health made it necessary or where health was a euphemism for habits of insobriety, or something like that, which was the real reason for his retirement. In other words it does not appear that the instance the hon. member has mentioned is covered by it.

Then, with regard to the other point he raised: he is right in saying that the section of the British North America Act he quoted does make a constitutional bar to the retirement of supreme court judges at the age of seventy-five. My understanding is that these devices such as reducing the salary to one dollar—

Mr. Knowles: Reducing it to the amount of the pension.

Mr. Garson: —or reducing it at all, are regarded as unconstitutional attempts to accomplish by indirect methods that which is prohibited by the explicit provisions of the British North America Act.

Mr. Knowles: Then how does the minister account for section 29 of the Judges Act? Does it not contravene section 99 of the British North America Act in the same way,

namely by doing something indirectly which the minister argues could not be done directly?

Mr. Garson: We have not acted under section 29 in any case yet.

Mr. Knowles: I thought there was one.

Mr. Garson: No.

Mr. Knowles: But that does not answer the question. May I say this further word: the fact of the matter is that we do have a retirement age for judges of the Supreme Court of Canada and I believe for the Exchequer Court of Canada. There are retirement ages also for judges of the county court and for magistrates who come under provincial jurisdiction. There is, in between, this group of judges of the supreme courts of the provinces, and of the superior courts, where that term is used, who are not subject to any compulsory retirement. It does not seem sensible to let it rest in that way. Surely it would be a simple matter now for the government to introduce an amendment to the British North America Act to make that provision.

Mr. Garson: It is not quite as simple as the hon. member has suggested, because there is a clear provision in section 99 that the judges of the superior court shall hold office during good behaviour. As my hon. friend has suggested, it would require a constitutional amendment to dispose of the matter. Having regard to the fact that the administration of justice is, according to the British North America Act, assigned exclusively to the provinces, I do not think that even by the most strained interpretation of the constitution we could say that this is a matter wholly within federal jurisdiction. Therefore the course of action which he proposes would necessitate concurrence of the provinces.

I might tell my hon. friend that at the dominion-provincial conferences we have been holding in the last couple of years we have raised with the provinces this matter as to whether we could not reach an agreement under which it would be possible to retire superior court judges at seventy-five, in the same manner as we retire county court judges and judges of the Supreme Court of Canada. But until that agreement with the provinces on this point is reached, and a constitutional amendment obtained pursuant to the agreement, I am afraid the procedure my hon. friend advocates would not be possible.

Section agreed to.

Judges Act

On section 5—*Annuity to judges of county court or circuit court of district of Montreal.*

Mr. White (Hastings-Peterborough): Mr. Chairman, as the minister has already indicated, a justice of the supreme court can retire after fifteen years, and a judge of the county court either after twenty-five years or when he reaches the age of seventy-five. Why is there this difference as to the age at which a supreme court judge may retire, or the fact that he may retire after fifteen years, while in the case of the county court judge it is twenty-five years? Does the minister not think, from experience, that the age limit of seventy-five years is too old, in many cases?

Mr. Knowles: Hear, hear.

Mr. White (Hastings-Peterborough): The minister himself knows there have been many cases where judges in county courts have felt they had to remain until they reached the age of seventy-five years, so that they would get their full retirement allowance. Would it not be better, in the administration of justice as a whole, if the retirement age for judges of the county courts were to be reduced to at least seventy years, and some further consideration given to the time of fifteen years for judges of the supreme court as against twenty-five for those in the county courts?

Mr. Garson: The answer to the first question asked by the hon. member would be much the same as I gave the hon. member for Winnipeg North Centre; that is, that this period of fifteen years, after which a superior court judge may be retired, can be invoked only in compliance with the provision of section 28 of the Judges Act, which requires that the governor in council should be of the opinion that it is in the public interest that the judge be retired.

Mr. White (Hastings-Peterborough): Just what does public interest mean?

Mr. Garson: Public interest might mean that if the judge in question had been guilty of some misconduct such as I cited a few moments ago, continued insobriety, that he himself could be convinced was improper, then this would be a proper case to get him off the bench and to do so in the public interest. However, as I informed the hon. member for Winnipeg North Centre a moment ago, there has not been a single case since section 28 was put in the act in which it has ever been invoked for other than health reasons. Therefore what appears—and I will concede this—upon the surface to be, as my hon. friend regards it, discrimination against county court judges compared with supreme court judges, in practice has not worked out that way.

Mr. White (Hastings-Peterborough): Does the minister not feel that seventy-five is too old? He must know of many cases while he was practising. I can recall a county court judge we had in our district who told me that he was subject to diabetes, and that it was impossible for him to remain seated on the bench for so many hours a day. Yet that man felt he would have to remain. We all have these things as we get along in years. I think the minister would agree that seventy-five is too old for retirement. In the case of the banks sixty is the age for retirement today.

Mr. Garson: The federal government is in an unavoidable position of some embarrassment in this matter. It has the function of appointing a judge to the bench. His conduct while exercising his judicial powers on the bench comes almost entirely under the jurisdiction of the provincial attorney general who has exclusive authority over the administration of justice. I suggest to my hon. friend that the average judge in good health is normally in full possession of his mental powers until he is 75. With reference to the case that the hon. member mentioned of the judge who was a diabetic, there is provision in the act for the retirement of any judge who is suffering from a physical infirmity. In a matter of that kind I think that it is the responsibility of the provincial attorney general, carrying out his responsibility for the administration of justice, to go to those judges who, through physical infirmity, are really unfit to discharge the duties of their office, and endeavour to get them to retire upon the not insubstantial retirement allowance which is put in the act for the purpose of securing only good judges upon the bench. These retiring allowances are made so that the incumbent will not be in any position of financial discomfort if he does retire, because his health disables him from properly performing his judicial duties.

Section agreed to.

Section 6 agreed to.

On section 7—*Annuity to widows of judges who died before August 15, 1944.*

Mr. Fleming: I should like to comment first of all on subsection 4. I am very glad to see this subsection in the bill. Having advocated such an amendment to the act since I came into the house in 1945, and having pressed the minister and his predecessors on the subject both in the house and in correspondence, I wish to express my gratification that this amendment is now being made. I consider that a great injustice was done in 1944 that, when the right of election was extended to the judges to divide their annuities with their widows if their wives survived them, the same privilege was not extended to judges who happened to have retired prior to August 15, 1944. That shortcoming is now being corrected by this subsection, and I for one wish to express my gratification on finding it in the bill.

There is one other matter on which I should like to make brief comment with reference to the option now given to judges either to retain their annuity for themselves exclusively or to make the other choice of dividing it with their widows should their wives survive them. The exercise of the option under present circumstances is irrevocable. But in a case where a judge has made his election in favour of dividing his annuity with his widow, if he happens to survive his wife he receives only two-thirds of the annuity. By reason of the fact that he guessed wrong as to whether his wife might or might not survive him, he is deprived thereby of one-third of the pension he would otherwise receive. I do not think that is fair. If a judge is married at the time he exercises his option, exercises it in favour of his wife, and then his wife predeceases him, it seems to me only fair that he should be entitled to the full pension, and that he should not be penalized to the extent of one-third of his annuity because his wife has predeceased him.

It strikes me that the crown is obliging the judge under those circumstances to wager on his wife surviving him. It is not fair, and in the treatment of our judges I do not think we need to resort to a basis like that. I urge on the minister that, where a married judge has exercised his option in favour of his wife, and then his wife predeceases him, he should be entitled to his full annuity without deduction because of the fact that he guessed wrong as to whether or not his wife would survive him.

Mr. Garson: I am afraid I cannot agree with my hon. friend. The judge has not guessed wrong at all. He is getting full actuarial value for the election which he made. The situation is this. The judge has a certain pension. In the interests of protecting his wife he has been given the privilege of dividing it into three parts and making one of those parts payable to his wife for her life.

Mr. Fleming: If she survives him.

Mr. Garson: If she survives him, and the wives survive the husbands in more cases than vice versa. The intention of the government was to enable the judge to dispose of his pension in a way in which the judge and

his wife would be protected during the lifetime of both of them, and the survivor would be protected for his or her lifetime. We wanted to do that at no cost, if possible, to the taxpayer because the taxpayer is entitled to some consideration in this matter. The hon. member for Hastings-Peterborough says that these very deserving county court judges should have a much larger increase than they are getting. Perhaps there may be something to his argument, but some consideration also has to be paid to the people who are paying the bill.

When the judge elects to divide his pension in that way he is in effect buying an annuity for his wife equal to one-third of his own pension and payable for her life, whether she survives him or not. He is getting actuarial value for that. He cannot have his cake and eat it too. He cannot get that protection, which any insurance man will tell my hon. friend can only be attained by paying a premium of so much money value, and at the same time say that after the risk has not turned out in the way he anticipated when he paid his premium he would like to get his money back. On that basis, if I insure my house for three years and it does not burn down in that period I could go back to the insurance company and say that since it certainly had not lost anything in carrying the fire risk on my house it should give me back my premium. By a more intelligent arrangement of the judge's pension for the benefit of himself and his wife we planned to guard against widows of judges being left destitute and we planned to do this at the lowest possible cost to the taxpayer. The amount of money we pay the widows of judges under this arrangement is more than we save through the judge getting only two-thirds of his pension where his wife predeceases him. It is true that the difference is not a large sum of money, but it is something. So I do not think it is at all fair to say the judge gets no value for his money, and the proof of that is in the fact that the great majority of judges have very wisely, I think, seen fit to make this election.

Mr. Fleming: Of course most of them would make the election. I think married judges should be encouraged to do so, because the whole purpose of the 1944 amendment to the act was to make provision for the widows of judges. There had been many cases of hardship prior to that time.

The minister spoke of insurance. Certainly this annuity scheme was never set up on any insurance basis. It was set up on the basis of making provision for those not provided for hitherto.

But there are judges still on the bench who were married at the time they made their election but whose wives have died since, and the election is irrevocable. I wish to express the personal opinion that in a case of that kind it is not fair to take advantage of the irrevocability of the election that has been made. I do not think that is the way to treat those who are bearing heavy judicial responsibilities.

Mr. MacNaught: I want to pursue the point raised by the hon. member for Eglinton. His argument stopped at the point where the wife predeceased the judge. I would like to know what happens in the event that the judge remarries.

Mr. Garson: I am told that when the judge elects to divide his pension in the manner I have indicated, upon his death that pension becomes payable to his spouse at that time, though she may not be the same spouse he had at the time he made the election.

Mr. White (Hastings-Peterborough): Subsection 1 provides for an annuity to the widow of a judge who died before 1944. I will tell the minister the particulars of the case I have in mind, and he can tell me whether this will apply. The judge in question died some eighteen years ago, and his wife never received any allowance. She is now in circumstances which would qualify her to receive assistance under the regulations. Is there any time limit, or would that widow at this late date be entitled to receive two-ninths of the amount her husband was receiving at the time of his death?

Mr. Garson: From what point of time?

Mr. White (Hastings-Peterborough): From now on.

Mr. Garson: Surely, providing she can show that she is in necessitous circumstances and has not remarried. It is on the basis of need.

Mr. White (Hastings-Peterborough): There is no time limit in reference to how many years ago the judge died?

Mr. Garson: No.

Mr. Diefenbaker: How many cases come within the purview of section 26A? If the minister answered that previously I did not hear it.

Mr. Garson: No; the question was not asked. I said before we thought there would be a shade more than one hundred widows who, depending upon their circumstances, might come under this clause. We have no idea as to which of those can qualify. It will be

only those in necessitous circumstances, because this is a provision to take care of need.

Mr. Diefenbaker: Is any grant being made today to the widows of any judges who did not qualify under the 1944 amendment?

Mr. Garson: No. One of the reasons for the 1944 amendment was that, in spite of all we have heard in this debate about judges being very well to do, a number of widows of judges were left in very necessitous circumstances. This provision for dividing the pension in the way I have been describing was hit upon as a method by which the widows of judges could be taken care of at very little cost to the taxpayers. But those who became widows before their husbands made this election receive no part of their pensions after they die. The judge's pension expires with his death, unless he has previously elected to divide it with his wife.

Mr. Diefenbaker: In reply to the hon. member for Prince the minister said that in the case of a judge who made an election, whose wife died and who remarried, the annuity then would be payable to her. I am interested in that because the other day a judge got in touch with me and told me such was not the case. Perhaps I am not expressing exactly what he said. It may have been that he made the election that no part should go to his wife; that he then remarried after her death and now wishes to make an election in respect of the second wife. It was the latter case he brought to my attention, and of course in those circumstances the decision is irrevocable for the reasons given by the minister.

Mr. Garson: That is correct.

Section agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Garson moved that the bill be read the third time.

Some hon. Members: On division.

Motion agreed to on division and bill read the third time and passed.

[Mr. Garson.]

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS—CONCURRENCE IN SENATE AMENDMENTS

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 393, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Mr. Stanley Knowles (Winnipeg North Centre): Are these amendments of any consequence?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): The house will recall that in this bill, which we passed last week, there was a provision authorizing $97 million of capital expenditures which were in the budget that had been approved by the standing committee on railways owned by the government. The railway officials feel that while they want their equipment this year, because of the lag in the delivery of orders some of it may not be delivered until after the end of the fiscal year. The present amendments would give them authority to pay for that equipment after the end of the fiscal year.

Motion agreed to, amendments read the second time and concurred in.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

DEPARTMENT OF NATIONAL DEFENCE

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act 1950 as supplemented by item 246, $1,412,000,000.

Mr. Pearkes: When the committee rose to report progress last night, we were considering the detail dealing with the acquisition

and construction of buildings. I was questioning the amount in this item, namely, $3,350,000. I understood that $350,000 would be spent on civil defence and the balance, namely, $3 million was to be spent on acquiring land, preparing plans and starting on the construction of a new defence headquarters here in the city of Ottawa. I was wondering whether there was any real necessity for such construction to start this year, in view of the fact that the present headquarters now occupied by national defence was built towards the end of the last war. From all outward appearances, it seems to be in first-class condition.

We have been told that there is a considerable shortage of steel across the country, and there is not a plentiful supply of other building materials. There is a great demand for private homes as well as other government buildings. In fact, buildings are required in this department, such as barracks, homes for the soldiers, drillhalls, armouries, airfields and so forth. I wondered whether we were really justified in spending this large sum of money for this particular purpose. I was not entirely satisfied with the answer which was given by the minister, and I should like to know if he has anything to say in amplification of the brief remarks he made last night? When was the present building now occupied by the headquarters of the three services constructed, and what was the cost of it?

Mr. Claxton: I think it is agreed by all hon. members that some day the Department of National Defence should move away from Cartier square. That being so, the question arises as to whether it is not wise on our part to acquire the land on which to build the future national defence headquarters, and to begin work on the plans. That is all that is contemplated this year, and that has not yet been decided upon. I would point out that it is desirable that we should acquire the site, not only for the purpose of having the site but for the purpose of being able to plan now other arrangements related to it, such as transportation and communication facilities as well as other accommodations.

Then there is a question of the adequacy of the present accommodation compared to what we had during the war. On Cartier square we have at present three buildings now known as A, B and C. They provide a floor space of 536,000 square feet. At the peak of the war we were using in Ottawa an additional 1,903,646 square feet, or a total of 2,439,646 square feet. At the present time we have the buildings A, B and C on Cartier square providing 536,000 square feet, and in addition we have in the district of Ottawa approximately another 320,000 square feet. At the present time, therefore, we have approximately 850,000 square feet, or about one-third of what we had at the peak of the war.

Mr. Pearkes: Can the minister say what it cost to erect the buildings now occupied?

Mr. Claxton: Yes. Building A, which is the old naval service headquarters, cost $830,-350.38; building C, which is the old army annex, cost $1,007,125; and building B, which is the old R.C.A.F. building on Lisgar street, cost $527,052.34. This totals $2,364,527.72.

Mr. Pearkes: Are there any plans for these buildings A, B and C when you dispose of them?

Mr. Claxton: No; under the plans for the federal district for Ottawa, it is intended that they would be removed. My recollection is that one or two large public buildings would be located there.

Mr. Pearkes: To all intents and purposes we are going to say goodbye to this $2 million?

Mr. Claxton: Undoubtedly there would be some salvage through the crown assets disposal corporation. I cannot give an estimate of what we would get.

Mr. Pearkes: The minister would not get very much for that. When was this building completed? Was it in 1944?

Mr. Claxton: These buildings were completed at three different periods, but I think they were all completed by 1943.

Mr. Adamson: This item of $3 million is purely for the acquisition of land?

Mr. Claxton: And the preparation of plans.

Mr. Adamson: Could the minister say how much land is envisaged?

Mr. Claxton: We have not settled that, but it would be a very considerable area. It would, of course, depend on the location. If it were some distance from the centre of Ottawa it would be necessary to provide services and other accommodations.

Mr. Pearkes: Have any options been paid for any land yet?

Mr. Claxton: No.

Mr. Hees: The minister has said it is desirable to move the present headquarters from its location. Is that because of the necessity of fitting in with the national plan for Ottawa or what is the reason?

Mr. Claxton: The building itself is a temporary wartime building and will not last forever. It has to be replaced at some future date. It is a good wartime building and it is in good condition, provided it is well maintained; and the maintenance costs are quite high. I think there was a fairly clear understanding that when Cartier square was used for that purpose it would be released at some date; and the federal district plan provides for the location of defence headquarters somewhere else.

Mr. Hees: Have we the minister's assurance that no construction will be started on this new building until such a future time as materials which are needed for housing and other urgently needed buildings are again in free supply?

Mr. Claxton: I can give the assurance that the Minister of Defence Production will watch that situation carefully, and that I certainly do not believe that the building will be started this year except for the acquisition of land, the commencement of plans, and conceivably the planning and preliminary work, also some services that it might be convenient to do in conjunction with some other operations might begin this year; but no construction.

Mr. Hees: Then I take it that no construction will be started until building materials are again in free supply. Is that correct?

Mr. Claxton: That will have to be considered by the Minister of Defence Production having regard to all the considerations and the various priorities involved. But I cannot conceive of that building being started this year.

Mr. Pearkes: Had the estimates been prepared in a different way, Mr. Chairman, and if this subitem were an item by itself, one would be in a position to move a reduction in this estimate by the amount which is now proposed to be spent on these headquarters, if one felt that it was an unnecessary expenditure. I am not convinced yet as to the necessity for this building and for this expenditure of money. I recall the fact that earlier this year, when speaking on his estimates—and this is to be found at page 2805 of *Hansard*—the minister assured this committee that he was going to observe the utmost in the way of economy in the expenditure of this large sum of money which he has at his disposal. As reported at the same page he went on to say:

> . . . we will see to it that the best possible use is made of this money.

Owing to the way in which these estimates are presented, it would not be possible to move a reduction at this stage without affecting the whole item which embraces many other details. As we go on with the examination of these estimates, it may be that we shall find other items with the necessity for which we are not impressed. While I say this item may therefore be carried, I do so with the reservation that when we consider the total we may have the right to move a reduction of the amount shown here, one which appears at the moment to be an extravagant and unnecessary expenditure at the present time. I do not want to move now that there be a reduction of $3 million because we may find other items under the heading of construction and so forth, which would mean that a much larger sum would be involved. Therefore, Mr. Chairman, if you will accept the "carried" as it will be given now as meaning that we have ceased debating on this subitem, well and good; but I reserve the right to move a reduction, with particular reference to this construction, when we come to the end of the item.

Mr. Balcer: As the hon. member who has just spoken has stated, this item seems to be of doubtful necessity. On May 10, in reply to a request that I had made previously that a defence college for French-speaking Canadians be established in the province of Quebec, the Minister of National Defence said at the time that it was too expensive a project. I do not know exactly how much such a defence college would cost, but I think it is something that is of the utmost importance. I think the minister should attach to this matter just as much importance as he does to the building of a new headquarters.

While I am on my feet I should like to point out that when I drew attention to the extremely low percentage of senior officers using the French language in our armed forces—

The Chairman: Order. It seems to me those remarks are out of order on this item.

Mr. Balcer: As I said a little earlier, Mr. Chairman, we are discussing new buildings. I should like to stress the point that at the present time we need a defence college in Quebec. I think it would be of interest to the committee if we discussed it on this particular item where we are voting $3 million.

The Chairman: I am sorry, but I must point out that it was agreed by the committee that the general discussion of the first item must close and that we were examining only the subitems one by one. That was agreed unanimously by the committee.

Mr. Balcer: All right, Mr. Chairman.

Mr. Hees: With regard to this question of the need for this new building, although the defence headquarters is termed a temporary building, I have inspected it and have looked it over quite carefully from the outside, and to me it looks like a fairly first-class building, whether it is classed as temporary or not. It seems to me that it would be in good condition for another ten years anyway. The facilities we have at the present time handled forces amounting to nearly one million men and women during the last war. It therefore seems to me that it must have the physical capacity to handle our needs for the present and for the foreseeable future. Desirable though it might be to have a nice new building started and completed soon, again the money that pays for that building must come out of the taxpayers' pockets. If a building of this kind requires an outlay of $3 million just for land and plans, I would say that by the time it is completed it will cost many millions of dollars that again must come out of the taxpayers' pockets.

I see no justification at all for starting on a project of this kind at this time when taxes are high, when the cost of living is high and when people are being taxed heavily. I see no justification for starting on a project such as this which will continue on and be built—there is no doubt about that—once it is started. The location of the building is excellent at the present time, being close to other government buildings, where members of the staff have to be in touch with government members and so on. I can see no justification for this expenditure at all. I would request the minister to explain why a building that was completed at the end of the last war, that seems to be in first-class shape, that handled personnel of almost one million men and women in the armed forces in the last war, would not be adequate for a number of years, and why it is necessary to start on a new building at the present time.

Mr. Claxton: Apparently the hon. gentleman did not hear what I said in reply to the hon. member for Nanaimo. It is not intended at this time to build a new building. It is intended, if we decide to do so and find a suitable location, to acquire a site and prepare plans; that would surely be the only sensible and wise thing to do. It is not just for the purpose of acquiring land in order to prevent somebody else from getting it. It is in order that we may plan services, communications and the location of other accommodation with respect to that site. In addition, at the present time, we are occupying, in addition to the national defence building, 320,000 square feet. It is not a difficult thing to operate in that way, but it is much more efficient, when we can come to it and when there are materials available, to operate in one building.

As regards the adequacy of this building, or our present accommodation, as compared with the war, at the present time we are using 850,000 square feet. During the war we were using about 2,439,646 square feet, or approximately three times as much.

Mr. Fair: What progress is being made in connection with the housing project at Wainwright to accommodate the families of the officers and personnel at that camp?

Mr. Claxton: Housing comes up under the three services, navy, air force and army. It would be more convenient to deal with that subject then. It does not come under this item at all.

Subitem agreed to.

Repairs and upkeep of buildings and works, $15,000.

Mr. White (Middlesex East): As I understand it, we are dealing with repairs and upkeep of buildings. Earlier in the session I directed a question to the minister regarding the central ordnance depot No. 27 at London, Ontario. A couple of days later he replied saying that increased security precautions were being taken. All this came about in response to the disastrous fire here in Ottawa, where large quantities of military stores were lost.

In the very early hours of Tuesday morning I took the opportunity to go down to the central ordnance depot. It is in my riding. I went down there to see what conditions were like and I want to say to the minister that the guards were on duty. They were carrying out their work apparently very efficiently, and I could attach no fault whatever to the men and the personnel who were engaged in that work. What I want to say is this. I still do not believe that sufficient security precautions are being taken. We have an investment there of $60 million, spread over an area of some thirty-five or forty acres. They have a self-contained fire fighting equipment and force, but it is not on duty at night. In view of the increasing seriousness of the world situation, it would seem to me that greater precautions should and must be taken not only at London but in all the military installations of one kind and another.

It is pretty obvious that sabotage is abroad, and that with the increasing world tension it may increase. We could become very weak militarily if sabotage should crop up in every

city that has military equipment of one kind or another in stores. I am just mentioning the central ordnance as an example.

The security officer was training two new men when I arrived there. I could find no fault at all with them in any way, but I do not think we have taken the necessary precautions.

Mr. Claxton: I am very glad the hon. member brought this up. Naturally we are very conscious of it. The security guards on duty at night are there not only to guard against fire but to give first assistance in the putting out of a fire. This question of security is being pressed on by the services themselves with the assistance of the Royal Canadian Mounted Police and the Canadian fire underwriters who have been good enough to give us their assistance voluntarily in checking on anything of that character.

Subitem agreed to.

Imperial war graves commission—

Canada's share of maintenance of war graves of world war II, $424,227.

Mr. Pearkes: Has it been brought to the minister's attention that the graves of the Polish soldiers who fell in Europe in the last war and who were serving so gallantly with the first Canadian army are not being maintained and kept in the same condition as the graves of the Canadian soldiers, the point being I believe that Canada is responsible for a certain amount of money for the maintenance of the graves of Canadian soldiers. Now, suppose there were Norwegian soldiers who had been fighting with us or Norwegian airmen, as there were: the Kingdom of Norway would be responsible for the maintenance of those graves. But so far as the Polish soldiers are concerned, we have a situation where the present government of Poland does not regard the Poles who were fighting in a Polish division with the Canadian army as being patriots of Poland. I understand that today the government of Poland is providing no contribution toward the maintenance of the graves of any Polish soldiers. That may be the reason why these graves are neglected, as I understand they are, at the present time. Therefore, in view of the great contribution which the Polish division made to the cause for which Canada was fighting and the fact that that Polish division was part of the Canadian army, will the government give consideration either to increasing its contribution or seeing that these graves are properly marked and properly maintained?

Mr. Claxton: We will be very glad indeed to give that consideration. Of course the hon. member knows that we are partners in the imperial war graves commission, and even if we desired to do so we would have to consult them; but I will be glad to look into it.

Mr. Pearkes: Because they were fighting with us.

Mr. Ferguson: This is a very important item. Can the minister give the committee this assurance, that the grave of any man who fought at any time with the allies, irrespective of origin or place of birth, and made the supreme sacrifice, will be properly marked and looked after? Will the minister give me assurance that everything in his power will be done along that line?

Mr. Claxton: In so far as they are veterans who served with Canadian forces, that is being done. In so far as they are veterans who served alongside the Canadian forces, we will have to look into the case, and we shall be glad to do so.

Mr. Ferguson: If they fought for the same cause does the minister not think that the taxpayer would be glad to see that their graves are properly looked after?

Mr. Claxton: There are a great many different cases. For example, Italians fought side by side with us, and I could mention others. They would have to be investigated.

Mr. Ferguson: I do not care what the nationality is.

Mr. Brooks: How are the amounts apportioned among the different nations of the imperial war graves commission?

Mr. Claxton: It is related to the number of graves. Canada's graves number 43,391, or 7·8 per cent of the total, and our contribution to the fund is made on that basis. Those are ours in the great war of 1914-18.

Mr. Brooks: In other words we look after our own graves.

Mr. Claxton: Yes.

Mr. Adamson: I should like to ask a question which was brought to the attention of the house last year and I did not hear how the matter was finally resolved. The suggestion was that permanent headstones in the cemeteries in Europe did not bear the regimental insignia, the names of the regiments of the soldiers who lost their lives. I was in one of the cemeteries myself, where the permanent headstones gave the name, the number and rank, and then just the notation, "Canadian Corps of Infantry" or "Canadian Artillery". They did not have the regimental names or crests. This point was raised last year, but I have not heard how it was resolved.

I strongly urge the minister that if the regimental insignia and regimental names are not on permanent headstones, steps should be taken to see that they are put on.

Mr. Claxton: About two years ago, when this matter was first brought to my attention, I looked into it at once. The government decided that in respect of all Canadians killed in the second world war the headstones should bear the names of their regiments or corps and dates of death, in addition to ranks, regimental numbers and the names of the deceased. It was also decided that in the case of soldiers whose origin was known to be French the headstones would be in that language, and also that the signs at cemeteries and the direction signs leading to cemeteries would be in both languages, as well as the language of the country in which the cemetery was located.

Mr. Adamson: And that is being done now—all headstones are being altered?

Mr. Claxton: Yes. In the case of some which were erected before this was brought to my attention, we shall replace or change these when we have completed the rest.

Mr. Pearkes: Would the minister explain the policy being followed in so far as the graves of soldiers who fall in Korea are concerned. It may be that the imperial war graves commission has not yet set up an organization in the Far East. While it is practical for people to visit graves of relatives who have fallen in Europe, it is an entirely different matter, and probably will be for many years, for people to visit the graves of men who fell in Korea. Would the government give consideration to bringing those bodies back to Canada, because I see the greatest difficulty for visitors wishing to go to Korea.

Mr. Claxton: Consideration has been given to that matter, but no decision has been reached. Naturally we would want to co-operate with our sister nations in the commonwealth, as we have so far agreed on our policy with respect to the disposition of bodies of service personnel who have been killed. I appreciate the difficulty to which the hon. member refers, and consideration will be given to the final disposition.

Mr. Brooks: I do not wish to take up time of the committee, except to say that I entirely disagree with both the minister and the hon. member for Nanaimo.

Mr. Claxton: I have not made any decision.

Mr. Brooks: I think it is a great mistake, as the Americans have done, to bring great numbers of soldiers back home for burial in their own land. I am sure if the soldiers themselves could have been consulted they would have wanted to rest where they were. As for the parents being able to get to Europe and to other places, well, I do not suppose that there is one parent in five or six hundred who will see those graves, whether they are in Europe, Korea or wherever they may be. For my part I hope the minister will not give too serious consideration to the matter.

Subitem agreed to.

Royal Canadian Navy, civil salaries and wages, $15,571,900.

Mr. Harkness: Why is there this large increase? Is it accounted for by the increase in the number of people in the dockyards, or just what is the reason for this considerable increase?

Mr. Claxton: This increase is partly explained by the increased salaries and pay of civilian workers, and in part by increased activities of the navy. The numbers are to be increased from 6,331 to 7,121, an increase of 790. By far the greatest part of that is in the dockyards and is in respect of increased naval activities, including the refitting of ships, the rearming of ships and more work at sea.

Mr. Harkness: How many of those 7,121 are employed in dockyards?

Mr. Claxton: At Halifax there are 2,459 and at Esquimalt 1,987.

Subitem agreed to.

Civilian allowances, $87,931.

Mr. Harkness: What are these civilian allowances? Why is the item here at all?

Mr. Claxton: There is an increase of $45,931 and it is largely for transportation allowances, living and rental allowances at locations outside Canada, and northern allowances for men employed in the far north. The increase is partly due to the increased size of the service and partly to increased activities. In the current program totalling $87,931, transportation allowances are $75,000 and living and rental allowances are $12,931.

Subitem agreed to.

Pay and allowances, $30,879,387.

Mr. Pearkes: Would the minister say how recruiting is progressing so far as the navy is concerned toward the objective that was set?

Mr. Claxton: The present strength of the navy as at June 25, 1951—and of course it is an estimate in respect of the month of June—is officers, 1,593, and men, 10,115, a total of 11,708. Recruiting for the navy over

the past six months has been as follows: January, 288; February, 476; March, 591; April, 421; May, 249; and June, up to the 25th, 383: a total of 2,508. It is meeting the planned requirements.

Mr. Harkness: I have a question to ask on that point which I think will be of general interest. When are they going to start to recruit a women's division for the navy as has already been undertaken for the army and the air force?

Mr. Claxton: We shall be recruiting women for the naval reserve at a very early date. The date has not yet been fixed, but I would expect it would be some time during the summer. To organize and assist in that work we will be calling up a limited number of women's naval reserve officers for full time service. It is not the present intention to recruit women for the regular navy.

Mr. Gillis: Has any consideration been given to the establishment of an allowance for a dependent mother, or dependent mother and father? There is an allowance for the wife and children. There are many cases—and I have written about some of them myself—where the dependent is either the mother, or the mother and father. It applies to all services. Has the department given any consideration to that matter?

Mr. Claxton: In answer to the hon. member for Cape Breton South, consideration has been given to the matter. It has been raised by him and a great number of other members. However, as I explained before—and I will be glad to give the hon. member the reference to the explanation—in planning increased pay rates on a unified basis for all three services in 1946 an effort was made to approximate the scales of pay and allowances of officers and men of the armed services to those which men doing equivalent work, and of equivalent seniority, would get in the eight leading industries of Canada. At that time a very extensive study was made as a consequence of which the pay rates were established. It was decided at that time not to make any allowance in respect of mothers and other relatives other than the wife and children. So far it has been the view of the services, I may say, and of the government, that we should adhere to that policy. Whether or not we could do it if the armed forces continue to grow at the rate they are, and if our undertakings and activities extend further, remains to be seen, but the matter is being constantly considered.

Mr. Gillis: I should like to follow that up. While the situation creates considerable hardship where the enlisted person maintains a home, there is another angle which is much worse. There is something coming home while the boy is living; there is an assignment of pay. But if he dies on service then the dependents are in a rather awkward position to go to the Department of Veterans Affairs and claim a pension of any kind. It is a rather serious problem, and a large number of service personnel are affected when you consider the three services. I am glad the minister is considering it, and I hope he will come to a final conclusion soon.

Mr. Harkness: The minister gave the number of officers and men in the navy as at June 25. I should like to ask how many officers and men it is estimated that the amount of $30,879,387 will cover.

Mr. Claxton: At the present time 13,440.

Mr. Harkness: In other words, this $30 million odd will pay for—

Mr. Claxton: 13,440.

Mr. Harkness: And I take it that is the number you expect to recruit by the end of the year?

Mr. Claxton: Yes. At the current rate we will do better than that, and if so we will find the money for them from some other source or ask for a supplementary if necessary.

Mr. Fraser: The minister said that women's naval reserve officers might be called up later. Has he any intention of taking married women? There are a number who were in before and they would like to get back into active service again.

Mr. Claxton: Certainly we will give preference to single women, and whether or not we take on married women will depend on the number of single women who offer their services.

Mr. Fraser: What would happen if a married woman applied now?

Mr. Claxton: We would put her on a list.

Mr. Fraser: You would put her on a list?

Mr. Claxton: Yes.

Mr. Fraser: There are some who wish to join. I know some of them, and they would make good officers now just as they did in the last war.

Mr. Pearkes: Is there any portion of this item contained in the item of $329 million referred to yesterday, and which is to be found on page 275? I do not know whether the minister would like us to ask in each case if any proportion of the particular amount is carried over into the $329 million, or whether when we come to that amount under the final item the minister will be prepared to present a table showing how that sum is arrived at.

Mr. Claxton: I can give the basis of it when we come to it or now, but there will not be any list. There is no list of items because it is arrived at by examination of the total for the navy, army, air force and defence research. After consideration by officers of the department together with officers of treasury board, the Department of Finance, the Department of Defence Production and others, a figure is arrived at which it is estimated we are unlikely to spend out of that vote this year. In arriving at that estimate we make full provision for pay and allowances, food, clothing, and so on, for the number of men we plan to take on at the times we plan to take them on.

Mr. Pearkes: The minister was able to give a fairly definite amount last evening of $1,900,000.

Mr. Claxton: That is the only specific item.

Mr. Pearkes: That is the only one in which you can give a definite amount?

Mr. Claxton: Yes.

Mr. Pearkes: All the rest is just an approximate estimate?

Mr. Claxton: That is right.

Mr. Pearkes: So it is no use asking whether any proportion of this can be saved. The minister will simply say he hopes to save something.

Mr. Claxton: That is right; not on pay and allowances, but on construction.

Mr. Pearkes: You may save something on that?

Mr. Claxton: Yes. I can give the items for the navy, army, air force and defence research.

Mr. Pearkes: Perhaps it would be better to give them at the end.

Mr. Macdonnell (Greenwood): If I have understood the minister correctly his statement seems to flatly contradict what I understood him to say last night when we were talking about the item of $3 million for headquarters. At that time I understood him to say he was able to assure us that of this figure of $329 million on page 275, $1,900,000 represented the headquarters building.

Mr. Claxton: Yes.

Mr. Macdonnell (Greenwood): Then I cannot square that with what the minister just said, that we cannot get similar figures in respect of each of the items, some of which run into tens of millions of dollars. He now says all that is done is to take what I understand to be a percentage figure at the end; in other words that the $329 million does not mean what I at any rate thought it meant last night, that it is just a percentage calculation.

Mr. Claxton: I am sorry the hon. member misunderstood me. That probably arose from the fact that in the case of departmental administration we are dealing with a branch of the department which is relatively static and similar to that of another government department. It is not expanding like the armed forces; it is not dealing with large amounts for construction, except for this single item. In that case, as I say, $1,900,000 was considered very unlikely to be spent in 1951-52.

In the case of the navy, army and air force, however, we have found that if we estimate in detail for a program of $1,900 million, as we do, covering literally hundreds of thousands of projects, we are not going to be able to complete all of them; and from our experience we have found that in the case of the navy, approximately 15 per cent will not be spent. In the case of the air force because of the nature of the equipment, particularly aircraft, the uncertainties involved in the procurement of material from the United States and construction problems, the factor is 22½ per cent, while in the case of the army it is 15 per cent. If we did not do it in this way we would be faced with two alternatives, either of which would be much less satisfactory than the present arrangement. If we put in detailed estimates which were fixed covering the total program of $1,900 million, from our experience we would not be able to spend more than $1,500 million or some figure of that magnitude, and therefore we would have an unexpended surplus of from $300 to $400 million in respect of national defence. We would be asking parliament for more money than we knew we could spend. If on the other hand we put in for the cash we knew we could spend, say $1,500 million to give the example, and no more, the same principle would still apply and because of the uncertainties due to delivery of equipment that is still in the process of development, construction and other uncertainties, we would spend only $1,200 million, and that at a time when we are increasing the armed forces at the present rate.

Hon. members will recall that when I appeared before them at this time last year I was seeking $425 million. The amount we are likely to spend this year through all sources is about $1,780 million, four times as much. That rate of increase is far greater than we experienced at any time during the second world war. Indeed today we are spending on defence more than we did during either the first or second year of the second

world war. The same situation exists in the United States. They have a cash appropriation for a much larger sum than they can spend, but they can carry it over from year to year. This arrangement was worked out by the Department of Finance to give the utmost possible control over the program and at the same time provide for flexibility so we might spend as much as possible to do the most we can in each fiscal year.

Subitem agreed to.

Royal Canadian Naval Reserve—
Civil salaries and wages, $326,400.

Mr. Balcer: What is the actual complement of the naval reserve at the present time?

Mr. Claxton: The last figure I have is for April 30, 1951. It was then 3,769.

Mr. Balcer: Does the department expect a large increase?

Mr. Claxton: We hope to build it up. One of the limiting factors is the number of ships we are able to put to sea each year to train both the active and reserve forces at sea. We do not want to take more men into the reserve than we can train at sea. However, our expectation is that the reserve will be built up substantially this year.

Mr. Harkness: What increase has been authorized in the establishment? The minister said they hoped to build up the number, and I wondered what was the present authorized establishment, and what increase that represented.

Mr. Claxton: The establishment has been fixed at the same figure of 7,500 for several years.

Subitem agreed to.

Acquisition and construction of buildings and works, including acquisition of land, $115,000.

Mr. Higgins: I think this is the only item on which I can ask the minister whether any decision has been made to put back into service the former royal navy installations, machine shops and so on, at St. John's and the R.C.N. installations at Bay Bulls, or what is to become of the various installations?

Mr. Claxton: No decision has been made to put them into service. Consideration is being given to the latter, but not very actively to the former.

Mr. Higgins: To the installations at Bay Bulls?

Mr. Claxton: Yes.

Mr. Higgins: May I ask how the installations at St. John's are maintained at the present time? There are some very fine machine shops there.

[Mr. Claxton.]

Mr. Claxton: The Department of Public Works is maintaining them for Canada, I understand. The hon. member will correct me if I am wrong, I am speaking from memory of my own visit there, but I believe they are being operated by the Canadian National Railways.

Mr. Higgins: I do not believe all of them are.

Mr. Claxton: No, a part of them.

Mr. Higgins: I just wondered what became of the other part. They were very valuable, and it is a pity to let them go.

Subitem agreed to.

General—
Professional and special services, $2,139,512.

Mr. Drew: What is the explanation for the increase in this vote, and what does it cover?

Mr. Claxton: It is primarily due to the increased naval program and the increase in personnel, necessitating a considerable increase in the cost of fees for special courses which we pay to the royal navy. It also includes the services of the corps of commissionaires, professional fees, architects, engineers, land valuations and legal services, medical and dental services for consultants, and special services. The item I mentioned, fees for special courses, constitutes more than the entire increase. The figure for this year, 1951-52, is $1,514,512, as opposed to $463,350 for 1950-51.

Subitem agreed to.

Telephones, telegrams and other communication services, $361,000.

Mr. Harkness: I notice that there is a considerable reduction in this item this year. I wonder if the minister could tell me how the department managed to make that saving, and possibly some other departments could follow their example.

Mr. Claxton: The decrease is due to the fact that terminal equipment for supplementary radio and land line circuits was provided for and purchased in 1950-51. It is now only necessary to provide for the maintenance of such equipment.

Subitem agreed to.

Printing of departmental reports and other publications, $344,800.

Mr. Harkness: This vote is more than double what it was last year. Would the minister explain why this large increase was necessary?

Mr. Claxton: The increase is due to the increased cost of printing, and the fact that with the increase in naval personnel it will be necessary to provide for additional sea-

men's manuals, naval general orders and other publications necessary for training. The admiralty in London is now charging the Royal Canadian Navy for the supplying of necessary naval publications which were formerly furnished on a no-charge basis.

The items are: Printing and reproduction of books, drawings, and specifications for the Royal Canadian Navy, $50,000; printing and reproduction of books and drawings by the Canadian Bank Note Company, $10,000; printing for the Royal Canadian Navy of chapters and amendments to K.R.C.N., and reprinting various chapters and sections thereof, $10,000. Those are partly the regulations consequent upon the adoption of the National Defence Act. Printing of the Crowsnest, $35,000; printing the history of the Royal Canadian Navy, volumes I and II, which are now in the printer's hands, $20,000. Purchase for the R.C.N. of signal publications, cryptographic aids and technical books from the U.S. navy department, $40,000; purchase from the admiralty of books of reference, air publications, drawings and specifications, $50,000; production of material for the R.C.N. by the king's printer's duplicating plant, $39,800; reprinting K.R.C.N. and N.G.O., $60,000. Printing B.R.C.N., radio fundamentals—electronics, $20,000; subsequent promulgation to N.G.O.'s in the form of amendments to existing orders or new orders, $10,000.

Mr. Harkness: Is it expected that most of these items will not be recurring, such as the printing of a lot of these technical books?

Mr. Claxton: That is correct.

Mr. Harkness: This is an item which we might expect to see reduced next year?

Mr. Claxton: I would hope so, because the job of printing K.R.C.N. is an enormous one, and a similar job has to be done for all three services in both languages.

Mr. Harkness: Can the minister tell us what the Crowsnest is which cost $35,000? I presume it is a publication. How many copies are distributed?

Mr. Claxton: It is distributed to all naval personnel in both the Royal Canadian Navy and the reserve. It is also distributed to the reserve officers' associations in order to maintain interest in the navy.

Mr. Harkness: How often is it published? How many copies go out?

Mr. Claxton: Once a month.

Mr. Harkness: What is its circulation?

Mr. Claxton: It is 6,000.

Mr. Balcer: Is this publication printed by the king's printer?

Mr. Claxton: It is either printed by him or else the order for printing is placed through him.

Subitem agreed to.

Films, displays, broadcasting, advertising and other informational materials with the exception of publications, $500,000.

Mr. Brooks: I notice there is a substantial increase in this item from $180,000 to $500,000. From the nature of this item, I presume it is connected with recruiting. I would ask the minister if that is correct. Does it include films for instructional purposes in the navy? What has the cost been for recruiting purposes up to date in the navy?

Mr. Claxton: This item is entirely for recruiting.

Mr. Brooks: Can the minister give us any idea of the cost of recruiting up to date for the navy?

Mr. Claxton: Yes, I have it. Perhaps we might go on with something else and I shall give it to the hon. member before we rise or at the next sitting.

Mr. Balcer: Will the minister tell the committee if all the films that were made for the department were made by the national film board or by private film companies?

Mr. Claxton: The only ones I have seen were made by the national film board. If that answer is not correct I shall inform the hon. member.

Subitem agreed to.

Materials and supplies, $60,189,708.

Mr. Harkness: I wish the minister would give us a break-down of this item.

Mr. Claxton: The increase is attributable again to the increased program, increases in service personnel and the new shipbuilding program as well as the navy's participation in Korea and the commissioning of additional ships and establishments. It covers the cost of materials and supplies required by the Royal Canadian Navy such as fuel, clothing, food, naval stores, ammunition and bombs, medical and dental supplies, mess drapes, barrack furniture and galley equipment. I can give the items. Fuel for heating and cooking and power generating unit, $1,489,300; clothing and personnel equipment, $12,685,560. The increase there, as will be found in connection with other increases in clothing and similar items, is in an effort to build up mobilization stores. Gasoline, fuel oil and lubricants for ships, aircraft and motor transport, $2,918,875; food supplies, $3,825,764; naval stores, $17,055,650; medical and dental

supplies, $185,000; ammunition and bombs, $16,240,999; barracks, camp, hospital and miscellaneous stores, $5,788,560.

I obtained a statement which I might give to hon. members—it is rather interesting—on the extent of operations of some of the ships in Korean waters. I obtained the figures for the *Sioux*, the *Cayuga* and the *Athabaskan*. During the year ended March 31, 1951, the *Sioux* steamed 49,436 miles; the *Cayuga*, 52,052 miles, and the *Athabaskan*, 56,660 miles.

I am informed that this is nearly twice the mileage covered by the Royal Canadian Navy vessels during the second world war during a corresponding period. Of course, the distances there are very considerable. This gives me a chance to say that the navy in Korea have given a good account of themselves, as has been remarked on by the officers under whom they have served.

Mr. Drew: What is the amount in that item by which the figure exceeds the actual amount that it is expected will be spent?

Mr. Claxton: It is 15 per cent over-all of the whole naval program.

Mr. Drew: No, no. In the case of an earlier item we dealt with, the minister was able to tell us what amount he did not expect to spend. In dollars and cents what is the amount of this $60,189,708 that it is not expected will be spent this year?

Mr. Claxton: As I explained a few minutes ago, Mr. Chairman, the amount that is not expected to be spent, out of the total program for the navy of $277,754,980, is $41,663,247 or 15 per cent. It is spread over the whole naval program.

Mr. Drew: The minister has indicated that he has this information in regard to other items. Has he no more definite information in this case?

Mr. Claxton: That is not the way it is arrived at. We have that information for the item I mentioned. But I told hon. members last night that I would give the basis in respect of the navy, the army, the air force and defence research.

Mr. Pearkes: Is any change in design of uniform contemplated?

Mr. Claxton: No; certainly no major change. I have not had one submitted to me. I know of none.

Mr. Balcer: From what the minister has said, I understood that this item covered the commissioning of new ships.

Mr. Claxton: No.

[Mr. Claxton.]

Mr. Balcer: I thought the minister said that.

Mr. Claxton: No. There was a phrase that may have given that impression; it was stores required in connection with the commissioning of new ships.

Subitem agreed to.

Acquisition and construction of buildings and works, including acquisition of land, $24,147,000.

Mr. Macdonnell (Greenwood): I want to come back to the question we have had up several times, and I am doing it in connection with acquisition and construction of buildings because, as we go through the three services, there are some $292 million, if my addition is correct, for this purpose. Incidentally, I want to point out that what is happening now is illustrating and underlining the fact that we could do this job so much better if we had been able to have a workmanlike committee instead of the committee of the whole house; but I just mention that in passing.

I want to come back again to last evening, and to point out that the acquisition and construction of buildings and works, so far as I can see, is exactly the kind of thing that is done by the Department of Public Works. Again, I thought that last evening we were clear that the Department of National Defence was following the same practice. But it now appears that it was only with respect to the headquarters that that illustration was given.

I want to point out where this leaves the ordinary member of parliament. We have this $292 million which we authorize. We have no details of any of the buildings or of the land which is being acquired. We have to take the whole thing on trust. There is nothing which will enable us afterwards to test the efficiency of what is done, because we have no figures now except this general, over-all figure. What I want to ask the minister is this. Let us leave out the procurement of war materials as something which may perhaps have a special feature of its own which prevents us from applying to it ordinary business considerations. But in the case of the acquisition and construction of buildings, why may we not have the same details as we get in the case of public works? I admit that this over-all percentage is an easy way out; it is a comfortable way to work. I am sure it probably lessens the amount of work. But as the hon. member for Calgary East said last night, it simply means that to say that parliament has any supervision over this is just to take part in a solemn farce. With the amount of information that we are able to get in this way, we have no real supervision.

Mr. Claxton: Mr. Chairman, I think I have already explained the position with regard to this matter. The situation is this. We have a construction program, which we should like to see completed this year, of $300 million. I think it is more than the hon. gentleman mentions. We have a list of projects. We are endeavouring to proceed with those projects as rapidly as we can. We do that through the instrumentality of the Department of Defence Production, Defence Construction Limited and Central Mortgage and Housing Corporation. We draw plans, issue specifications, process them, let them to tenders; and in order to do that we also have to acquire the land where we have not got it. We cannot tell at this time what proportion of that great program will be completed. We know that we are not even going to begin on some of it this year because of lack of materials, lack of labour, or because other things on which construction is dependent have not yet happened. The situation is quite different from that in the case of the Department of Public Works which, I understand, processes each case before it is put in the estimates, so that it knows within a very small factor exactly what it is going to do in respect of each fiscal year. We cannot know that. We put in the full list of the program we have planned, with the possibility of proceeding this year in some, not proceeding this year in others, never proceeding in some because we change our minds upon further consideration. If all this was ditched now we would lead to a state of confusion which I think would be rather serious. We would have all kinds of representations made by very responsible people that we should proceed with this, that and the other thing, and hon. members know what that involves in the way of activity. But we would also disclose our hand as to the time of proceeding with a great number of things such as additional magazines, ancillary buildings, seaward defences and the like. Frankly I do not think it is practicable to give the details in the estimates. I do not think it would be in the interest of economy and good business practice—I am not talking security at all—to give details of the construction program because it is so likely to change during the year.

Mr. Balcer: Can the minister tell us whether the cost of the two service colleges, or part of the cost, is covered under this item?

Mr. Claxton: There is a provision here for an addition at Royal Roads, but that has not been approved yet by the treasury board. It may be a matter that we shall have to delay until another year.

Mr. Balcer: I should like to find out from the minister the actual cost of the service colleges, because on May 10 the minister answered a question of mine in which I asked for a service college in Quebec, and opposed it by saying that it would cost too much. I should like to know how much these service colleges cost.

Mr. Claxton: I will get the information for the hon. member.

Mr. Balcer: When may I expect it? Under which item?

Mr. Claxton: It does not come under this item, but I will give it to the hon. member either before we rise at six o'clock or at eight o'clock.

Mr. Balcer: While I am on my feet I would like to advocate the opening of a service college for French-speaking Canadians, because as I pointed out earlier, we have very few senior officers of the French language and very few at the headquarters of our three defence services. I think something should be done about it. I am not pointing it out just to raise a racial cry or anything of that kind; I want to make sure that French-speaking Canadians get the same opportunity as other Canadians. We are not asking for any more than anybody else. We are not asking that the minister or the department or headquarters appoint officers who are not qualified. All we want is equality of opportunity. If we ask that an officer be promoted and they tell us that he is not qualified I would be the first one to say, do not appoint him. But I would also like to be sure that an officer of the French language gets the opportunity to qualify himself.

I think the department is making a grave mistake, and that is why I should like to know how much these service colleges cost, because out of a budget of over $1,500,000,000 I am pretty sure that an effort could be made in that way. It would help recruiting; it would help national unity in Canada, and it would also be a great uplift for young Canadians of the French language who enlist in the service today.

During the debate the other day the minister said that at the present time 25 per cent of the cadets are French-speaking. Well, on April 9, in a return from his department, I received the following figures—

The Chairman: Order. I permitted the hon. member to speak about the colleges under the item of construction, but he should not enlarge too far.

Mr. Balcer: I just want to press my point.

The Chairman: I know, but the hon. member must be in order when he presses his point.

Mr. Balcer: I am advocating a defence college, and I am bringing out the arguments in favour of building such a defence college. I am asking the department to make certain expenditures. I just want to point out the necessity for it. I intend to be very brief. I just want to point out that the minister said that 25 per cent of the cadets were of French origin. According to the return I received on April 9, only 51 out of 509 were French-speaking Canadians. That is only 10 per cent instead of 25 per cent. Will the minister tell me now which of the two figures is right? Is it 10 per cent, according to the return I received on April 9, or 25 per cent, which is the figure that he used in his speech on May 10?

Mr. Claxton: I will have to look at the return. The figures on the cost of Royal Roads, 1951-52, are $666,369 and Royal Military College $887,000. These are the estimates for the current year.

Answering the hon. member's suggestion, I do not rule out the possibility of there being a college in Quebec at some future time. I would hope that if there were it would be for English-speaking as well as for French-speaking cadets. Our policy in the two colleges at Royal Roads and R.M.C. has been to make them colleges in which there is equality of leadership for Canadians of all origins and in the three services. We have been definitely of the view that it is very much better for English-speaking boys at these colleges to mix with French-speaking boys. We have made a special point of teaching French in the colleges. They have French conversational classes.

It seems to us that that is a good approach to the problem of national unity. However, I do not exclude the possibility of having a college in Quebec either for French-speaking boys or for both. In the event of war I would think it would certainly be necessary, and the expense, whatever it might be, would be justified.

The hon. member would be interested to know that we are opening very shortly at the Royal Canadian Reserve division, H.M.C.S. *Montcalm,* a course for French-speaking entrants to the Royal Canadian Navy which will accustom them in their own environment to the ways of the navy, and also give them the opportunity to learn the technical terms and all those things which must necessarily be in one language.

We also hope to see established at Laval university a course in military science, where a special certificate will be given. We have been discussing that arrangement with the university and the archbishop. So that we are fully alive to the desirability of achieving the aim the hon. member has in mind, but we are not convinced that the method he suggests is necessarily the best one at the present time.

Since the matter has been raised, I should like to say in the most emphatic way possible that the proportionate number of French-speaking officers in the three armed forces, of the rank of major and above, is just about the same as the proportion of English-speaking officers of the rank of major and above, in relation to the number of officers of the rank of captain and below. Also I can assure the hon. member that I have made a careful examination of the various categories of officers and I have found that, by and large, French-speaking officers receive promotion at a lower age and with less service than English-speaking officers, indicating that if there is any preference it is in their favour.

Mr. Balcer: I would not want the minister to think that we are asking for preferential treatment. All we ask is equality of opportunity. The minister has said that there are just as many French-speaking of the rank of major, captain and so on, proportionately, as there are English-speaking. On the 15th of this month, out of 83 officers chosen to follow a staff course, there were only 3 French-speaking. Either that is discrimination or it shows that the minister does not think that French-Canadians should qualify.

Mr. Claxton: It is not discrimination at all. The fact is that there are not as many French-speaking officers, officers whose mother-tongue is French, as there should be, in proportion to the population. That is an unfortunate situation. But this is not due to any policy of the department. It is due to the fact that during the years between the wars it would seem that a career in the armed forces was not greatly attractive to French-speaking Canadians.

Since the war that situation has been entirely different. We are now getting a very good proportion of officers of French-speaking origin. The gap lies in the officers who might have joined between wars, but did not.

Mr. Balcer: I am sure the minister does not expect to fill that gap if he keeps a percentage of 10 per cent of French-speaking officers in service colleges. I am not arguing for any preference or for any special treatment. We want only equality of opportunity. I know that, for the young officer who is not familiar with English, it is difficult for him to follow a course in artillery, or something of that

kind. He must go through all sorts of specialized courses just to learn basic English. You may be sure that is the main barrier in the enlistment of young French-speaking Canadians.

The department is making a terrific mistake in failing to see that point. I would be the last person in Canada to ask for the appointment of unqualified officers who would be in charge of the lives of other soldiers. However, I would ask that the department make an intelligent effort along these lines. I believe the establishment of a French-speaking service college, where the boys would have exactly the same training as they would receive in an English-speaking service college would bring satisfactory results.

The minister said the other day that the Royal 22nd Regiment, a French-speaking regiment, is equal to any other, and that others are equal to it. For myself I am not satisfied as to the real intentions of the department and of the minister when, only a week ago, out of 83 chosen to take a staff course, only 3 were French-speaking.

Mr. Claxton: This is so important that I think it must not be misunderstood. The proportion of three to eighty-three should be made in relation to the number of officers trying the entrance exam or to the total number of English and French-speaking officers in the armed forces. As I have said we are anxious to get the largest possible number of French-speaking officers. Far from there being any discrimination against them, as I have pointed out, the figures on promotions indicate that the balance is in their favour. French is regarded by me, by the chiefs of staff and by the department as a positive military asset, as indeed it is; and in every way, shape and form we possibly can we are doing our utmost not only to give equality but to make the best possible armed forces we can in Canada. For that we need a proper proportion of French-speaking Canadians.

The Chairman: Shall the item carry?

Some hon. Members: No.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Balcer: I should like to ask the minister whether there is any sum of money in the estimates for the building or establishment of a service college in the province of Quebec in the year 1951-52?

Mr. Claxton: No.

Mr. Pearkes: Can the minister say where the major amounts are being spent, and what lands are being acquired? Will he give us some details of this sum?

Mr. Claxton: There are very big developments to complete the permanent barracks at the seaward defence base at Halifax. Then at Dartmouth there is a new barracks block, control tower and heating plant. On the west coast at Kamloops there are additional magazine facilities. At Montreal there is a central storage depot, and at Cornwallis a new building for recreation. Then there is additional construction in connection with the Dartmouth armament depot. At Esquimalt there is a new barracks block, and there are a number of other smaller items. At Bedford basin there are additions to the magazine. Included in the item are fifty-six married quarters units, and a large payment of $8,390,000 to Central Mortgage and Housing Corporation for married quarters that they are building for the navy. In Newfoundland we are beginning a new magazine. I mentioned the addition at Royal Roads, and at Regina there is a new reserve building. Included in this total is an amount of $500,000 for acquisition of real property. The rest is for construction.

Mr. Pearkes: Is there anything at William Head?

Mr. Claxton: No.

Mr. Pearkes: Is that development under the navy?

Mr. Claxton: We have it under a different name. It is acquisition of land. $100,000 is provided this year for the new magazine there and the cost of the land is included in the $500,000 item that I mentioned. That has not yet been established.

Mr. Macdonnell (Greenwood): I want to add one word before this item carries. I want to reiterate what I said before, that we are put in the position of virtually issuing a blank cheque for something like $300 million in respect to these acquisitions. By reason of the method which the government has seen fit to adopt it has really been made impossible for us to have an intelligent interest in this matter. I think perhaps public opinion is becoming aroused, and it may be that public opinion will be of more interest to the government than it was a week ago.

Mr. Tustin: I do not know whether this is the right item, but the Department of National Defence has expropriated a considerable amount of land in two small townships in my constituency. I should like to

ask the minister whether any assistance will be given to those townships in lieu of taxes.

Mr. Claxton: If they come under the Municipal Grants Act then of course they would have the advantage of that act.

Subitem agreed to.

Major procurement of equipment, $110,954,383.

Mr. Pearkes: I do not think we can carry an item for $110 million without having some explanation as to how it is going to be spent.

Mr. Claxton: It is largely due to the accelerated naval program for the building of additional ships. It covers the procurement of major equipment, the building of additional ships, armament, signal and wireless, aircraft, mechanical equipment including transport, special training equipment, machinery, anti-submarine and electrical equipment. The estimate for ships and aircraft for this year is $74,610,000; for machinery, $800,000; for mechanical equipment including transport, $1,497,000; for armament equipment, $11,163,480; for signal and wireless including anti-submarine and electrical equipment, $22,154,303; for special training equipment, $729,600.

Mr. Pearkes: Would the minister be able to indicate which if any of those vessels now under construction will be commissioned this year?

Mr. Claxton: No, I would not be in a position to do that. It is expected that several will be launched, but how many will be commissioned will depend on the progress we are able to make.

Mr. Balcer: Would the minister say how many ships were commissioned during the last fiscal year?

Mr. Claxton: Of the new construction program, none.

Mr. Balcer: Did we get any new ships at all last year?

Mr. Claxton: Yes. Ships out of reserve.

Mr. Balcer: What were they; frigates?

Mr. Claxton: The destroyers *Crescent, Crusader* and *Nootka* came out of reserve and were commissioned.

Mr. Balcer: Could the minister say whether any of the new anti-submarine vessels are going to be ready this year?

Mr. Claxton: None will be ready, but some will be launched this year.

Mr. Balcer: You mean the keels will be laid.

[Mr. Tustin.]

Mr. Claxton: No; the keels of several have been laid, and several will be launched in the autumn of 1951, but none will be ready this year. These vessels are well in advance of any ships of their kind being designed or made anywhere we know of. They are the last word in this type of construction and we anticipate considerable modification and development in them in the course of construction.

Mr. Balcer: I wonder if the minister could tell us when the first one was—

Mr. Claxton: No, I could not; possibly next summer.

Mr. Balcer: What I am asking is when the contract for the first anti-submarine vessel was given to a Canadian shipyard. It seems that ever since I have been here, when the minister was giving us the program for the navy he has always told us that right now Canada was going to get the last thing in anti-submarine vessels, and so on. I have been here over two years and we are still waiting for one of these vessels to be commissioned.

Mr. Claxton: This is really a matter for the Minister of Defence Production, but in the case of a new vessel of a particular type like this I should think that the minimum period for the production of the first ship would be three years. It has most complicated electronic and wireless equipment, as well as a type of machinery not yet manufactured in Canada. So we would anticipate at least three years for the production of the first vessel, and after that they would be produced faster. I think we are at least a year ahead of any other country I know of in this field.

Mr. Picard: Are we on item 245?

The Deputy Chairman: Yes, subitem 16, the details of which appear at page 270.

Mr. Picard: It is not the whole item you are adopting now?

The Deputy Chairman: We are studying item 245 but long ago we agreed that we would do so by examining the details which commence at page 269. We are now on page 270, subitem 16, which deals with the major procurement of equipment, $110,954,383.

Mr. Picard: Then when you say "carried" it does not mean the whole item is carried?

The Deputy Chairman: No.

Mr. Balcer: Could the minister tell us whether the department intends to build or buy or borrow a new aircraft carrier for Canada?

Mr. Claxton: Not at present.

Mr. Balcer: Does the department intend to continue operating *H.M.C.S. Magnificent*, even though it is becoming more obsolete each day?

Mr. Claxton: It is becoming more obsolete each day only in the sense that every ship and every aircraft starts to become obsolete from the time it is on the drawing boards. This carrier is of a type still in active operation by the royal navy; its aircraft are well up to operational standards, and we will continue to operate it as long as that is the decision of the government.

Mr. Balcer: Does the minister think *Magnificent* can serve as a carrier for jet planes?

Mr. Claxton: Not without very substantial modifications. Anyway, as far as we know jets are of no use in anti-submarine activities, which is the role of our navy. *Magnificent* is an anti-submarine vessel, very well designed and equipped with aircraft for that purpose. We have no intention at present of operating jets off her or off any other aircraft carrier, because the jet is not a suitable weapon for anti-submarine work.

Subitem agreed to.

Repairs and upkeep of equipment, $16,503,000.

Mr. Pearkes: Could the minister indicate how many vessels are in reserve which it is not intended to recommission but just maintain in reserve? I presume this item would cover that. If it is not easy to find the actual number of vessels, perhaps the minister could tell me the amount of money to be spent on the maintenance of this reserve fleet.

Mr. Claxton: We expect to maintain in reserve 15 frigates and 18 Bangor minesweepers. We will not refit and rearm them completely, but we will put them into such condition that they can be operated and recommissioned as crews become available at the end of the three-year program. They are kept in reserve to meet an emergency.

Subitem agreed to.

Army—

Canadian army—active force—civil salaries and wages, $16,844,200.

Mr. White (Middlesex East): I am not certain whether the matter to which I wish to refer deals with the active army or the reserve army.

The Deputy Chairman: If the hon. member wants to ask a question about civil salaries and wages relating to the reserve forces, that is a separate item in the next set of details.

Mr. White (Middlesex East): A considerable amount of money has been spent on advertising to secure men for the forces. It has been drawn to my attention that a young man who entered the army at the age of 15 or 16, who served a good many years—I believe he had only three years to serve before he was pensionable—was discharged with exemplary service. At the age of 35 he has again applied for enlistment, and has been refused. He went overseas into Brest and back again. I am just wondering why that should be when we need men. He is a man with 15 or 16 years' experience in the army. He found out later that men who had been court-martialled for different things overseas were returned to Canada and retained in the army, while he was discharged and has since been refused admission to the army. Would the minister say something about that?

Mr. Claxton: If the hon. member would give me the name of the individual concerned, I should be delighted to look into the matter and give him a full explanation. In the absence of the facts, I could not possibly deal with it on a hypothetical basis.

Mr. White (Middlesex East): I shall give the minister the name. It is Mr. E. W. S. Forrest.

Mr. Pouliot: I should like to know from the minister if the people earning civil salaries and wages in the army are under the chief of staff.

Mr. Claxton: The civilians in the three services are attached to a local office or station establishment of the navy, army or air force, and come under the instructions of the immediate commander of the station or office to which they are attached. The commander, in turn, is responsible to the chief of staff, so remotely they come under the chief of staff. From the point of view of arrangements for employment, conditions of work, relations with the civil service commission, promotion and so on, they come under the deputy minister.

Mr. Pouliot: I thank the hon. minister for his explanation. I have something to say about the chief of staff, who has rendered valuable service and who can be pensioned. I mean General Foulkes. It would be easy to replace him by one of the most distinguished officers of the British army or in the whole world; I mean General Alexander who is now our governor general. I do not say that merely because he is a man for whom I have great admiration, but because of his competence. As General Eisenhower is in charge of the United Nations troops in Europe, it would be a fine gesture to have General Alexander appointed as the

chief of staff. It would not make much difference because at the present time, as governor general, he is commander in chief of the Canadian army. It could be easily done. We would have someone of exceptional ability, a man who is diplomatic. There are very few people who will not recognize that both General Eisenhower and General Alexander have the same ability.

This is my suggestion to the minister, who is the best minister since Mr. E. M. Macdonald, who was in charge of the department when I came here. We have now the best Minister of National Defence that I have known since I have been a member. I should like to have as chief of staff the best general that I know.

Mr. Claxton: I do appreciate the words of the hon. member. I join with him in his appreciation of His Excellency, whose name I understand we are not supposed to mention in this house, but on this occasion I certainly join in the member's appreciation of him as an officer. I do not know how he would entertain the suggestion.

Subitem agreed to.

Civilian allowances, $10,000.

Mr. Picard: I suppose this is as good an item as any under which to make the few remarks I have to make at this moment. They more or less concern some of the remarks that were made this afternoon by the member for Three Rivers. I heard the member, and I should like the minister to understand that on this side of the house there is at least one member if not more, but I can speak only for myself, who shares the views expressed this afternoon by the hon. member for Three Rivers concerning the advisability of a French language college for the services, and his remarks as to the proportion of officers of French origin in the Canadian army. The minister answered that in peacetime it was not apparent that a career in the armed forces was very attractive to French-speaking Canadians. He may have said more of the truth than he thought when he said that, because many would have liked to join, many had splendid records during the war, but when peacetime came they could not get a commission in the regular forces. Many of those who did felt that they were not very happy.

I do not want to make this into a question of nationality or language only, but I think in all fairness to the people of Canada a better effort should be made towards greater participation by officers of French origin in the armed forces. The minister stated that some French-Canadian officers got a promotion at an early age. It may be that some of them did, but so very few could get in that it does not change the picture much when we come to consider the proportion. The minister stated that they could get in, had they wanted to do so. I should like to know where they could have served. If I understand the matter correctly, it was only in Quebec at the citadel where the 22nd regiment was situated, where French-Canadian officers were taken in, and in Montreal in one of the regiments. That is as far as the active army was concerned before we had the Korean episode or the war in Korea. Frankly, I believe that the minister intends to do something, and I think the minister in the past has intended to do something. I will go so far as to say that I believe his present deputy minister is sympathetic toward the situation, but we need more than sympathy. I think that more positive gestures should be made.

I personally know of a group of young men who served gallantly during the first war and who were turned down when they tried to make a career in the army. Some of them had earned promotions in the field, had obtained higher rank, but when it came to getting in the army in peacetime they were told they did not have this or that university diploma and they were not considered acceptable for peacetime duties. Yet when some of these men got back to civilian life, they made a career and became prominent citizens in the field they had chosen. Surely the army could have accepted some of those people.

When you see here in Ottawa the list of officers serving at headquarters, the list of junior officers, the list of messengers, and the list of those in any category in the Department of National Defence, I do not think it is quite correct to come and say that the proportion is fair. I say this to the minister because we may be at a time when we shall again have to consider as most valuable the unity of all Canadians. The fact that Canadians of French descent enlisted so well in the reserves at the present request of the minister proves that they are willing to do their share. But their share should not be done only when they are under fire. When, in peacetime, the army is reorganized I feel that they should be given a fair chance of promotion. Maybe I am wrong, but by looking at the list of headquarters staff very closely I could not find many French names. Maybe those included in the proportion mentioned by the minister are hidden somewhere.

Mr. Ferguson: Is this in order, Mr. Chairman?

Mr. Picard: Nevertheless, I say that there should be improvement in this regard.

The hon. member for Three Rivers advocated a college for the services which would be open to officers speaking the French language and where the lectures or tuition would be given in French. Whether it is given entirely in French or whether it is bilingual, as the minister has suggested, I think that a college catering especially to young men from French Canada who have the necessary education might serve us well if the time comes—and it may come sooner than we think—when we again have need for greater unity. If you have such a college, and if you have trained these young men, you might find a great many more who would join and who would feel that they can get a career in the army not only under fire but also in peacetime.

I do not want to extend these remarks at this moment, late in the session, but I want the minister to feel that on this side of the house there are also some people who share the views expressed by the hon. member for Three Rivers.

Mr. Pearkes: Very briefly I should like to associate my views with those of the previous speaker and of the hon. member for Three Rivers. I think it would be well worth while to give consideration to the possibility of establishing such a service college.

But there is a point I wanted to raise under this item. It covers pay and allowances of the active army which would be those forces of the army which are now in Korea; the forces which are now being assembled and trained for the 27th brigade; and the forces that are to remain in the country, in the active army, for the protection of Canada, those generally termed the airborne brigade and other units associated with them. It would also include those reinforcements that we have available both in Korea and for any other operation that might be undertaken.

I do not want the minister to stretch the dictates of security in any way at all, but I feel that the country would be interested in having a statement now giving some indication as to how the recruiting campaign has gone for the 27th brigade, and to what extent it has been necessary to transfer personnel from the airborne unit or the units of the airborne brigade and other permanent force units into the 27th brigade. I should also like to have a clear statement as to the number of reinforcements or replacements that there are available to meet any situation that might occur in Korea. Perhaps the minister could give us a statement with regard to that matter.

Mr. Claxton: I am extremely glad to accept the opportunity extended by the question of the hon. member for Nanaimo. With regard to Korea, I had thought that the unusual circumstances that a Canadian unit had received a presidential citation for extreme heroism, as was announced in Korea the day before yesterday, might enable me to obtain the unanimous consent of the committee to put the citation on the records of the House of Commons, without reading it at length. This is the first time in the history of our country that this has happened, as far as I know; and the citation is in such language that I think every Canadian can be truly proud of the magnificent heroism shown by one of our greatest and proudest regiments. I refer to the Princess Patricia's Canadian Light Infantry.

The Deputy Chairman: Has the minister the unanimous consent of the committee to put this citation on *Hansard*?

Some hon. Members: Agreed.

Mr. Blackmore: Why should the minister not read it to us? It seems to me that would be the proper thing to do.

Mr. Claxton: I can read it if there is no objection to my putting it on *Hansard*. The presidential citation reads as follows:

"3d battalion, Royal Australian Regiment.

2d battalion, Princess Pats Canadian Light Infantry and Company A, 72d heavy tank battalion (United States) are cited for extraordinary heroism and outstanding performance of combat duties in action against the armed enemy near Kapyong, Korea, on the 24th and 25th of April, 1951. The enemy had broken through the main line of resistance and penetrated to the area north of Kapyong. The units listed above were deployed to stem the assault. Early on the 24th of April, the 3d battalion, Royal Australian Regiment, moved to the right flank of the sector and took up defensive positions north of the Pukhon river.

The 2d battalion, Princess Pats Canadian Light Infantry, defended in the vicinity of Hill 677 on the left flank, Company A, 72d heavy tank battalion, supported all units to the full extent of its capacity and in addition, kept the main roads open and assisted in evacuating the wounded.

Troops from a retreating division passed through the sector which enabled enemy troops to infiltrate with the withdrawing forces. The enemy attacked savagely under the glamour of bugles and trumpets.

The forward elements were completely surrounded going through the first day and into the second. Again and again the enemy threw waves of troops at the gallant defenders and many times succeeded in penetrating the outer defences, but each time the courageous, indomitable and determined soldiers repulsed the fanatical attacks.

Ammunition ran low and there was no time for food. Critical supplies were dropped by air to the encircled troops, but still they stood their ground in resolute defiance of the enemy.

With serene and indefatigable persistence, the gallant soldiers held their defensive positions and took heavy tolls of the enemy. In some instances when the enemy penetrated the defences, the commanders directed friendly artillery fire on their own positions in repelling the thrusts.

Toward the close of the second day, the 25th of April, the enemy breakthrough had been stopped. The seriousness of the breakthrough on the central front had been changed from defeat to victory by the gallant stand of these heroic and courageous soldiers.

The 3rd battalion, Royal Australian Regiment, 2nd battalion, Princess Pats Canadian Light Infantry, and Company A, 72nd Heavy Tank Battalion, displayed such gallantry, determination and esprit de corps in accomplishing their missions under extremely difficult and hazardous conditions as to set them apart and above other units participating in the campaign, and by their achievements they have brought distinguished credit on themselves, their homelands, and all freedom-loving nations.

Mr. Graydon: Good old Canadians!

Mr. Pearkes: Has the minister received the official citation, or is this a newspaper report?

Mr. Claxton: This is the official citation made by the general officer commanding in the field, which was communicated to the president and confirmed by him and which will be received by us in due course.

Mr. Pearkes: And permission will be granted to the regiment to carry that citation?

Mr. Claxton: Certainly. The hon. member for Nanaimo asked for some figures on the recruiting and strength of the Canadian army at the present time. As at June 25, 1951—again this is an estimate only in respect to the days in June—the army had 3,860 officers and 39,260 men, a total strength of 43,120.

Recruiting for the army showed the following results for this calendar year to June 25: January, 1,545; February, 1,132; March, 999; April, 709; May 6,171; June, 2,530; bringing the total number of recruits for the period, which is approximately the first six months of the calendar year, to 13,086.

With regard to the strength of the 25th Canadian infantry brigade group in Korea, subject to fluctuations in battle, which the hon. member appreciates, it has been up to strength. There are reinforcements to replace all casualties that we may suffer that could not be met by troops dispatched in the interval. In addition at estimated rates of casualties, we believe we have enough reinforcements trained or in training which, with those in Korea, would enable us to look after requirements for five or six months without further additions, although additions are being made from day to day.

Mr. Pearkes: Reinforcements in Korea?

Mr. Claxton: In Korea or at Wainwright.

With regard to the 27th Canadian infantry brigade group, the results of the campaign have been largely due to the fine co-operation of the 42 units of the reserve army. Up to four o'clock yesterday afternoon, 8,384 officers and men have been taken on strength, and that is considerably more than the original intended strength of the intended force to be sent to Europe. Recruiting is continuing.

Mr. Pearkes: That would not include men who have been taken on and discharged? We can take it as being the approximate strength of the brigade?

Mr. Claxton: That is the total number of recruits. The number of men released is 567. In addition there are about 1,600 men who have applied and who have not yet been examined. So that one can say that out of the applications so far made the strength of this brigade group will be approximately 9,000 or more, which will provide very substantial replacements of officers and men for rotation.

With regard to the strength of the forces in Canada, it has not been the practice to give break-downs of the forces especially earmarked for the defence of our country and others in detail, but I can tell the hon. member that at the present time the field force, the active force brigade group, as it is called, is very well on the way to full strength. It has replaced largely the men who left it to join the 25th Canadian infantry brigade group. Its strength at the present time is in excess of 5,000. For the first time in the history of Canada, we have in operational forces, in fighting formations, in the active force brigade group, the 25th Canadian infantry brigade group in Korea, and the 27th Canadian infantry brigade group, in coast and anti-aircraft batteries, in artillery units, in the reinforcement and replacement forces, and in other formations of more static troops such as engineers, army service corps and so on, about all the organization necessary for a division. As a matter of fact, we have in the magnitude of 28,000 to 30,000 operational troops at the present time. In other words about two-thirds of the Canadian army at the present time can be said to be operational.

Mr. Blackmore: Before we get too far away from the citation which the minister read, I think it is fitting that it should be put into *Hansard* that the members of the House of Commons on the whole were enthusiastic in their applause when this citation was read.

Mr. Drew: The statements that have been made are general statements in regard to the strength of the forces. The statements seem to reflect the idea that we are dealing with this in terms of peace; otherwise the statements would have no meaning,

in view of the fact that we have had such large forces on other occasions when we faced more serious conditions.

The *Guardian of the Gulf*, a newspaper published in Charlottetown, in its issue of Saturday, June 23, carried a report of a speech by the Postmaster General, and I find these words in that speech:

> We have so worked with other Atlantic pact countries as to be sure Russia would be defeated if she attacked today.

In view of certain statements made by senior staff officers in the United States, which do not indicate quite the same opinion, I would ask the Minister of National Defence whether he shares the view expressed by the Postmaster General in these words last Friday.

Mr. Claxton: I certainly believe that Russia would be defeated if she attacked today or at any other future date. I believe that the resources of the western democracies, and of those that would be associated with them in an all-out war, would defeat the forces of the Soviet union and those that they could muster. However, my object is not to defeat Russia, although I certainly would do everything possible to do it—and would succeed, I believe, with others, should that come about.

Our object is to prevent war by deterring aggression, by building up our forces to the point where an aggressor will hesitate to attack. That is why we are in Korea, and that is why we are in the North Atlantic treaty. That is why the other western nations are devoting such huge proportions of their national effort and national income to the job we have set our hands to.

Mr. Rinfret: If the leader of the opposition—

The Deputy Chairman: Order. I must point out that we are discussing a subitem for pay and allowances, to the amount of $86,583,800. A question has been asked regarding a matter that was dealt with when we had the discussion on the general item.

Mr. Rinfret: On a question of privilege—

Mr. Knowles: The by-elections are over.

Mr. Rinfret: I know; but if the leader of the opposition would read the context of the speech he would see that my speech there was in exactly the same vein as that of the minister who has just spoken. The aim of the government is to prevent war.

Mr. Blackmore: I do not see why an answer would not be in order. After all we want to know what results we are getting for the money we are laying out. Before going further may I congratulate the Minister of National Defence upon his confidence. I trust we have preparations to justify that confidence. I would urge upon him that it would be quite well for us to stipulate that we shall defeat communists, with the help of the Lord, Who so far has assisted us and guarded us.

Mr. Claxton: I do not wish to be misinterpreted. I am only confident provided we all put out a tremendous effort, and keep it up.

Mr. Blackmore: With the help of the Lord!

Mr. Drew: As the Postmaster General has raised the question, I would point out that either we have a tremendous task ahead of us, or we have not. We know that there is only one possible enemy. We know that possible enemy has been preparing, and preparing carefully for many years.

The Deputy Chairman: Order. I am sorry to interrupt the leader of the opposition; but, notwithstanding opinions which have been expressed by the hon. member for Lethbridge, and in the opening remarks of the leader of the opposition, when he was returning to the subject because the Postmaster General had risen on a question of privilege, I cannot see how we can discuss policy on a subitem relating to pay and allowances.

I do not like to interrupt hon. members. However, the committee will realize that if a certain procedure has been agreed upon we cannot get away from it, and then try to get back to it. That creates complete disorder. I would ask hon. members to carry on in the manner agreed upon, and confine their remarks to the subitem under discussion.

Mr. Drew: Mr. Chairman, I am not going to debate your ruling. I would point out that we are dealing with an item of more than $86 million out of a total of more than $116 million involving the army. This $86 million is for pay and allowances for the army. I want to know what we are getting for that amount of money, and it is in relation to that I am asking the question. However, if you rule this is not the appropriate point, there are two or three other obvious points where I could ask the question later. If you feel that it should be deferred, I will accept your ruling. But I will certainly come back to it.

Subitem agreed to.

Pensions, superannuation and other benefits in respect of personal services, $203,400.

Mr. Gillis: I should like to say a few words on this item. The minister and others who served on the defence committee will recall that I raised this question in committee, and I also raised it in the house on one other

occasion. I shall make my remarks as brief as possible because I want to know if the minister or the department has done anything about this problem I brought to their attention.

This has to do with members of the permanent force who pay in to the superannuation fund. The case I brought specifically to their attention was that of a captain who had served about ten years in the permanent force, who had paid into the superannuation fund, who suffered a heart attack and died while in the service. He left a widow and two children. The widow could never establish pension rights because the ruling was that his death was not attributable to service, as such. War veterans allowance could not be established for her because she was not sixty years of age and was not considered incapacitated.

The particular feature about it, and the one having special reference to this matter of superannuation, is that the money paid in by the soldier, in the expectation that it would protect his family in the event of his death, was refunded to her in a lump sum. The income tax department deducted $650 from that money, for income tax purposes.

I brought this to the attention of the Minister of Finance. I have written to the Department of National Revenue. I took it up with the committee that considered defence matters recently, and I was of the opinion that the deputy minister, when the matter was brought to his attention in the committee, was somewhat shocked to think that that would take place in connection with superannuation arrangements of service personnel.

This matter has been under consideration for at least eighteen months by the Department of Veterans Affairs and the Department of National Defence. I am wondering if the department has done any thinking about the matter, and if any arrangements have been made with the Department of Finance to ascertain whether the widow, whose husband gave gallant service and who died in the service of the permanent force, leaving his family totally unprotected, should be deprived of this $650. This is taken from the superannuation moneys paid in by the soldier while he was in the service.

This seems to be a loose arrangement, and one in connection with which some concrete legislation should be enacted. There is very little encouragement for a man in the service when he realizes that that sort of thing can happen to his family. I know the pension commission has rejected the pension claim for disability purposes. The Department of Veterans Affairs has turned down the widow because she is not old enough, and she is not incapacitated. But she has two children to look after and a home to maintain, which I think incapacitates the average woman from getting out and earning a living. That angle is not taken into consideration, but I suggest to the Minister of National Defence that he should get in touch with the Minister of Finance and the Minister of National Revenue, and that some arrangement should be made with those departments to relieve that type of income for tax purposes. I believe that widow should be reimbursed the money collected from her by the Department of National Revenue.

Mr. Blackmore: I should like to associate myself with the hon. member who has just taken his seat. If the boys whose gallantry we heard of tonight had placed the dollar sign first, rather than human values first, as spectacularly as the Department of National Revenue has placed the dollar sign before human values, we should have heard no such citation as we heard tonight.

Mr. Hees: Can the minister not answer the question put to him by the hon. member for Cape Breton South? It is a very shocking set of circumstances.

Mr. Claxton: I would be very glad to give an answer if it were possible for me to do so. It is a case I have heard of only tonight, but I will be glad to draw it to the attention of the Minister of National Revenue. It does not seem to be a matter for this department except from a general interest point of view to see that the rights and interests of those who serve, and their dependents, are looked after.

Mr. Blackmore: Would the minister not only draw it to their attention but tell them what ought to be done? Certainly this kind of thing is most reprehensible. I doubt very much if ten per cent of the people of Canada would favour that sort of thing. Surely we should have a little more than drawing attention.

Mr. Gillis: I am rather surprised to hear the minister say that this matter has not been brought to his attention. If he will look at the records of the committee that studied the defence bill he will find I made a complete statement on the matter, a little longer than the one I made tonight. His deputy minister was there, and one of his parliamentary assistants was chairman of the committee. I think someone in his department should have taken a look at the record and should have drawn the matter to his attention. I really expected the Department of National Defence to go after the Department of

National Revenue to see if some arrangement could not be made for the refund of that money to the widow in the circumstances I have described.

Mr. Blackmore: I feel like the hon. member for Cape Breton South. I think the minister should not be "drawing" matters like this to the attention of these men. He should be "telling" them what to do. If he is going to be charged with the responsibility of conducting the affairs of national defence of this nation he must not have colleagues of his under his feet or clinging to his skirts and making his position impossible. If matters of that sort get abroad among the forces to any great extent, I would not be surprised if a good deal of enthusiasm for the cause would be thereby destroyed.

Subitem agreed to.

Reserve force (including Canadian officers' training corps)—

Pay and allowances, $8,000,000.

Mr. Harkness: First of all I should like the minister to tell us how many reserve army personnel this vote is intended to cover, and what the strength of the reserve army is at the present time.

Mr. Claxton: The strength of the reserve force at the 30th of April was 46,626. This item would provide for the payment of an average throughout the year of 48,000.

Mr. Hees: How does that figure compare with twelve months ago?

Mr. Claxton: Twelve months ago there were 43,584.

Mr. Hees: Can the minister tell us how many were at reserve force camps last year and how many are expected to go to camp this year?

Mr. Claxton: Last year there were 12,000. Provision is made this year for 16,000.

Mr. Harkness: I somewhat fail to understand these figures. The minister stated earlier this year, and as a matter of fact has been stating for some time, that every effort was going to be made to increase the strength of the reserve force, and especially the effective strength. However, apparently the estimates were prepared with the expectation that the strength of the reserve force would not be very much more than it is at the present time or more than what it has been for the last year or two. I should like to ask the minister what steps, if any, are being taken to increase the strength of the reserve force, particularly their effective strength. The figure of 46,626, which the minister mentioned, is of course the number of men on the rolls of the reserve force units, and I think the minister will admit that the rolls bear very little relation to the effective strength of the units because a large number of these men turn out very infrequently for drill, and they do not get to summer camp.

While they are on the rolls, they can hardly be counted as the effective strength of a unit. I think it has been admitted by practically everyone having anything to do with the reserve, or the army generally, that one of the things we need in this country is a larger, stronger and more effective reserve force. Up to the present time I have not noted any signs that the government is taking any really effective steps to produce larger and better reserve forces.

Mr. Claxton: During the last three years, speaking from memory but referring to the white paper, the size of the reserve force has increased by approximately 40 per cent. I will verify that in a moment. During the fiscal year 1950-51 a total of no less than 268 officers and 3,198 men of the reserve forces or a grand total of 3,406 joined the Canadian army active force, including the 25th brigade now Korea. From April 1 to May 31 of this year 170 officers and 1,730 men of the reserves or a total of 1,900 more joined the active army. The total number of officers and men who, during this seventeen-month period, have joined the active army from the reserves is 5,366. That is a substantial contribution indeed by the reserve forces of Canada to the active force at this time, and I am sure everyone is very glad that the reserve forces have responded so well. It is no part of the job of the reserve forces of Canada to be ready to meet a fully trained and equipped enemy in battle tomorrow. That is not their role. Their job is to provide support for the active forces, which they are doing magnificently, and a nucleus of trained officers and N.C.O.'s and as many tradesmen and men as possible on which to build rapidly in the event of an emergency.

Everything possible that has been suggested by the reserve force associations except exemption from income tax I think has been carried out, and if hon. members have any further ideas on ways and means of assisting in this work I would be glad to hear them. As far as we can ascertain we are doing everything possible to support the reserve forces and enable them to carry out their job better than ever before. From the point of view of armoury accommodation, for example, it has been increased by 100 per cent since 1939. I think the hon. member for Calgary East will know from his own experience how the conditions of service, training and equipment have been improved. If hon. members know of anything more that can be done we

would be glad to consider it. We are in very close communication with the reserve army units and the units of the other reserve forces, and every suggestion they make is actively pursued.

Mr. Harkness: The minister says everything possible is being done, and he would like any further suggestions. I would suggest for one thing that those units that have had equipment taken away, either to be sent to Europe or for use by the regular forces, should be given either the same type of equipment or whatever new equipment they are to have. I should like to know whether units that have lost equipment for these purposes have had that equipment made good yet.

Mr. Claxton: I am informed that no unit lacks equipment with which to do the training it is capable of doing. The only equipment removed that I know of was some self-propelled guns on tracks which were replaced temporarily by 25-pounders or other weapons in order to enable us to complete the shipments to Europe in full divisions. We are beginning to receive from the United States equipment to replace what was shipped abroad. It will not be issued to reserve army units first, but they have plenty of equipment with which to train.

Mr. Harkness: Then the minister drew a red herring across the trail by saying it is no part of the role of the reserve forces to be able to mobilize immediately to meet any emergency, that they are not supposed to be trained to the point where they could turn out and fight tomorrow. No one said they were; that was never mentioned. The minister indicated some of the other roles of the reserve forces, however, and the difficulty is that they are not able to meet those other roles. That has been my criticism. A large number of units of the reserve forces just have not sufficient men to be able to carry on training. As a result their good officers and N.C.O.'s are to a large extent wasting their time because they have no men to train with. Many of them are becoming discouraged as a result and attend parades infrequently or quit.

It is rather illuminating to look at the figures given in this report of the department dated March 31, 1950. At page 88 we are given the number of men in the reserve forces back some time before the war. That was when we were at peace; there was no question as to whether we were in a state of war, as there is at present. At that time we had these numbers of men in the reserve army, in round figures:

1925-26	49,000
1926-27	49,000
1927-28	52,000
1928-29	52,000
1929-30	51,000
1930-31	53,000
1931-32	51,000

The figures away back in that period are considerably larger than the number of men in the reserve forces at the present time, in spite of the fact that the population of Canada today is several million more than it was then, and in spite of the fact that world conditions are certainly much graver now than they were then. My own experience, and that of most other men I have spoken to who have served in the reserve forces, is that the reserve force is not nearly as good now as it was back in this period. I think the number of men in the reserve forces should be much greater, while actually it is smaller. It is no good for the minister to make the general statement that we are doing everything possible to create a strong reserve force. If they have not adopted the right method they have failed. The report of the council of the defence forces, made up of men in the reserve units—it is no use putting it on the record again, since it has been read here a couple of times already—stated in very blunt terms that they were not able to do a job because they just did not have the men to do it efficiently.

Mr. Gillis: Has the department any agreement or understanding with employers across the country as to whether leave of absence is granted men for the purpose of attending summer camp? I brought this matter to the attention of the minister a few months ago, when I pointed out that at least one large employer of labour last year did not grant leave of absence to men who went to summer camp with the reserve army. Those men were classified as absentees, which injured them in many ways. In addition they lost a bonus which accumulates as the result of study work. I have written to the department again as far as that company is concerned, and I know the deputy minister is working on it. But I know many years ago when I went to camp all I had to do was go to my employer and inform him I was taking two or three weeks off to go to camp to the reserve army. It does not appear as if that is the situation today. Is there any official understanding on that point?

Mr. Claxton: In each of the last four years we have taken up with both representatives of employers, the Canadian chamber

of commerce, and employees, the trade unions and others, the desirability of getting full co-operation in facilitating the men going to camp. Each year I write to every major employer in Canada. This year some 3,500 letters went forward, and I received a very good response. So far this year I have only heard of one firm failing to co-operate and that case has been handed over to the minister in that particular province. He is going to take it up with the firm concerned. The year before last I heard of another firm, and found that it happened to have a government contract. I made some representations to my colleague the Minister of Trade and Commerce, and that situation was speedily rectified. Those are the only two cases of which I know. The hon. member has drawn another case to our attention, and we are looking into that. So far we have had good co-operation from employers right across Canada. A great number of them not only grant leave of absence, but make up the differential in pay during that period.

Answering the hon. member for Calgary East, it should be recognized that the figure he gave for 1925-26 was for reserve forces when the strength of the active force was 4,334. The total strength of the active and reserve forces that year was 54,395. At this time it is in excess of 133,000, so that a lot of young men who used to be in the reserve forces are now in the active forces. I do not agree for one second that either one or the other was as effective as today.

Mr. Higgins: I want to speak very briefly on this matter of reserve units. It has been discussed before so far as my province is concerned. The minister has expressed himself as being quite satisfied with the units as recruited at the present time. I do want to ask him once again—I do this not on my own but at the request of the commanding officers of the reserve units—to have an active service unit with a Newfoundland name established in Newfoundland. The minister is fully cognizant of the value of Newfoundland recruits. I do not think they have been too lacking in the present force, but they do want a name established once again in an active service unit. Every province in the country has such a unit but Newfoundland.

Mr. Claxton: I am sorry, but every province in Canada has not got an active service unit associated with it They are dominion wide. There is the Royal Canadian Regiment, the Royal 22ième and the P.P.C.L.I., in the infantry, and the R.C.D.'s and Lord Strathcona's. The question of stationing an active force unit in Newfoundland is under consideration for some future date.

Mr. Higgins: It is a possibility, then?

Mr. Claxton: Yes, in the future.

Mr. Fulton: May I ask the minister then if plans are sufficiently advanced for him to be able to say whether specified reserve units will be asked to recruit a company for one of the battalions of the 27th brigade? When the minister made the statement announcing the formation of that brigade, he specified the units which were going to be asked to recruit companies for the various infantry or highland battalions. He said it was hoped that later on other reserve force units might be asked to recruit companies to provide replacements.

We have a very fine reserve force unit established covering many points in the interior. So far it has not been asked to recruit a company, although the Seaforth Highlanders have come all through that part of the country asking for recruits. As an ex-Seaforth officer, I cannot object to that. But as a citizen of the interior and being interested in a fine old regiment, I wonder when it will be asked to form a company. I refer to the Rocky Mountain Rangers.

Mr. Claxton: The only thing that almost equals the very gratifying support of the reserve force units that sent forth no less than 14,833 applicants for the 27th infantry brigade is the disappointment of the units which were not asked to form active force companies. At a later date we expect to give them all a chance.

Mr. Fulton: The minister is not in a position at the moment to indicate when that will be?

Mr. Claxton: No.

Mr. Fulton: Keep this one in mind.

Mr. Claxton: Yes.

Mr. Hees: Have the 1,900 men who were recruited from the reserves been replaced as yet?

Mr. Claxton: I do not know. I get the reserve force recruiting results every month. I gave the house the results for April 30, and that is the last figure I have.

Mr. White (Middlesex East): I want to associate my few remarks with those of the hon. member for Calgary East. In London, and I speak of London because I know it better than any other area but I believe the same condition applies generally throughout the dominion, we have a very active reserve unit. We have a reserve air force unit and also an army unit. By discreet inquiries I find that sufficient men are not coming forward and offering their services to the

reserve units. In view of the very serious world situation and the need for more men, I am hoping that the minister can, by some means or other, get more men to take an active interest in the reserve forces.

Mr. Drew: Is the minister not going to answer that?

Mr. Claxton: I agree with him.

Mr. Drew: May I come back to what I said before? I was referring to the statement of the Postmaster General when he said that we have so worked with other Atlantic pact countries as to be sure Russia would be defeated if she attacked today. The Postmaster General has indicated he was referring to the general desire for peace, and I do not question that at all. He was speaking on the threat of communism. Either we have reached that position or we have not. If we have reached a collective position where Russia would be defeated today, then we have reached a position far in advance—

The Deputy Chairman: Order. I am sorry to interrupt the leader of the opposition, but on a similar subitem, which was discussed previously and carried, he attempted to make a similar statement. I indicated then that, in my view, a discussion of collective security and matters of policy was not relevant to the subitem under discussion. The same ruling I made a moment ago applies now. I shall expect all hon. members to relate their remarks to the subitem under discussion which is pay and allowances, subitem 3, $8 million.

Mr. Drew: Mr. Chairman, we are dealing with a subitem that has to do with the training of men who are apparently to be trained for some purpose; and there is not a single hon. member in this committee who does not know what that purpose is. I shall not repeat the name of the nation which has indicated the reason to all of us why this training has, or should have, some measure of reality. As to the statements that have been made and the answers that have been given, I suggest that, having regard to the nature of the threat that everyone knows exists today, we are dealing with this subject in an atmosphere of complete pretence and unreality. Either this reserve force is being built up with the idea that it will be an effective reserve for the kind of operation that this country might be called upon to accept as part of its obligation or else we are simply going on during a period of comparative peace in which the figures of expenditure before us would be wholly unjustified.

[Mr. White (Middlesex East).]

I prefer to believe that the figures before us interpret the nature of the threat and the scale of the responsibility that this country has assumed. I suggest that as we discuss the training of the reserve forces which have been described as the basis of our whole defence organization, we must do so with an acceptance of the fact that, short of war itself, this country never faced a greater threat than it faces at this hour.

The Deputy Chairman: Order. I think that I have given as much consideration as I possibly could to the possible relevancy of the remarks that are being made by the leader of the opposition on this subitem. I am sorry to interrupt him again, but I do not think that on this subitem he should embark upon a general discussion of the purpose for which the Canadian reverve army is being trained and organized.

Mr. Drew: Perhaps, Mr. Chairman, you might indicate under what subitem in connection with the reserve forces it would be appropriate to discuss the role they are expected to occupy.

The Deputy Chairman: The chairman, of course, is not here to indicate to hon. members what they should discuss and how they should discuss whatever they want to put forward. The chairman is here to decide questions of order whenever they arise.

Mr. Drew: The training of the reserve is being carried on, as has already been pointed out, at a level much lower in percentage of the actual force available than took place in the years when we accepted the belief that we were at peace. I can best illustrate my point by taking a particular unit which is illustrative of many others. Let me take as an illustration an artillery regiment. An artillery regiment would have a normal strength of approximately 600 men. At the present time an artillery regiment well up to strength, by comparison, has probably 120 to 140 men. When that regiment goes to Petawawa camp for training it will take 40 men. Because of the fact that it has been one of the units supplying men for the special force under the recruiting arrangements that recently have been made, it will not find it possible to take trained N.C.O. personnel up to its establishment. We therefore find that, in a period when the training at least is important, the unit will be taking 40 instead of 60 men to that kind of training which gives it some measure of understanding of active force training.

There is alternative training all throughout Canada for artillery units, infantry units and other units. There is local training in the headquarters and there is also training in

camps in the districts themselves. In the particular district which I have in mind by way of illustration, there is an artillery training camp at Meaford. There it is possible for artillery units within that area to carry out active firing practice; and that is the place where units of that kind get the kind of training that prepares them for service conditions. I am taking that only as an example, and I have reason to believe that a similar situation is found elsewhere across Canada, not only with respect to the artillery but with respect to other services.

The particular unit to which I referred applied for the opportunity to train at the Meaford artillery camp at week ends, where they could take the unit to camp and obtain the kind of firing practice that gives a measure of reality to artillery training. They have been informed in this year, which we are told is the most critical year of the period of training, that they may expect to have a week end of training next October. That is the atmosphere in which training is being carried out, and the sense of reality in connection with it.

As we deal with these figures, and if we accept the statement of the Minister of National Defence that the reserve is the basis of our whole army strength, with these figures before us, I submit that this matter is not being approached in the terms of reality which should be present. I do not think anything could illustrate that statement better than the break-down of the items appearing in the public accounts during the year 1949-50. Those are, unfortunately, the last that are available to us. They indicate the manner in which training has been carried out even at a time when it was considered that there were threats that it was necessary for us to face. In those details, which are available to all the members of this committee, it was disclosed that the amount expended during that period for ammunition and bombs was $2,166,493.11 whereas the amount spent for printing and stationery was $2,345,854.01. In other words, $200,000 more was spent for printing and stationery than was spent for ammunition and bombs which would make it possible to carry out the training of the reserve force and the other forces in this country.

Mr. Chairman, if this country in fact faces the necessity of training men to face whatever they might be called upon to face within the armed forces of Canada, I suggest that we should no longer have the generalities that we receive, that we should no longer be going on in the casual, easy way that we are proceeding, training men at summer camps and throughout the year as though this was a settled period of peace; training only 25 per cent of the low number that are being trained at all in reserve units; and training only approximately 12 per cent of the number actually permitted by the treasury board, according to the evidence given a few weeks ago. Rather, I submit that we should say that this threat is one which calls not only for the expenditure of $1,500 million but also for the training of men with an acceptance of the reality in front of us.

I believe that every member in this house is ready to support expenditures that are to be made for the kind of results that all of us would desire, and would train the men for the one purpose that brings them into uniform. We all want peace, we all respect and admire the young men in uniform; but I believe that it is the job of this parliament to see that with the huge expenditures that we are making we are going to provide these young men with the kind of training that will make it possible for them to meet whatever test they may be called upon to face.

Subitem agreed to.

Acquisition and construction of buildings and works, including acquisition of land, $3,247,000.

Mr. Pearkes: On May 10 when we were in committee the minister said that the accommodation for the reserve army had been increased by over 100 per cent in the last five years. On March 16, 1950, I had a question on the order paper which reads as follows:

What armouries, drill halls and urban training centres for the Royal Canadian Navy, the Canadian army, or the Royal Canadian Air Force are at present under construction in Canada?

The answer I got from the parliamentary assistant to the minister was: "The Canadian army, an armoury at Sault Ste. Marie, Ontario." I wonder whether the minister can relate these two statements because they are rather confusing to me. Can he point out where the 99 per cent increase, which I suppose is being shown here in this item, is being spent?

Mr. Claxton: The difference, as the hon. member must anticipate, is in the purchase of existing buildings and the conversion of wartime construction where that has been possible. For example, at Winnipeg there are some eight or ten reserve units stationed in wartime constructed buildings. In Montreal, for example, the seven units of the Royal Canadian army medical corps and the Royal Canadian dental corps are now housed in a building we exchanged for another building. This is situated on St. Urban street; RCEME and engineers are now located in a large building situated on St. James street in the west of the city; and so on. We have bought a large number of buildings across Canada.

We thought it was the desirable thing to do. It is much cheaper than building, and it provided units with accommodation they badly needed.

Mr. Pearkes: How about the division of this $3 million odd?

Mr. Claxton: Purchase of real property, land and buildings, $185,000; construction, major contract projects, $2,556,000; construction, day labour, minor contract projects, $506,000.

Mr. Pearkes: We would like to know the locations, please.

Mr. Claxton: I am afraid I cannot give that until they are approved by council, which is not yet given. The largest single item of expenditure will be at Sault Ste. Marie, to complete the large single armoury there.

With regard to matters that have not yet been approved, I am not in a position to give their locations.

Mr. Pearkes: The minister cannot say where this money is to be spent for large units?

Mr. Claxton: It has not been approved by the cabinet and treasury board yet. The location of each of these places is not selected.

Mr. Pearkes: I must say that I thought the minister was coming here and asking us to approve expenditures for definite things. Now we cannot tell what this money is going to be spent for, because it has not been approved by some other body.

Mr. Claxton: For reserve army accommodation.

Mr. Pearkes: Very, very generous.

Mr. Blackmore: Mr. Chairman, in Lethbridge we believe that we ought to have a large armoury. We have a number of reasons which make us believe that the armoury in Lethbridge ought to have priority. We do not wish to be selfish, but we are a rapidly growing community and we are in a strategic position. Will the minister tell us just about what the situation is with respect to building an armoury at Lethbridge?

Mr. Claxton: The hon. member for Nanaimo will appreciate more my position as he hears the question of the hon. member for Lethbridge. A very large number of hon. members have suggested that it would be desirable to have armouries built in their localities, and until it is actually decided to build it and the contract is about to be let we simply cannot announce it. Lethbridge, like a good many other places, is on the list of localities where an armoury is considered to be desirable and needed. It is a question of priority. In the province of Alberta there are about ten places where we would like to build armouries just as soon as we have the money, the materials and the labour to go ahead. Lethbridge is one of them. Beyond that I cannot give any assurance to the hon. member. It is very high on the list.

Mr. Pearkes: Would it assist the minister if we all put forward the advantages of the various places where we live and where we have units so that he could let whatever body he is going to refer it to reach a decision.

Mr. Claxton: Thank you.

Mr. Blackmore: It is only fair that hon. members should know something about the reasons why Lethbridge is of importance in this matter. Lethbridge is located on the road that would connect the United States with the Alaska highway. Lethbridge is not very far away from the United States border. There is an excellent place there for training. Lethbridge is on what will be the southernmost route of the trans-Canada highway when that route is completed, and for these reasons I personally believe that it is in a highly strategic position, and I think the minister will agree with me. Consequently I feel that I am quite in order in presenting to hon. members and to the minister a request that Lethbridge should be strictly borne in mind.

Mr. Claxton: Thank you; that will be considered.

Mr. Drew: If this is the way that these estimates are prepared then we might as well admit that this whole procedure is fantastic nonsense. It is certainly elementary that when the government comes before us and asks us to approve expenditures, it has already itself approved of the purpose for which the money is asked. In these cases where there cannot be specific approval then it may well be that some contingency fund may be set up, as is the case for instance in the Department of National Health and Welfare, to meet obligations of this kind which they actually cannot anticipate in advance. But to come to this House of Commons and to say that the government has not yet approved of any of the things for which these expenditures are asked is a complete denial of the whole fundamental principle upon which the preparation of estimates is based. And if we are called upon to pass this item with no more information than we now have, then we might as well accept the proposition that the passing of these items is a complete farce, from here on.

Subitem agreed to.

General; materials and supplies, $201,432,075.

Mr. Pearkes: Perhaps we could have a break-down of this. Has it been approved by anybody?

Mr. Claxton: Yes, just as all the other items have. There is a break-down of that I can give:

Fuel for heating and cooking, and power generating units	$ 5,549,040
Clothing and personal equipment	41,074,000
Gasoline, fuel oil, lubricants for operation of mechanical equipment	2,772,100
Food supplies	8,976,800
Medical and dental supplies	2,750,135
Ammunition and bombs	112,481,000
Barrack, hospital, camp and miscellaneous stores	27,829,000

The large item for clothing and personal equipment is for the purpose of enabling us to build up mobilization stores. Then, the item for ammunition and bombs explains perhaps why the amount expended last year was smaller. We were using up wartime stocks.

Mr. Drew: How much of that item does the minister estimate will not be expended?

Mr. Claxton: The same as I explained this afternoon; this constitutes part of the total for the army, and of that total we estimate 15 per cent will not be expended.

Mr. Drew: Is that 15 per cent constant for the navy, the army and the air force?

Mr. Claxton: It is 22½ per cent for the air force.

Mr. Drew: But 15 per cent for the navy and the army?

Mr. Claxton: That is right.

Mr. Drew: Then does the minister anticipate that $112 million will be spent on ammunition and bombs this year?

Mr. Claxton: That is the amount we would spend if we completed our full program for this year. Whether or not we can do that will depend upon the supply of materials and labour, and the capacity of plants to turn it out.

Mr. Drew: I asked the minister if he expects $112 million will be spent this year. If not, what part of it will be spent?

Mr. Claxton: We are going to ask the Department of Defence Production to endeavour to obtain that quantity for us. Whether or not they can do it will depend upon the contracts they make and the deliveries obtained.

Mr. Drew: I am asking the question of course with a definite purpose in mind—with a recognition of the fact that we have been informed that a decision has not yet been reached to produce rifles and machine guns in our own plants. Therefore I am curious to know how it is possible to expect that we will build anything like this, if we have not yet decided on the weapons to be used.

Mr. Claxton: It is that kind of uncertainty which leads us to introduce the 15 per cent factor.

Mr. Drew: The 15 per cent factor would be a very small factor if in fact we are not going to have the weapons this year. If we have not started to make them yet we will not have new weapons this year. Cannot the minister give us an estimate of what he expects will be spent?

Mr. Claxton: We are buying a large proportion of the weapons for the first two divisions from the United States. Delivery has already commenced on that. We are buying a very considerable proportion of the ammunition. How much of the ammunition and weapons, in addition to that for the two divisions, will be made in Canada, depends upon what orders can be obtained, and the economic rates of production. That is a matter for the Minister of Defence Production.

Subitem agreed to.

General; acquisition and construction of buildings and works, including acquisition of land, $75,526,500.

Mr. McLure: Does this item include the construction of an armoury and naval barracks, as we were promised last year? Surely out of one of these items we will get either of those buildings this year.

Mr. Claxton: We have passed the items which would be applicable, but I know the hon. member is interested in the matter. It is not proposed in the near future to construct reserve army accommodation in Charlottetown, because the quality of the armoury at that point is well up. There are many places where the need is more urgent.

With regard to the navy, Charlottetown is one of the three places where we hope to construct new quarters for the naval reserve division. We are beginning this year in Regina. Charlottetown is one of the two remaining places. It is high on the list.

Mr. Harkness: How is this $75 million being apportioned? Is the major portion for married quarters, for the construction of camps, or what is the purpose?

Mr. Claxton: There is $910,000 for the purchase of lands; $68,441,500 for major contract projects; $3,825,000 for day labour and minor contract projects; and $2,350,000 for other acquisitions and construction. The major

amounts include $19,909,500 for married quarters; additional properties at Barriefield; Ottawa service accommodation; Calgary camp training area and Vancouver service area. This program provides for our spending a very considerable sum on prefabricated huts, which would be available to meet immediate needs and also for mobilization purposes.

Mr. Harkness: You mean these prefabricated houses are not being placed anywhere at the moment? They are just in a prefabricated state ready to be put where needed?

Mr. Claxton: Yes. The contract has not been placed yet. The appropriation has not been made. That accounts for $11 million. At Fredericton there is a small project. At Halifax there is an ordnance warehouse, $550,000; Bouchard, Longue Pointe, Montreal; Quebec, St. Malo; Quebec Citadel; Saint John, a barrack block and new mess hall; Barriefield, a barrack and mess hall, heating plant; Camp Borden, two barrack blocks and a mess hall; at Kingston a water and sewage system; London, a barrack block and garage; Meaford, general development; Ottawa, at the 26th O.D., two storage buildings; Petawawa, a large scale development, $1 million, a mess hall, and garage; Petawawa, heating plant; Picton, barrack block, water and sewage system; Churchill, further development, married quarters, laundry building; Dundurn, magazines; Rivers, a storage depot for air training equipment; Shilo, two barrack blocks and a garage; Winnipeg, an ordnance warehouse; Calgary, a barrack block and tank hangar; Chilliwack, stores and work shops covering storage for bridging equipment, central heating plant, water and sewage system; Edmonton, R.C.E. office, stores and work shops, supply depot, ordnance warehouse, central heating plant, water and sewage system; Victoria, a garage, radar building, recreation building; Vancouver, an ordnance warehouse, and at Wainwright a general scheme of development of over $2 million.

Mr. Harkness: I take it that there is $19 million for married quarters, $11 million for prefabricated houses, and the rest of the vote, which would be $45 million, is for army camps, permanent barracks, and things of that kind.

Mr. Claxton: That is right.

Mr. Harkness: At the beginning the minister mentioned something about Sarcee, but when he read the list Sarcee was not in it. I was wondering what there is in the vote for Sarcee.

[Mr. Claxton.]

Mr. Claxton: It is the purchase of land at Sarcee now being used as the actual training area.

Mr. Harkness: It is land you are going to buy from the Indians of the Sarcee Indian reserve?

Mr. Claxton: Yes.

Mr. Harkness: How much land is being purchased from them?

Mr. Claxton: It is not the whole reserve.

Mr. Harkness: The whole reserve is ten miles wide by thirty miles long, so I would not think it would be that. Could the minister indicate how much of the reserve they are purchasing?

Mr. Claxton: We want to purchase that part of the Sarcee reserve which we are presently using as a range and practice ground. Speaking offhand, it is something under 500 acres.

Subitem agreed to.

Major procurement of equipment, $198,930,650.

Mr. Harkness: This is a very large item. Would the minister indicate what are the major items of equipment that it covers?

Mr. Claxton: Tanks and armoured fighting vehicles, $32,217,000; mechanical equipment including transport, $30,292,350; armament and equipment, $123,959,000; signal and wireless equipment, $12,262,000; and special training equipment, $200,300.

Mr. Harkness: Over a month ago, when we were discussing these estimates, in one of his speeches the minister said that equipment to replace that which we had sent overseas for one division would be secured within a month from the United States. Can the minister tell us if this equipment has in fact been secured by this time? It is more than a month since he made that statement.

Mr. Claxton: Delivery has commenced. It is starting to come in, and we expect it to roll in quite fast from now on. I think it has been coming for a couple of weeks.

Mr. Harkness: If the minister does not think he should say so for security reasons it is all right, but if he can say so I should like to know whether there is equipment for more than one division coming in, or is it just proposed to secure equipment for one division?

Mr. Claxton: Equipment for two divisions is on the way.

Mr. Fulton: I should like to ask a question about a specific item of equipment, namely, artillery weapons. I have waited until we

reached the specific item instead of discussing it on the general item because it seems to me to be a particular problem. As a matter of interest, I should like to ask the minister whether any consideration has been given to the forces of ourselves, the United States and Great Britain using the German 88 millimetre gun which those of us who were on the receiving end of it in the last war found so extremely effective and unpleasant. Having discussed this matter with other servicemen, though not at all as experts, it seemed to us this was one place where we might well profit from what I believe was generally agreed to be the most useful all-round piece of artillery on either side during the war. Can the minister tell us whether any consideration has been given by any of the three countries I have mentioned to adopting it, or even preferably, to standardization on a gun of that type?

Mr. Claxton: Yes, consideration has been given to that. The other countries concerned do not admit the generally acknowledged superiority of the 88, and for the time being the United States and ourselves will standardize on the 105. However, there is under development a weapon very superior to either the 88 or the 105.

Mr. Fulton: Built by the United States?

Mr. Claxton: I must not say.

Mr. Fulton: I take it the minister prefers not to answer that. I do not wish to infringe on security. I wonder if I could put it this way. It seems to me that one of the most outstanding features of the 88 millimetre gun was its adaptability to a variety of purposes, as an anti-tank weapon, anti-personnel weapon and anti-aircraft weapon. The one gun had all three types of use. That would seem to me to be one reason particularly why we might use a weapon of that type. Is it considered that the type of weapon to which the minister has referred has this same feature of being useful for all three purposes?

Mr. Claxton: I would not like to give the characteristics of the weapon and still less the one in process of development. I can say that the 3-inch 50-calibre naval gun, for example, that we are making at Sorel under an arrangement with the United States for the United States navy as well as our own navy has all these characteristics to which the hon. member has referred. I would think any weapon of the most modern type will have them.

Mr. Fulton: Just so I may be clear, that 3-inch 50-calibre gun is for use by the navy, not the army?

Mr. Claxton: That is right.

Mr. Fulton: From the minister's answer I take it that he does not care to go any further with respect to the new weapon which has been developed?

Mr. Claxton: That is right.

Mr. Harkness: I would like to know what is meant when the minister speaks of the 3-inch 50-calibre naval gun. If I asked the calibre of our present service rifle the minister would reply ·303. From the description of this gun I should think the calibre would be 3 inch, but it is always described as 3-inch 50-calibre. What is the reason for that?

Mr. Claxton: In our parlance we call this a 3-inch naval gun, but to identify it in contradistinction to other naval guns the Americans also indicate the length in the calibres, which is 50, which means the gun is 50 calibres or 150 inches long.

Subitem agreed to.

Repairs and upkeep of equipment, $24,042,650.

Mr. Catherwood: I do not know whether this is the proper item, but I would like to commend the minister and the department on the excellent manner in which they are keeping up the equipment at the Hagersville army camp. I would like to know if it is the intention to build any living accommodation for the personnel there.

Mr. Claxton: No; that is not in the present project for married quarters.

Subitem agreed to.

Contributions, grants, subsidies, etc., not included elsewhere, $783,700.

Mr. Maltais: I would like to know to whom these contributions or grants are made.

Mr. Claxton: These are for grants to bands, libraries, Canadian officers training corps, reading rooms, messes, etc., made in accordance with regulations. I can give the details. In the active force, for example, there are twenty-four authorized bands receiving a grant of $500 each. In the reserve there are 79 bands of 15 pieces each receiving $150, 95 bands of 20 pieces at $200 each, 45 bands of 25 pieces at $250 each, and 130 bands of 30 pieces at $300 each. Library grants are for the active force, command and area libraries, staff college and school libraries; there is one at Halifax and one at R.M.C. Then for the C.O.T.C. there are grants to nine contingents of 48 members or less, $50 each, and so on. A grant of $20 is allowed for 100 reading rooms. Fifty officers' messes were allowed $360 a year. For schools of instruction there

is a grant of $100. There are contingency and training allowances for the reserved forces, $180,000; Canadian officers training corps, $2,500; contingent officers, $5,000. Training allowances for reserved forces and the C.O.T.C.; allowances for the care of arms; maintenance of physical fitness equipment, totalling $92,520. Here also are the allowances for the various reserve force units for clerical assistance and organization; grants and allowances for army cadets. Under the northwest highway system there are four different items of allowances. All these are provided in accordance with regulations on a uniform basis across the country.

Subitem agreed to.

Northwest highway system—
Civil salaries and wages, $845,800.

Mr. Wright: I notice an increase this year of something like $4,500,000. This highway is 1,221 miles in length. When you consider the airstrips and connecting roads, it may run to 1,500 miles. The expenditure this year is $12,637,700, which works out at about $8,400 a mile for the maintenance of a gravel road. After we took over this highway, in 1946-47 it cost us $3,642,769 to maintain it. In 1949-50 that cost had risen to $7,231,000. Last year it cost something over $8,200,000, and this year it has gone up to more than $12,600,000. This cost seems away out of line, unless a good deal of new construction is going to be carried on this year. We all want to see the Alaska highway maintained, but it seems to me it should not cost $8,400 a mile to maintain a gravel highway on which there is not very much traffic.

Mr. Murray (Cariboo): The hon. gentleman should know his facts before making statements which are liable to mislead the house.

Mr. Wright: I asked a question of the minister. I think I have as many facts in this report as the hon. member for Cariboo has, if not more.

Mr. Murray (Cariboo): The hon. member says there is not much traffic on the highway. For hundreds of miles that highway passes through the riding I have the honour to represent, and I want to say it is very heavily travelled by both civilian and military traffic. Further than that, the Alaska highway is the only link we have with the territory of Alaska. It is the life line upon which we would have to depend in the event of any attack upon the territory of Alaska. No doubt the money voted is being spent wisely, and the difficulty is that not enough is being voted. On the other side of the Yukon-Alaska boundary the United States is paving the highway, making it a hard surfaced road. On our side we have a gravel highway, but it is being well maintained. It was left in good shape when the United States army pulled out, and under the Department of National Defence it has been well maintained. I am sure too much attention could not be given to this life line of democracy in the northwestern part of this continent.

Mr. Wright: The hon. member has tried to completely misinterpret what I said. I was not saying anything against maintaining the Alaska highway. I was saying that the cost shown here of practically $10,000 a mile would go a long way toward paving it. It is this cost of upkeep that is out of line with similar costs anywhere else that I know of that I am asking about.

Mr. Murray (Cariboo): The fact is that the highway is being rebuilt here and there. Bridges are being added; it is being relocated and modernized. Of course the minister can answer the question, but representing that riding I think I have a right to refute any erroneous statements made with respect to the Alaska highway.

Mr. Claxton: The largest single item in the increase between $8,133,268 for 1950-51 and the $12,637,700 for 1951-52 is on construction. This is largely for the continuation of a program of replacing wartime temporary construction, particularly wooden bridges and culverts that were put in by the United States forces during the war. In 1950 we started a program of replacing those with permanent bridges and culverts. Of this sum $3,281,000 is required to continue the work we began last year in the operation of making this into a permanent highway.

In addition, there are small items for the construction of a sewage system, a sewage disposal system and water storage and pumping facilities. At Nelson there is the construction of a building for troops, $110,000; at Whitehorse, there is another building, $180,000. As the hon. member will see, out of a total increase of $3,658,000, $3,281,000 is this year being spent to complete work that was started last year.

Subitem agreed to.

The Deputy Chairman: The next is Royal Canadian Air Force, subitems 1 to 21, $90,074,612.

Royal Canadian Air Force (Regular)—
Civil salaries and wages, $12,554,139; civilian allowances, $253,135; pay and allowances, $66,003,768; travelling and removal expenses, $6,852,014; freight, express and cartage, $4,307,300; pensions, superannuation and other benefits in respect of personal services, $104,256; total, $90,074,612.

Mr. Harkness: In connection with this there is a newspaper item which reads:

Airline Named to Operate Calgary Depot

Calgary, May 3. The operation of R.C.A.F. No. 10 repair depot at Currie Field, Calgary, will be taken over by Canadian Pacific Airlines, June 15, at the request of the defence department.

Will the minister tell us why that action was taken? On what basis is the operation of this No. 10 repair depot to be conducted by Canadian Pacific Air Lines?

Mr. Claxton: We are making arrangements with a number of contractors to maintain and repair R.C.A.F. aircraft on much the same basis as was done during the war. Hon. members will recall Canadian Pacific Air Lines did this job to a considerable extent across the country. We have made arrangements whereby the contractor will lease the building and equipment and do the job of maintaining and repairing aircraft on a contract basis.

Mr. Harkness: Is the reason for that the fact that the air force has not got the repair men who can do the job, and therefore they have to call in these outside contractors?

Mr. Claxton: This is part of the policy of using civilian contractors wherever it is possible, and where the facilities are not needed for service purposes. If we had air force ground crews to do the job we would use them, but at the present time we will be needing all the facilities we can provide through contracts of this kind and ground crews we can recruit and train to meet the program.

Mr. Harkness: Can the minister tell us whether the air force personnel at No. 10 repair depot has been moved or will be moved, or whether it will be an entirely civilian station or a combination of air force personnel and C.P.A. personnel?

Mr. Claxton: There will be a nucleus of service personnel. It is a temporary arrangement and we expect it may last two years. By that time we shall have overtaken other obstacles, and it will have to be reviewed.

Mr. Harkness: Where in the estimates is payment provided for these contracts? I have looked through them fairly carefully but I cannot see anything in the nature of a contract for the repair of aircraft. Where in the estimates is that covered?

(Translation):

Mr. Gagnon: Mr. Chairman, I have with me a file concerning a French Canadian with thirteen years' service in the air force. He is Flight Lieutenant J. J. Desrochers, regimental number 857.

Some time ago I stated that my compatriots of French origin were not treated with the fairness and respect to which they are entitled by the Minister of National Defence (Mr. Claxton). The minister replied that he would strive to promote French Canadians who, apart from being bilingual, had the qualifications required.

I was therefore very much surprised to learn about the following facts that I wish to submit to the consideration of the house. Airman Desrochers writes as follows:

On July 4, 1938, having received my B.A. from Laval, I enlisted in the R.C.A.F. as pilot officer, in the permanent force. I shall not give you in detail the history of my military career as supply officer in this service in Canada and overseas. I will point out only that in 1940 I was not only working to weaken the German effort threatening our rights but to protect the sacred rights of the French tongue.

I paid dearly for my daring. The rank of flight lieutenant I received on May 1, 1940, was my last promotion. From 1942 to October 24, 1950, everyone of my chiefs complained about my services, I had not initiative, I made too many routine mistakes, etc., etc. I fought valiantly but I could not win because I was the only French Canadian in the supply section of the general staff. On July 6, 1950, I was dismissed on the pretext that I was unable to fulfil the requirements of the service, this after 13 years of service. What a joke!

I took off His Majesty's nice blue uniform I had been wearing for thirteen years. As every employer to whom I applied would not believe that I had been discharged from the R.C.A.F. after so many years, without good reasons, as I was unable to find work commensurate with my ability, I had to work with a pick and shovel during the first months following my discharge.

I am sending you, sir, by registered letter, documentary evidence of the facts I have briefly stated in this letter, and I would ask you to be kind enough to return them after perusal.

When you read them, you will see that I have a good working knowledge of English, a prerequisite for advancement according to the hon. Mr. Claxton, who spoke so well when he said: "I assure the hon. member that if there are French-speaking officers who speak both languages, we push them ahead, etc., etc." I was pushed ahead so much, that I found myself on the street, with only a small pension as solace.

Let us now have a look at the actions of this man.

On September 28, 1941, he wrote Squadron Leader Lacoste, No. 3 training command, Montreal.

I would very much like to make you acquainted with the following facts which go once more to prove the oppression of which I told you, and which is the lot of a large number of French Canadians who, in good faith, have enlisted in our fine Royal Canadian Air Force.

R-127224, AC2 Marcel Lapointe, a French Canadian, tells me that on waking up this morning he naturally spoke in French to the fellow in the bed

next to his, a French Canadian too. Whereupon Corporal Duffield R-57893 came and upbraided him in these words: "Stop talking French at once or I'll report you to camp police! This is a Royal Canadian Air Force camp, and French is forbidden here!"

When you visited Moncton, I gave you a confidential letter which I had addressed to the officer commanding the camp, concerning a public notice prohibiting the use of French in the motor vehicle section.

The commanding officer had the notice removed but he did tell me that he recognized only the Canadian air force's language: English. He also pointed out that such an incident should simply have been reported to the officer commanding that section. I thought an incident of that nature, so dangerous for the relations between soldiers and non-commissioned officers of both races, should immediately be brought to the attention of the camp commandant.

You have approved of my actions and have asked me to inform you directly, in the future, of these unfortunate occurrences.

I am intelligent enough to realize that, by writing directly to headquarters, I am flying in the face of Royal Canadian Air Force rules and will probably run into trouble.

Jean-Jacques Desrochers,
Flight Lieutenant.

Here is the document referred to in the preceding letter:

(Text):

To: Commanding Officer,
No. 8 S.F.T.S.,
Moncton, N.B.

From: Senior Equipment Officer

Subject: Personnel of French descent.

1. It was reported to me yesterday, that on the blackboard of the mechanical transport section, the following order had been expressed in writing: English language only must be spoken around the M.T. section.

2. I went last night to investigate the matter and saw that it was the truth: The word only had even been underlined twice. The only other language that can be spoken around the M.T. section besides the English language is the French language. Personnel employed in this particular section are as you know, of English descent or of French descent.

3. I am inclined to believe that the non-commissioned officer in charge of the M.T. section must receive a wonderful co-operation from the French-Canadians working under him if he tolerates an order of such a pernicious nature to be written on his blackboard. The French-Canadians who were there at the time of my visit expressed their feelings very sharply against this oppression.

4. There is nothing on earth more sacred to any individual, Englishman or Polish, Frenchman or Russian, etc. than his own language. It is the concrete expression of his patriotism. The actual struggle is against an enemy (Nazism) who wants to deprive each nation of this sacred right and also of religious freedom.

5. It is a sacred duty for me as a French-Canadian officer to report to you, sir, the incident described above for your personal investigation.

Respectfully,

(J. J. Desrochers) FLT. LT.
Senior Equipment Officer
No. 8 S.F.T.S.,
Moncton, N.B.

[Mr. Gagnon.]

(Translation):

Two letters acknowledging receipt were forwarded to him. The first closed with the following:

Royal Canadian Air Force
Victoriaville, October 1, 1941

Rest assured that I share your views on all this and that I too must struggle fiercely enough to assert our rights. I must admit that here, thanks to a fair degree of co-operation, our people have little to complain about.

Your former assistant F/O Robinson has just joined us here, he speaks highly of you. Since I will necessarily be in close relationship with him, you would do me a good turn if you would advise me, if need be, as to the best way to deal with him in order to secure his fullest co-operation.

Yours very truly,

(Signed) C. E. Lacoste, F/Lt.
Accountant Officer,
No. 3 I.T.S., R.C.A.F.,
Victoriaville, Que.

The second reads as follows:

(Text):

Montreal, October 23rd., 1941

FLT/LT J. J. Desrochers,
No. 8 E.F.T.S.,
R.C.A.F. Moncton, N.B.

My dear J.J.,

I received the letter which you addressed by error to Squadron Leader Lacoste. I can assure you that I immediately took the necessary action to have this matter investigated, and in so doing, did not implicate you in any manner.

I thank you for passing this information on to me, and I request that you be good enough to inform me of any similar instances which may come to your knowledge in the future.

I can assure you that the authorities are in entire sympathy with all views concerning the subject named in your letter. May I further suggest, that whenever you become acquainted with cases of apparent delayed promotion, concerning French Canadian airmen, will you please inform the parties concerned of the means whereby this may be brought to the attention of their commanding officer. For the necessary action see K.R. (Air) Para. 439 and 439B.

I trust you are well and that all goes well with you.

Yours very truly,

M. Cantin,
Squadron Leader.

(Translation):

It was after taking these steps to promote the recognition of the French language in the air force that airman Desrochers seems to have lost the confidence of his superiors. He began having troubles and difficulties. They wanted to compel him to resign and he was told so openly. On May 31, 1943, he wrote as follows:

(Text):

Montreal, P.Q., 31st of May 1943

Commanding Officer,
No. 12 (E) Depot,
Montreal East, P.Q.

I am No. C-857 Flight Lieutenant Jean-Jacques Desrochers, an officer of the permanent active air force commissioned in the said service since the 4th of July, 1938, and actually stationed at No. 12 equipment depot, Montreal East, P.Q.

On the 26th of May, 1943, at 11.30 a.m. I was paraded in your office by my adjutant Flight Lieutenant MacKeown where you gave me in substance the contents of a letter received from headquarters whereas my case had been studied particularly through my confidential reports and as a result I was considered below the average required from an officer holding the rank of Flight Lieutenant (I hold this rank since the 1st of May, 1940) but as my conduct and deportment had been good I was to be given the privilege of asking permission to resign my commission and in the case of my refusing, you were to take immediately the necessary procedure to have me retired from the service.

Strange as it may seem, after five years' service less one month, I was given approximately six hours to give a decision in this vital matter. Well, I do not consider that applying to resign when I have not at all the intention of doing so and furthermore when I do not feel having deserved such an ultimatum is the right attitude to take in the matter as an officer of His Majesty's forces confident of doing and of having done his duty in the service. So, I hereby protest, giving briefly a short review of my service career, supported by exhibits when required. That, in accordance with K.R. Air Para. 255 Sub. Para. 4.

In January, 1939, I passed the British civil service commission interpreter's exams (English and French) obtaining 167 marks out of a possible 220 marks.

In February, 1939, I was posted on the equipment course given at R.C.A.F. station Trenton, Ont., with four other officers. In the middle of this seven months' duration course, I was sent on temporary duty to M.D. No. 4 in Quebec City with a French Canadian N.C.O. as recruiting officer for the R.C.A.F. Being only two, there is no need to say there was an excessive amount of work to do there. I was away from my course two months and a half and was finally replaced in Quebec by Pilot Officer Emond. Notwithstanding the fact that I had been away from the course more than two months, I succeeded in my final exams obtaining 69 per cent of the total marks.

From now on, I am an equipment officer and my career really starts.

After my graduation, in September 1939, I was posted with No. 8 (BR) Squadron. This squadron had been sent from Rockcliffe air station, Ottawa, to the coast. So, I stayed three weeks in Rockcliffe and went down to Sydney, Nova Scotia.

I had no practical experience in my trade, having just completed the course and the organization of the equipment section and the supply problems met there were hard to solve due to the very restricted powers of purchase. Wartime financial regulations were not effective yet. Furthermore, the accountant branch had not yet been formed and I was equipment and accountant officer at the same time holding a flight lieutenant's position on the establishment of the squadron with the rank of pilot officer.

While on the strength of this squadron, I was promoted to the rank of flying officer. After seven months of unrelentless work I was replaced by flying officer Mchilney and posted to No. 1 (CAC) squadron. Saint John, New Brunswick. My commanding officer in Sydney, Squadron Leader Brown (now group captain) mentioned on my confidential report that I was a hard worker which pleased me because the staff and I had done a hard job under hard conditions.

At Saint John, New Brunswick, Flying Officer Labelle (now squadron leader) who had just completed his equipment course was posted with me under instructions. This officer now senior to me in rank has been pleased to give me in a letter (see exhibit "A") his opinion looking back at the time he was a flying officer and I a flight lieutenant. I was promoted to the rank of flight lieutenant while at that station which was under the command of Squadron Leader A. Raymond now group captain, commanding officer of No. 2 S.F.T.S., Uplands, Ontario.

I was given a good confidential report by Squadron Leader Raymond and when it was decided to open No. 4 Manning Depot, Quebec City, Squadron Leader Raymond at the time who had been posted there at the opening recommended my posting at that new station.

I organized the equipment section at No. 4 Manning Depot. Posted there around the 1st of September, 1940, on the 5th of November of the same year I was chosen as officer commanding advance party going to open No. 8 S.F.T.S., Moncton, New Brunswick. Squadron Leader Raymond tried to delay my posting but I had to go there immediately.

This station, No. 8 S.F.T.S. was not yet completed. The contractors were still working. I will not emphasize on the hard conditions of work met there during the first month before the arrival of the commanding officer and the main staff. I kept the morale of my men high and obtained from them a maximum of efforts. Let me mention that Flying Officer Robertson posted as my assistant at that station and myself had to work all day, during the first two or three weeks unloading freight cars doing our administrative work only at night in order to cope with the receipts at the beginning.

I am pleased to produce (see exhibit "B") an article published in the "Take-Off" in November, 1942, where the early days of this station are remembered in a true and original way.

I held the position of senior equipment officer in Moncton during fifteen months. This position called for a squadron leader as per establishment. At my departure, on posting to No. 12 equipment depot the commanding officer of the station Wing Commander Brown took the occasion of a mess dinner to mention to all the officers the good work I had done as the first officer posted to No. 8 S.F.T.S. and up to my actual posting to No. 12 (E) depot.

Regardless of all this, I did not receive good reports while at that station. I tried to fight against an anti-French feeling which existed at that station. During all my service with the R.C.A.F. I fought for the respect and the rights of my compatriots and of the French language.

At Moncton, I reported two incidents to the commanding officer: (a) The first one, was the case of No. R127224, AC2 M. Lapointe who, one morning having addressed his bed neighbour, a French-Canadian in French was told by the N.C.O. in charge of the hut that he would report him to the service police of the station if he would use French again. On that instance, the commanding officer reprimanded the N.C.O. in question who was No. R57893 Corporal Duffield. (b) Two, the second was reported to the commanding officer in writing (see exhibit "C"). The pernicious notice was removed upon the commanding officer's order but a stormy interview resulted. I was told that I was very hot about things of that nature and that I was at fault in writing directly to the commanding officer and that in fact the N.C.O. in charge had the right to run his own section.

Finally Wing Commander Brown told me that he had the notice removed but that as far as he was concerned he recognized only one language: the language of the R.C.A.F.

At that moment I knew I was at the wrong door. I wrote to command headquarters and finally got the assurance that the authorities were in full

sympathy with me and that action was taken to prevent any further incident. See exhibits (c) and (d).

What happened? Three months after I am posted to No. 12 (E) depot and this is important to note. After having kept a position of squadron leader during fifteen months I am given a flight lieutenant's position on the establishment of No. 12 (E) depot.

After ten months, around December, 1943, the commanding officer, Wing Commander Wilkins paraded me in his office and after a review of my file told me he would recommend me for the rank of acting Squadron Leader. I did not hear about that till after he left for England when Wing Commander A. H. Mielke paraded me in his office and showed me a report that had already gone to headquarters and back with a letter where he was requested to show me the report so that I could see where my weaknesses were.

Although I was recommended for the promotion I was amazed and depressed at the same time to read that I had trouble to express myself clearly in English and that my posting to a bilingual station was recommended. (Note that 80 per cent approximately of the civilian employees at this depot are of French descent). Note also that I was given 10 official R.C.A.F. investigations, in each case an interpreter would have been needed.

There is no need to say any more to try to explain, it is evident that I am not wanted. The three last monthly confidential reports are not in my favour. It is a fact that from their reading one cannot think that they are such as to determine the authorities to dismiss an officer from the service unless this officer can compare such reports with the ones prepared for his fellow officers.

I will now conclude this already too long report in which I have honestly and sincerely explained my situation and my feelings. As a permanent active air force officer who has been through in his trade the hard periods of organization of the B.C.A.T.P., I protest against a retirement.

(J. J. Desrochers) Flight Lieutenant,
No. 12 Equipment Depot,
Montreal East, P.Q.

31-5-43

(Translation):

I shall not read the whole Desrochers file, so as not to delay the business of the house. I shall but mention that on October 11, 1949, that is ten years after the letter I just read, he wrote as follows—

Mr. Fournier (Hull): Mr. Chairman, I wonder if the hon. member will speak much longer.

Mr. Gagnon: About three minutes more, Mr. Chairman.

(Text):

The Chief of the Air Staff
Air Force Headquarters
Ottawa, Ont.

857 F/L Desrochers JJE (Sup)

1. In accordance with the provisions of AFAO P3/6 Part III paragraph 10, I have read carefully the report made by the AOC AMC in his letter file C-857 (AOC) dated 29 Sept. 1949, on my activities and achievements in the capacity of supply officer at AMC. This report was made following the receipt of an assessment made by my immediate superior S/L M. A. Rosenthal, on myself, on the 31st August, 1949.

[Mr. Gagnon.]

2. It may be noted that in January, 1949, my whole career had been reviewed closely by the AOC AMC who had made at that time a recommendation for my retention in the service on an R211 dated 21 Jan. 49.

3. I will not go further into the past as the main purpose of this statement is to express my disagreement on the present report both in principle and in fact.

4. In principle, my contention is that an officer who has been holding the position and taking the responsibilities such as I have been holding and taking over the past seven months cannot be a man who is, has or shows at the same time as the case may be:

(a) A weak character
(b) A lack of aggressiveness
(c) A passive attitude towards his career
(d) A poor self-defence
(e) Ineffective
(f) Unproductive
(g) A poor organizer
(h) Mentally and psychologically incapable
(i) No initiative
(j) No ambition
(k) No ability to improve
(l) No logic

5. I regret to say that the above is the moral picture of 857 F/L JJ Desrochers as is found in the above mentioned report. Of course my verdict is subject to caution but I am wholly in favour of referring this question to a psychiatrist and accepting his decision.

(Translation):

I shall not read further from this letter. May I in conclusion say this:

These were the excuses given for the dismissal of Desrochers, after 13 years of continuous service. He was not accused of having failed in his duty on a specific date; he was accused merely of general deficiencies of character which have not been proven at all.

If these deficiencies did exist, why was he kept so long in the air force?

I am inclined to believe, in spite of what the minister may think, that Desrochers was a victim of his devotion to the French-Canadian people, his compatriots, and that he paid with his position his love for his people. A thorough and impartial investigation should be made in this matter and I would ask the the minister to have it carried out.

Need I say that facts like these, when they are known, turn the French-Canadian away from a military career?

The best publicity that could be done by the Department of National Defence among the people of Quebec would be to place recruits in a friendly and sympathetic atmosphere. They are entitled to receive orders and training in their own language. Let us recognize that privilege. Upon it rests the future and success of our fighting men in training camps as well as on the battlefield.

Mr. Pouliot: Just a word, Mr. Chairman. Officers guilty of resorting to such methods should be cashiered.

(Text):

Subitem agreed to.

Air—Royal Canadian Air Force—Reserve; civil salaries and wages.

Mr. Fair: This afternoon I asked a question in connection with housing at Wainwright. When that item was reached I was unavoidably out of the chamber for a short time. Could the minister give that information now?

Mr. Claxton: Contracts are being let for 25 permanent married quarters in this program. They have not been let yet. This is being handled through Central Mortgage and Housing Corporation. They are carrying on negotiations with the town for the acquisition of the land.

Subitem agreed to.

Aerial photographic survey—	
Pay and allowances	$1,124,993
Professional and special services	11,150
Travelling and removal expenses	115,509
Freight, express and cartage	1,000
Printing of departmental reports and other publications	1,650
Office stationery, supplies and equipment	2,280
Materials and supplies	765,034
Major procurement of equipment	133,500
Repairs and upkeep of equipment	646,000
Sundries	12,495
	$2,813,611
Less—Recoverable from Department of Mines and Technical Surveys	940,000
	$1,873,611

Mr. Coldwell: Mr. Chairman, I believe that it is in connection with aerial surveys that the incident to which I will refer occurred. I think from time to time hon. members are anxious that there shall be less wastage in the air force, the army and the navy than apparently there is from time to time. My attention was drawn to the loss of a couple of aircraft in the Northwest Territories and northern Saskatchewan. One of these was a Canso plane that apparently came down on a lake.

Mr. Fournier (Hull): May I interrupt the hon. member? Would he mind making his remarks tomorrow, at which time this department will be the first called in the morning.

Mr. Coldwell: I shall be only a few moments. However, I understand there are two matters two hon. members wish to bring before the house. I do not wish to interfere, and I shall accede to the minister's request.

Subitems stand.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Cleaver: Mr. Speaker, with the unanimous consent of the house I should like to revert to the order for motions.

The Acting Speaker (Mr. Beaudoin): Has the hon. member leave to revert to motions?

Some hon. Members: Agreed.

PRIVATE BILLS

THE TRUST AND LOAN COMPANY OF CANADA

The house in committee on Bill No. 398, respecting the Trust and Loan Company of Canada—Mr. Cleaver—Mr. Beaudoin in the chair.

Sections 1 to 11 inclusive agreed to.

Schedules I and II agreed to.

Bill reported.

Mr. Cleaver moved the third reading of the bill.

Mr. Macdonnell (Greenwood): I am not sure whether it is on the record that this bill was reported back from the committee on banking and commerce. That should be on the record so that it will be clear that it has been considered.

Mr. Cleaver: It was reported this morning at eleven o'clock.

Motion agreed to, bill read the third time and passed.

MARIE ELIZABETH ROSE ANGE COUSINEAU BROUSSEAU

Mr. H. W. Winkler (Lisgar) moved:

That Bill No. 394, letter V-12 of the Senate, an act for the relief of Marie Elizabeth Rose Ange Cousineau Brousseau, considered today in the standing committee on miscellaneous private bills and reported back to the house, be proceeded with in the customary manner.

Motion agreed to.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 394, for the relief of Marie Elizabeth Rose Ange Cousineau Brousseau. —Mr. Winkler.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will go into supply and consider the rest of the estimates of national defence, then public works, resources and development, citizen-

ship and immigration, fisheries, post office, secretary of state, labour, justice, finance, and national revenue. There is no legislation. We hope that by Friday we can complete consideration of the estimates.

Mr. Fleming: Is that the complete list?

Mr. Fournier (Hull): There are a few more left.

Mr. Coldwell: Why not read those?

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

HOUSE OF COMMONS

Thursday, June 28, 1951

The house met at eleven o'clock.

C. D. HOWE COMPANY LIMITED

REFERENCE TO REMARKS OF THE LEADER OF THE OPPOSITION

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, I rise on a question of personal privilege. On Tuesday last, during my absence from Ottawa, the leader of the opposition (Mr. Drew) made certain statements on the radio, and on Wednesday a debate occurred in this house in which my name was mentioned. This same matter had been raised in the house some time ago. I made a very short statement then, but I think the house is entitled to a more complete statement at this time. I might add that I make this statement on my responsibility as a member of parliament and as a member of this government.

The paragraph to which I refer in the broadcast—this purports to be the script of that broadcast—reads:

> We found out last week after considerable effort that Mr. Howe has arranged government contracts with his own family company, C. D. Howe Company Limited, which will give that company more than five hundred thousand dollars in fees. Those contracts were secretly arranged without tender and without competition.

I have stated in the house that I have had no connection with C. D. Howe Company Limited since 1935. The circumstances then were that I was asked to contest a seat in parliament; Mr. Mackenzie King pressed me to accept the nomination, and I told him I would do so if I could divest myself of my interest in C. D. Howe Company Limited. At that time I owned all the shares of the company. I called in the man I thought was capable of carrying on the work of the company, and talked over the matter with him. I may say it is not easy for a man to divest himself of an association that has continued for twenty years. I had gathered together a very competent staff, many of whom I had brought to Port Arthur, and many of whom had homes there. I also had a responsibility to a number of my clients, some in Canada and a few outside Canada, in that we were custodians of the plans of the various structures we had designed for them and it was our duty to keep those plans and calculations available for their use.

In any case I decided that I could not divest myself of the company unless I could arrange for the company to continue. I talked the matter over with this man, one of my senior engineers, and he thought he could carry on if he could use the company name. He said he would not undertake to carry on if he had to start afresh and operate the company under another name. I was rather reluctant to make that arrangement; however, I thought any personal objections I might have should be overlooked in the overriding interest of keeping the company in operation, and it was agreed that the name could be used. It was decided to form a group of competent men to take over the shares of the company. I sold all the shares in the company to that group. I sold them at a nominal price which represented the cash which was invested in the company at that moment. No one in that group had any connection with the Howe family; they were neither members of the family nor related in any way, directly or indirectly, to any member of the Howe family.

That arrangement was completed before nomination day in 1935. I allowed myself to be nominated knowing I was free from any connection with C. D. Howe Company Limited. None of us has enough foresight, but if I had known what was to happen subsequently I think I would not have allowed my name to be used. I am sure the company would not have wanted to use that name, because of the embarrassment it has caused the company subsequently.

I have given no business whatever to C. D. Howe Company, outside of the business that must flow to it anyway. They are the only firm in Canada that specializes in grain elevator work. They have been doing the work of the board of grain commissioners since the inception of the board. I noticed that in the years 1930 to 1935 the company collected $89,000 in fees for work performed for the board of grain commissioners. The company has continued to do work for the board of grain commissioners, even when that board has been my responsibility, as it has been for the last two or three years. I looked over the list of recent jobs, and they each represented work carrying a fee of less than $6,000, although in the aggregate the fees over the last sixteen years, while less than those collected in the five years of the Bennett regime, were still a substantial sum.

C. D. Howe Company Limited

However, during world war II, every engineering company of any standing had government contracts, with the one exception of C. D. Howe Company. The firm did not ask me for participation in government war contracts, nor did I call on the firm for work of that kind. That was one of the penalties that we both paid, and I suggest the government paid, in a way, from the fact the firm carries my name.

Now, I come to the family side. I might say I do not like to discuss my family in this House of Commons. I have always tried to separate my family affairs from public life. Members may have noticed that my wife does not appear on the political platform, and that my family are not active politically. However, in 1945 Captain Stedman returned from overseas. He came back, with a fine war record and a Military Cross, to resume his studies in the university of Toronto. He completed an engineering course which was interrupted by the war. While he was in the university of Toronto, he married my daughter. When he took his degree in mechanical engineering in 1947 he applied to the C. D. Howe Company Limited for work. I might say it has been the practice of the company, ever since I started it, to take a few graduates each year from Canadian universities. In fact, practically all the engineers in the company came from that source. Stedman applied for work with the company. I do not know why. Perhaps my daughter liked the idea of going back to Port Arthur where she was born and brought up. His application was accepted, and he joined the firm at the usual beginner's salary. That was in 1947, four years ago.

In 1948 my youngest son graduated from McGill as a civil engineer. He also applied to the C. D. Howe Company for a job, perhaps for the same reason. His application was accepted and he went to work with the C. D. Howe Company Limited at the usual starting salary. These men are still with the firm. I suppose the firm has at least fifty engineers, and some of them have seniority of at least twenty-five or thirty years. These boys have seniority in the firm consistent with their length of service with the firm. If that makes the C. D. Howe Company Limited a family company, my idea of a family company and that of the leader of the opposition are vastly different. That is the association of the family with the C. D. Howe Company Limited.

Certain statements were made in the debate that perhaps should receive comment. The leader of the opposition said he used the term "family company" advisedly, "because my son and son-in-law are actively engaged in the company", and he said he understood that a son and son-in-law are members of the family. Then he mentioned the fact that when the matter was brought up in the house originally he talked of nepotism. Well, I got that reference, but it took a little time to penetrate. By that time the debate had moved on to something else. At the time I thought he was referring to another son of mine, William Howe. I might say that the name "William Howe" has been used in every French constituency in which a Conservative member has been the speaker, and has been freely used in the French language press. I might as well tell you about my son William Howe.

In 1940 my son William Howe, at the age of seventeen, enlisted as a midshipman in the Canadian navy. He has served continuously in the navy since that day, and is still serving in the Canadian navy. He has never at any time had any association or interest in the firm of C. D. Howe Company Limited.

Just to make the story complete, I have two other daughters whom I have not mentioned. One of them is married and lives in Montreal, and the other is a war widow living in Halifax. Neither of them has ever had any association with or interest in the firm of C. D. Howe Company Limited.

Now, we come to the two contracts that have been mentioned here. One was the contract for the Department of Public Works to design and supervise the construction of a dock at Seven Islands. I can say quite honestly that I never knew the company had that contract until after the agreement had been signed. I asked the deputy minister of public works why he gave the contract to the company, and he said the reason was that the company had a contract from a private firm to build a dock at Seven Islands, and so were working in that locality. For that reason he thought they were the logical firm to undertake the work. Then we have the contract with the national research council for the atomic pile at Chalk River. I knew about that contract. Dr. Mackenzie, president of the council, came to me and said he would like to give the work at Chalk River to the C. D. Howe Company Limited. I asked him why. He said that he had tried to place it with Defence Industries Limited, the firm that designed the original pile, but they had so much work in hand on projects of their own that they were unable to take the work. I said, "Who else is in the field?" He said, "We know of no Canadian engineering firm that has the experience in the structural, mechanical and electrical branches of engineering that are required on this job other than C. D.

Howe Company Limited." I said, "Why do you ask me about it? The national research council is an autonomous body; its charter provides that it shall place its own contracts, and no reference to the government is necessary. It has not been your practice to refer contracts to the government." He said, "Just for one reason, and that is that the firm bears your name. I shall not do it if it is going to be embarrassing to you." I said, "It is embarrassing, but is that the most important consideration? What will you do if you cannot get C. D. Howe Company Limited?" He said, "We shall have to go to the United States and get our engineering there." I thought the matter over and I said, "You need not worry about embarrassing C. D. Howe. I will take care of that. If the right thing to do is to give this job to the C. D. Howe Company Limited, give it to them." That is the last I heard of the matter, and the job was duly awarded.

Either the radio statement or the statement in the house mentioned that for these two jobs the company will receive fees of $500,000. I looked that up and found that the fee for the Chalk River pile is 1·07 per cent of $20 million, which is the agreed cost stated in the contract. This would give the company a little over $200,000. I do not know how big the dock job at Seven Islands is, but I suppose the fee on that would be five per cent gross, from which expenses have to be paid by the firm. That might be five per cent of $600,000, and if that is the amount, the fee would be $30,000. I would therefore judge that the statement that fees were $500,000 for those two jobs is at least double the amount represented by the actual situation.

That is the story. I think I have given all the facts. If the leader of the opposition wishes to carry the matter further, I think he should adopt the practice that has been standard in this parliament and in every British parliament for many years past, namely, that he should rise in his place, make a charge, and stake his seat on his ability to prove the charge. If he is willing to do that, it is immaterial to me whether the charge is investigated by the public accounts committee, by a special committee of this house, or by a royal commission. I would point out to him that I am staking my seat in parliament on the accuracy of the statement I have just made to this House of Commons.

This is not the first time that smear tactics have been used by the leader of the opposition against myself. Hon. members will recall the broadcast made in the last federal election campaign in which he accused me of taking graft from Canadair, and also of having other improper relations with that company. His charge was denied by every director of Canadair individually and publicly; and incidentally some of the directors were his own supporters. Later the Canadair transaction was investigated by the public accounts committee of this house. The leader of the opposition himself was a member of that public accounts committee at the time. The public accounts committee brought in a unanimous report to this house. That report contained no criticism of the transaction so far as the government's interest was concerned. I suggest to hon. members that this is a further smear tactic against myself. While I do not worry too much about it, I suggest, Mr. Speaker, that I was entitled to make this statement of the position.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I might have had a good deal of sympathy with the position of the minister in what he said had he not closed his remarks in the way that he did.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Drew: May I say at the outset that his statement that I charged him with taking graft from Canadair is a complete and unqualified falsehood, and he knows it.

Mr. Howe: On a question of personal privilege, Mr. Speaker, may I say that I will endeavour to obtain a transcript of the national broadcast to which I refer, made by the leader of the opposition from Port Arthur, in which he made the charge, and I will leave it to the house to decide whether or not a charge was made.

Mr. Drew: I repeat the statement exactly as I said it. I withdraw no statement that I made at that time. But when the Minister of Defence Production winds up with a repetition of loose charges of smear tactics which we heard in this house yesterday,—

Some hon. Members: Oh, oh.

Mr. Drew: —then it does become—

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I think the leader of the opposition should be heard.

An hon. Member: Let him talk.

Mr. Drew: As I was saying, it becomes necessary to deal with what has been said and to point out at the very outset that the Minister of Defence Production has himself brought this matter before the house. When he talks about the necessity for inquiry, may

I point out that there is no such necessity, because he has confirmed every fact that I stated,—

Mr. McCann: You are backing up now.

Mr. Speaker: Order.

Mr. Drew: —except for one thing, and that is that he now says that the cost of the Chalk River project is $20 million.

Mr. McIlraith: He did not say anything of the kind.

Mr. Drew: I have in my hands a release headed:

Atomic energy control board, Ottawa.
For release after 8 a.m. (E.S.T.) Tuesday, 2nd January, 1951.

Every hon. member of this house knows the extent to which the Minister of Defence Production has exercised full control over atomic matters, and has at no time in any way questioned the fact that he was exercising that measure of control.

Mr. Howe: Mr. Speaker, on another question of privilege, in connection with the assertion that I made a statement about the cost of the work, I will now read the contract between the C. D. Howe Company Limited and the national research council. I am not sure whether it has been tabled in this house, but I think it has. In case it has not, however, I shall be glad to table it. It reads as follows:

Fee

The council agrees to pay to the consulting engineer for the services a fee calculated at the rate of 1-7/100 per centum on twenty million dollars ($20,000,000) which last-mentioned sum has been accepted by the council and the consulting engineer as a proper estimate of the cost of the work in relation to which the services are to be performed and on which the fee payable to the consulting engineer is to be based. The said sum ($20 million) does not include the cost of heavy water or uranium to be provided for the plant.

Mr. Drew: What is the date of that?

Mr. Howe: That is a contract which is dated the first day of January, 1951.

Mr. Drew: That contract was dated the first day of January, 1951; and the statement issued by the government on the second day of January closes as follows:

Estimates will be placed before parliament at its next session to cover the cost of this new pile, which is expected to be approximately $30 million.

Mr. McIlraith: That is right.

Mr. Howe: That is including the uranium and heavy water. I did not say what the cost would be. I said that the fee of the consulting engineer was based on $20 million, and that is written into the contract.

Mr. Drew: Mr. Speaker—

[Mr. Drew.]

An hon. Member: Apologize.

Mr. Drew: That was a statement issued by the atomic energy control board on January 2. In view of the fact that those statements are distributed to members of this house, I should think that the members of this house would have a right to rely on their accuracy.

An hon. Member: You do not understand them.

Mr. Abbott: Make another broadcast.

Mr. Speaker: Order.

Mr. Diefenbaker: Table some other documents that we have not seen.

Mr. Abbott: Time to make another broadcast.

Mr. Speaker: Order.

Mr. Drew: Mr. Speaker, the figures that were included in this total of $500,000 are made up as follows. The total fees are those that have been paid and will be paid.

Mr. Howe: That is not what you said in the broadcast.

Mr. Abbott: It is better in the broadcast than in the house.

Mr. Drew: It must be a relief for the Minister of Finance to make these jocular interjections after what the people of Canada said about him last Monday.

Mr. Abbott: It is never a relief to listen to the leader of the opposition. It is entertainment, but not relief.

Mr. Mutch: We are having a little bit of trouble in following him.

Mr. Drew: The figures are made up as follows: Amounts already paid: defence production assistance, Dominion Foundries and Steel Limited, $840.00; Sept Iles, wharf, Quebec, $8,186.40; Chalk River reactor, $26,725.42; board of grain commissioners, $43,314.64; national harbours board, $81,542.39, making a total paid of $160,608.85. The amounts to be paid on the basis of percentages stated in relation to the stated amounts of the contracts: Sept Iles, still to be paid, $41,813.60; Chalk River reactor, $294,274.58; board of grain commissioners, $208.00; national harbours board, $17,000, making a total of $353,296.18, or a grand total of $513,905.03; and it was to that figure that I referred.

The Minister of Trade and Commerce has quite clearly indicated the association of his family with the company, and since he has brought that up, then he has established exactly what was said.

Some hon. Members: No.

Mr. Drew: In so far as the Seven Islands job is concerned, when the Seven Islands job was undertaken the C. D. Howe Company Limited opened offices at 1421 Atwater street in Montreal, which was formerly the office of War Assets Corporation. Then I find that in the *Advertising Journal* of January, 1951, there is this advertisement:

Wanted—20 graduate engineers and draftsmen, mechanical, civil and electrical for projects in Ontario and Quebec by C. D. Howe Limited, 1421 Atwater street, Montreal, Quebec.

The Minister of Trade and Commerce is well aware that the member of his family in whom he has such confidence—and this is not in question—is pretty actively associated with a responsible position with that office that has been opened up in Montreal. These are the contracts that form the substantial basis of the work that is now being done by this company.

When the question is raised about "smear" tactics—and my remarks in this respect apply with equal force to the Prime Minister—before talking about smear tactics it is time that the government cleaned up this improper situation, and made it clear that no further contracts of this kind will be awarded. And that does not apply only to members of families, but also to friends, political and otherwise; because there has been a long established principle in regard to matters of this kind which is of the utmost importance at any time, but which assumes added importance when under any emergency or so-called emergency situation, the government, or any minister of the government, is placed in the position where he can exercise wide powers, not under the continuing supervision of parliament, as a result of the emergency powers conferred upon him. That is the situation in which the Minister of Defence Production is placed today.

The members of this house, by a majority vote, imposed upon the Minister of Defence Production the responsibility for the supervision of contracts running into hundreds of millions of dollars, which, by the very nature of those contracts, are not brought before this house for discussion. At the present time, as was pointed out, there are contracts, for instance, being awarded across Canada for the construction of radar stations involving very large expenditures. In the very nature of things those stations are not discussed in detail here in this house. I am not suggesting they should be; but the very fact that operations of that kind, and other operations of a similar nature—and many of those operations are carried out at the request of the Department of National Defence by the Department of Defence Production—cannot be discussed, having regard to the nature of their activities, does impose a special obligation upon the Minister of Defence Production to leave no doubt that there shall be no contracts awarded which in any way would offend the strict and unwritten rule that there shall be no advantage to any member of a family or friend of any member of the government in connection with contracts awarded in that way.

That principle has been so deeply embedded in the practices of our British parliamentary system that the time has long since passed when it was necessary to restate them, but it obviously is. They were as clearly stated as I have found them anywhere by Mr. Asquith at the time of the famous Marconi scandal in Britain, and I should like to quote from what he said about that situation. I am reading now from Mr. Asquith's own report of what took place at that time, and his enunciation of the principles which had been broadly accepted in regard to matters of this kind. He said this:

I took the opportunity to formulate rules, which I divided into two categories of rules of obligations and rules of prudence.

The first, of course, and the most obvious, is that (1) ministers ought not to enter into any transaction whereby their private pecuniary interests might, even conceivably, come into conflict with their public duty. There is no dispute about that. Again (2) no minister is justified, under any circumstances, in using official information, information that has come to him as a minister, for his own private profit or for that of his friends. Further (3), no minister ought to allow or put himself in a position to be tempted to use his official influence in support of any scheme, or in furtherance of any contract, in regard to which he has an undisclosed private interest. That again is beyond dispute. Again (4), no minister ought to accept from persons who are in negotiation with or seeking to enter into contractual or proprietary or pecuniary relations with the state, any kind of favour. That, I think, is also beyond dispute.

I will add a further proposition, which I am not sure has been completely formulated, though it has no doubt been adumbrated in the course of these debates, and that is that (5) ministers should scrupulously avoid speculative investments in securities as to which, from their position and their special means of early or confidential information, they have, or may have, an advantage over other people in anticipating market changes.

These, Mr. Speaker, were what Mr. Asquith described as rules of obligation and rules of prudence.

Mr. Abbott: Have you any quotations from Mr. Duplessis?

Mr. Drew: Mr. Speaker, we are dealing with a subject which the Minister of Defence Production has properly regarded as an important one, and it is not assisted by the jocular and childish remarks of the Minister of Finance as to whether I have any quotations from Mr. Duplessis.

Mr. Maltais: He knows a lot about it.

C. D. Howe Company Limited

Mr. Drew: Mr. Speaker, it is regrettable that *Hansard* does not record the fact that the Minister of Finance and a great many of his supporters are regarding this as a hilarious subject in which they can inject very silly comments which really indicate that they do not recognize the seriousness of this subject.

Mr. Abbott: Not the subject; just the speech.

Mr. Drew: I am continuing to quote what Mr. Asquith said at that time—

Some hon. Members: Dispense.

Mr. Drew: The laughter again of hon. members apparently shows that they do not want to be reminded that there are principles which have applied to matters of this kind.

An hon. Member: Do you know?

Mr. Drew: They might well go out if they are not prepared to listen, because I think there are those who do want to hear.

Mr. Fournier (Maisonneuve-Rosemont): Humbug.

Mr. Drew: I remember very distinctly what happened to a famous public man in England who used that expression, and I think the same thing will happen at the next general election to the hon. member who has just used it.

Mr. MacInnis: May I rise to a point of order? The house listened with, I think, complete silence, and I think with relief, to the statement made by the Minister of Defence Production. Now I think the leader of the opposition is entitled to the same kind of hearing, whether we like what he says or not. That is all. I think he should be heard —but I am not sure that he is quite in order now.

Mr. Drew: Well, Mr. Speaker, since the admonition in regard to order has not come from the expert on rules of the C.C.F. party, I shall continue.

Mr. Abbott: That will hold you, Angus.

Mr. Speaker: May I interject by saying that I think the leader of the opposition is in order, under the circumstances.

An hon. Member: On division.

Mr. Drew: Mr. Speaker, I am continuing to quote from what Mr. Asquith said at that time:

> I think that in addition to those rules, which I have described as rules of obligation—because it seems to me that they have an ethical value and sanction, as well as being based on grounds of expediency and policy—there are, or there certainly ought to be, rules of prudence specially applicable to ministers and to persons in positions of official responsibility, rules which perhaps never have been formulated, and which it would be very difficult to formulate in precise or universal terms. One of those rules is that in these matters such persons should carefully avoid all transactions which can give colour or countenance to the belief that they are doing anything which the rules of obligation forbid.

I have read this quotation because, so far as I can ascertain, that was the last time it became necessary, either in the House of Commons at Westminster or in the House of Commons here, to state in such clear and explicit terms the rules of prudence and the rules of obligation which have come down by trial and error, with centuries of precedent, under our type of parliamentary system.

The Minister of Trade and Commerce has indicated that if he had thought there might be the association between himself and the government and the public that has happened, then he might have questioned the wisdom of continuing the use of that name. That is exactly the point before us.

When a minister has the immense power that the Minister of Trade and Commerce has, powers conferred upon him because it was stated that these wider powers would be necessary so that the government could deal with price controls and other controls —when a minister has these wide powers, then that minister surely will not suggest that the name C. D. Howe Company Limited has not some significance beyond that of an ordinary company name.

In any event at a time like this, when in the very nature of things hundreds of millions of dollars of the taxpayers' money are to be spent under the full and unrestrained authority of the Minister of Defence Production, in the preparation of those defence measures which were under discussion in the house yesterday, then there not only should be nothing done which can be open directly to criticism, but there should be nothing done that is open even to indirect criticism, or that gives any colour to the possibility that members of the House of Commons have not reason to repose full confidence in that minister in regard to the expenditure of the enormous sums we are called upon to approve.

Now, the minister himself has stated the relationship of his own family to this company. There is one way in which he could avoid any criticism, and that is to make sure that this company does not retain a name which has a very special significance at this time, and also that no contracts are awarded —and particularly in the circumstances under which these contracts were awarded—in a way that leaves every other contract open to question in so far as that department is concerned.

It is not only government money that is being spent; it is hundreds of millions, billions, of dollars that are being spent by private companies that must look to the Minister of Defence Production for priority and otherwise. Now, there is no member in this House of Commons who does not know that a nod to any of those private companies, in regard to a company that bears the name of the minister with these immense powers, would be most suggestive and decisive as to what should be done.

It is not necessary to do more than point this out, and to ask the Prime Minister to end the possibility of anything of this kind and to accept these rigid but unwritten rules of obligation and prudence which have been so deeply embedded in our tradition. Unless that is done, then there is only one thing to be said, and that is that from a guilty conscience the charge of "smear" is being made by those whose shameless behaviour opens them to condemnation from every part of this country.

Mr. St. Laurent: Mr. Speaker, may I, through you, ask the leader of the opposition if we are to take this merely as a more or less successful attempt to retire behind a smoke screen, or if he does in a manly way take the responsibility of asserting any charge whatsoever on the floor of this house.

Mr. Drew: Mr. Speaker, I do not take very kindly to the inference by the Prime Minister that I am not acting with proper courage, but I do not think that my remarks indicate that I am as cowardly as the Prime Minister is in acting in the way he has in regard to a minister with the powers that this minister has.

Mr. St. Laurent: Mr. Speaker, I will ask the hon. member to withdraw the word "cowardly".

Mr. Drew: Mr. Speaker, the words used by the Prime Minister have only one inference, and I will withdraw when the Prime Minister withdraws his remarks.

Mr. St. Laurent: Mr. Speaker, I insist upon my rights to ask you to have the leader of the opposition withdraw the unparliamentary word he has used.

Mr. Speaker: Without doubt, the word "cowardly" is unparliamentary.

Mr. Drew: Mr. Speaker, when the Prime Minister has withdrawn the word "smear"—

Some hon. Members: No, no.

Mr. Drew: Very well. Mr. Speaker, I repeat that I ask the Prime Minister at the same time to withdraw the statement as to "smear" and "lack of courage".

Mr. Speaker: Order. Yesterday the word "smear" was used several times. I did not ask that it be withdrawn—in fact the leader of the opposition did not ask that it be withdrawn. I realize and can understand that there is considerable heat in this debate, but there is a limit to which we can allow language to be used. I think the word "cowardly" is going just a little too far, and I would ask the leader of the opposition to withdraw it.

Mr. Drew: Mr. Speaker, the words "lack of courage" are the same as "cowardly"; and I will have to say that I shall not withdraw, but I will leave the chamber unless you—

Some hon. Members: Oh, oh.

Mr. Drew: Are you prepared to ask for a withdrawal of the words "lack of courage"?

Mr. Abbott: It was not used.

Mr. Fraser: Yes, it was.

Mr. Speaker: If the words "lack of courage" were used, they also must be withdrawn. I do not recall that they were used. I do not think one should attribute lack of courage to any hon. member. If the words were used, they were not brought to my attention at the time. I will leave it to hon. gentlemen, and if the words were used I would ask that they be withdrawn.

An hon. Member: They were.

An hon. Member: Withdraw.

Mr. Drew: Mr. Speaker, there is no rule for one member and not for another.

Mr. Speaker: Order. The word "cowardly" was used, and that word should be withdrawn. If the hon. member was accused of lack of courage, if those words were used, I ask the hon. member who used the words to withdraw them.

An hon. Member: The Prime Minister.

Mr. St. Laurent: I do not think I did. The report can be scrutinized. I asked the hon. member if he was going to take the manly course of maintaining charges, and I am still waiting for an answer.

Mr. Speaker: My ruling is that the word "cowardly" was used, and it should be withdrawn.

An hon. Member: It was used.

Mr. Speaker: If the hon. member was accused of a lack of courage, that must be withdrawn. I do not know whether he was. If so, I order that it be withdrawn. Likewise I order that the word "cowardly" be withdrawn.

An hon. Member: Withdraw.

An hon. Member: Retract.

Mr. Fraser: Both stand up.

Mr. Drew: I indicated my willingness to withdraw, provided that the Prime Minister withdraw the very clear implication of his remarks, but he either withdraws them—they were very clearly heard—or I do not. There was no possibility to demand a withdrawal, because I rose immediately he used those words and said that unless he was prepared to do these things, then I stated that I thought it was a cowardly course that he was following. The qualification was there, and I leave those remarks there. I ask the Prime Minister, if he has the frankness which he talks about, not to try to dodge away from the clear implication of his words and to join with me in withdrawing those remarks.

Mr. St. Laurent: I made no charge against the hon. gentleman of lack of courage. I asked if he would or would not take the manly course of making a charge on the floor of this house. If there is any implication from his conduct, that is not my fault.

Mr. Coldwell: It seems to me that the best way to settle this is by getting a copy of the *Hansard* typescript.

Mr. Diefenbaker: After all, this is parliament.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Sometimes I wonder whether it is. I want to make a suggestion—

Some hon. Members: Oh, oh.

Mr. Speaker: I must insist on the hon. gentleman being heard. I cannot make my ruling if I do not hear what is being said.

Mr. Diefenbaker: Heated words were used; "smear" was used by members on the other side, and that is scarcely a parliamentary word. The Prime Minister is the first citizen and the leader of this house. Let us not continue a scene like this. Let the Prime Minister say "I withdraw" and the leader of the opposition—

Some hon. Members: Oh, oh.

Mr. Speaker: The situation is quite clear. If I understood him correctly, the Prime Minister stated that he did not accuse the leader of the opposition of cowardice.

An hon. Member: He said "lack of courage".

Mr. Speaker: Or of lacking in courage.

An hon. Member: He did.

[Mr. Speaker.]

Mr. Speaker: The Prime Minister has stated that he did not make that accusation. If he did not make that accusation, it is impossible for him to withdraw it.

An hon. Member: He did make it.

Mr. Speaker: The question remains as to the word "cowardly", and I ask the leader of the opposition to withdraw the word "cowardly". I think the situation is quite clear.

Mr. Harkness: I do not think the situation is clear.

An hon. Member: Sit down.

Mr. Harkness: I and all the people around here heard the Prime Minister use the words "lack of courage."

Some hon. Members: No.

Mr. St. Laurent: That can be very easily cleared up. I do not think I did say that, and I think it can be established by the report of *Hansard* which has taken down just what was said. I think it would be convenient to get a transcript of what was said, and if it is found from the transcript that those words are there, I will withdraw them; but I do not believe they are there.

Mr. Drew: Mr. Speaker, I shall let *Hansard* speak for itself, and if the Prime Minister used words—

Some hon. Members: No, no.

Mr. Graydon: Please.

Mr. Drew: If the Prime Minister used words different from those which I heard, and which I think I heard correctly, then obviously my remarks were related to words which were not said. *Hansard* will speak for itself. If they were not said, then I withdraw what I said in relation to them.

Some hon. Members: No, no.

Mr. Drew: Now, Mr. Speaker, in regard to what the Prime Minister said, I have said nothing that is open to question. The Minister of Defence Production has indicated quite clearly the status of this company, and the members of his family associated with it, and the contracts it has. There is nothing further. What is already before us shows a type of transaction that should not be permitted to continue. Far from being called upon to repeat what I said, all I do is repeat my demand that the Prime Minister recognize these unwritten rules of prudence and obligation and announce to the house that further action of this kind by the Minister of Defence Production will not be permitted.

Mr. St. Laurent: Mr. Speaker, the record of *Hansard* will show what is the position of the leader of the opposition when he is up against facts.

Mr. Drew: Now, Mr. Speaker, I do not intend to let the inference of that remark pass. The Prime Minister knows perfectly well that this is part of a general pattern. He knows of the money handed by this government to its friends. He knows of other acts of this kind, and that this had a relation to those other things. At this time, when we are asked to approve by far the largest peacetime budget in our history, he has the highest obligation to remove any possibility of any question being raised about the handling of public funds.

[*Later:*]

TABLING OF CONTRACT WITH NATIONAL RESEARCH COUNCIL

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a request to the Minister of Defence Production. During the course of his statement on privilege this morning he referred to the contract with the C. D. Howe Company in reference to the Chalk River project, and said that he thought it had been tabled. I would ask him to table it. At the same time perhaps he would table the order in council which confirmed the granting of the contract.

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, there is no order in council confirming the granting of the contract. The national research council is a corporation with its own board of governors, and has complete control over the funds placed at its disposal by parliament. Its only connection with the government is that it reports to the government through a committee of the cabinet of which I happen to be chairman.

As to the contract, in pursuance of a request made to me I have just sent it to *Hansard* to aid the reporters in their transcription. When the contract is returned, if it is understood that it is now tabled, I will see that it goes to the table.

REPORTS OF COMMITTEES

Tenth report of standing committee on banking and commerce.—Mr. Cleaver.

Fourth report of standing committee on public accounts.—Mr. Picard.

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PROCEDURE—REPORT OF STRIKING COMMITTEE

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, on June 15 the house directed Your Honour and others to meet and set up a committee to deal with the revision of the procedure of the House of Commons. I now have the honour to submit the report of that striking committee, as follows:

> The special committee appointed to confer with Mr. Speaker and with his assistance to prepare and report a list of members to compose a select committee of the house to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business, recommends that the said select committee be composed, together with Mr. Speaker, of the following members: Messrs. Bradette, Brooks, Fleming, Fournier (Hull), Graydon, Harris (Grey-Bruce), Knowles, MacNaught, Pouliot, Quelch, Weir.
>
> Your committee further recommends that five members will constitute a quorum of the said committee.

If I have unanimous consent I would move that this report be now concurred in.

Mr. Gordon Graydon (Peel): Would it not be possible for this committee to meet at once, perhaps this afternoon? We have not very much time before this part of the session concludes, we hope, and I think there should be one or two meetings of that committee, or perhaps more, so that at least we would have some plan to consider individually during the recess. Then we could follow the proposal made in the house by the Prime Minister (Mr. St. Laurent) previously and have our committee meetings start on the second day of the new session. That would give us an opportunity at least to get the work under way, because I think there is some urgency with respect to one or two major changes upon which I believe agreement can be reached and which might be put into operation on an experimental or trial and error basis during the next session. I would ask the hon. member for Portage-Neepawa if it might be possible to get away from the red tape at this stage of the session and hold a meeting, perhaps this afternoon, so that the work could be got under way as soon as possible.

Mr. Jean François Pouliot (Temiscouata): Before the hon. member replies, I appreciate the fact that I will have the honour to be a member of that committee, which will have important work to do, and which will have to see that the privileges of members are not dispensed with. But as we will sit only next session, would it not be best for each member of the committee during the adjournment to read the rules in order to be familiar with them? They might go through the book two or three times during the summer, under the shade. It is a small book. I do not mean Beauchesne's big book; I mean the small book with the standing orders. Then hon.

members would be in a position to discuss the matter with intelligence during the fall session.

Mr. Weir: I do not think any purpose would be served in discussing at this time what may or may not be done by this committee. In reply to the hon. member for Peel, however, I would say it seems to me that whatever procedure might be adopted this session would come very largely under the direction and convenience of Mr. Speaker.

Mr. Pouliot: Hear, hear; well said.

Motion agreed to.

MING SUNG INDUSTRIAL COMPANY

CORRESPONDENCE WITH GOVERNMENT OF HONG KONG—EXEMPTIONS FROM PROVISIONS OF SHIPPING ACT

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I table herewith parliamentary return No. 129, mover Mr. Diefenbaker, being copies of letters, and so forth, since January 1, 1949, between any department of the government of Canada and any official of the government of Hong Kong relating to exemptions granted to the Ming Sung Industrial Company Limited.

The return just tabled contains the official correspondence between the trade commissioner and the authorities at Hong Kong; that is the manner in which the matter was handled. Subsequently some question was raised in a confidential memorandum from a law officer of the Hong Kong government, in view of the terms of the ordinance of 1899, I think, of Hong Kong with respect to shipping, as to the sufficiency of the exemption granted by the Canadian authorities. In order to remove any doubt about that, at the request of the Canadian government the government of the United Kingdom instructed that exemption from the Hong Kong ordinance be also granted, and that was done. I understand that similar exemptions are in effect with respect to some thirty or more other ships of British registry which are operating out of Hong Kong.

Mr. J. G. Diefenbaker (Lake Centre): I thank the Prime Minister. I should like to ask how long after the Canadian directive or order was made by the Minister of Transport the governor of Hong Kong passed the necessary order to assure the legality of the operation of the Canadian directive.

Mr. St. Laurent: The hon. member's question included the words "the necessary order" and I would not like my answer to imply that we regarded it as necessary. It was considered that there might be some doubt as to its sufficiency. I cannot tell the hon. member from memory the respective dates of the two orders, but I will get them and give him the information.

Mr. Diefenbaker: Thank you.

CAPITAL COST ALLOWANCES

STATEMENT AS TO DEFERMENT OF DEPRECIATION FOR INCOME TAX PURPOSES

Right Hon. C. D. Howe (Minister of Defence Production): I table herewith order in council P.C. 3237, dated June 26, amending the regulations relating to deferred capital cost allowances.

Before explaining the changes that have been made in the regulations it may be useful for me to give a short summary of experience under the deferred depreciation plan since it was announced in the budget on April 10.

Between April 11 and June 19, 1951, 257 applications for certificates granting exemption from deferment have been received. Of these 63 have been approved, involving capital expenditures of $12·4 million. Certificates of eligibility granted fall into two groups. One group has been approved under subsection 5 of section 1107 of the income tax regulations, on the ground that they were necessary for the execution of a defence contract or subcontract or were for a purpose which contributed to the defence of Canada. Certificates approved under this section numbered 14, involving capital expenditures of $3·9 million. The second group of certificates granted was under subsection 6 of section 1107 of the income tax regulations. These certificates were approved for capital expenditures required by certain basic industries listed in the regulations for the carrying on of their business. A total number of 49 applications were approved, involving capital outlay of $8·5 million. Certificates have been denied for 26 applications involving $3·4 million. The remaining 168 applications are pending, and these include many applications which will probably qualify for the issuance of a certificate under the regulations as amended.

There is no direct way of measuring the results of the plan. We know how many applications have been received, how many certificates have been issued, and how many have been denied. What we do not know is how many plans have been changed because the businessman knew that depreciation would be deferred for four years. I should point out that the authority to grant certificates for current depreciation is limited, and that many contemplated transactions could not possibly qualify. From information available to the government from various lines of business I think it is fair to say that while the

results cannot be measured precisely, they are substantial. The government believes that the plan has contributed in some measure to the recent reduction of inflationary pressures. It has been a useful supplement to other fiscal and monetary measures and credit restrictions.

On February 8, 1951, I advised the house that our surveys showed investment plans of a record total of $4·3 billion for 1951, or a thirteen per cent increase over the $3·8 billion estimated to have been spent in 1950. The investment plans of business and others have now been resurveyed.

Briefly, the mid-year survey of investment intentions suggests that capital outlays contemplated for 1951 as a whole, including actual expenditures made during the early part of the year, may exceed $4·5 billion. This is five per cent higher than anticipated at the beginning of the year, and twenty per cent above 1950. The increase in capital plans as indicated at mid-year over what appeared to be the outlook at the beginning of the year is almost entirely due to higher purchases of machinery and equipment contemplated mainly by industries either directly or indirectly associated with the defence effort. Such industries include principally those engaged in the production of strategic raw materials and large sectors of manufacturing. In construction little change is indicated, even though the amount of new construction work planned for 1951 is $2·7 billion, or about sixteen per cent above 1950.

While the greater emphasis on investment in defence and defence supporting industries is a change in the right direction, the record capital expenditure program contemplated for 1951 emphasizes the importance of businessmen reviewing carefully their investment plans at the present time and postponing all projects that can, in the judgment of industry, be deferred to a later date.

I turn now to the amendments which have been made in the regulations. These are of five kinds:

1. Exempting properties acquired by inheritance.

2. Exempting property depreciable when the order first became effective which is later transferred to a related person or corporation; for example, by incorporation of a sole proprietor or partnership.

3. Making technical changes in the wording of the order, that is, clarifying the description of certain eligible basic industries.

4. Adding to the eligible list of basic industries those producing basic chemicals, and filaments, fibres and yarns.

5. Making the purchase of an existing business, including all the depreciable property, eligible for a certificate for current depreciation if the assets involved were depreciable property of the vendor on April 10, 1951.

A number of representations have been made that deferment should not apply to properties which were in existence on April 10 and which merely change hands. The problem is exceedingly complex because of the ease with which such a change if it were adopted could be used to circumvent the purpose of the regulations. The further away we move from April 10, 1951, the more difficult the problem would become. Nevertheless there are certain cases which can, the government believes, be handled.

The amendments exempt from deferment properties acquired by bequest or inheritance and those acquired when the taxpayer and the vendor are not dealing at arm's length, that is, mergers, incorporation of partnerships, incorporation of sole proprietorships, etc. This amendment removes one of the main causes of complaint.

In addition, the purchaser of a business, if he acquires all the depreciable property of the business, may apply to the Minister of Trade and Commerce for a certificate entitling him to exemption from deferment. This certificate will relate only to properties which were used by the vendor in his business and were depreciable property of the vendor on April 10, 1951.

The other amendments are of a more technical nature and are in the main self-explanatory. The principal changes are those extending the list of industries for which certificates may be issued to include the production of basic chemicals for use in primary industry and the production of filament, fibres or yarns. The principle underlying these changes is consistent with the original intent of the order which was to restrict the list in the main to basic industries which provide the materials for fabrication or which provide transportation or power or some vital utility.

There is another phase of the deferred capital cost allowance provisions which several hon. members have raised here in the house and on which the government has received a number of representations. I am referring to capital expenditure commitments made or projects started before April 11, 1951.

The government is not yet in a position to reach a definite decision on this point. Where genuine commitments were made before April 10, 1951, and must be proceeded with a good case for relief can be made. However, the variety of circumstances is extremely broad and requires careful study. I am not yet in a position to say what can or

should be done. Probably the government will not be able to go as far as some taxpayers would wish; on the other hand it should be possible to work out something that will give a measure of relief where the taxpayers had no option but to carry out commitments made before April 10, 1951.

Finally, as the Minister of Finance said in the house a few days ago, it is the intention to publish periodically in the *Canada Gazette* a list of certificates issued. The first list will appear shortly.

Mr. Donald M. Fleming (Eglinton): May I say to the minister that I think the house will be pleased to hear about these amendments which have been made, and that the question of making provision for commitments entered into prior to April 11 is still under consideration. May I ask the minister when he will be able to table the order in council embodying the changes in the previous order in council?

Mr. Howe: The changes have been tabled. I tabled them when I started my speech.

QUESTIONS

CAPLAN RIVER, QUE., WHARF

Mr. Courtemanche:

1. Was any construction or repair work done on the Caplan river wharf during 1947, 1948, 1949 and 1950?
2. If so, was the work done by contract or by day labour?
3. If by contract, what was the total amount paid with respect to each contract, and to whom were such contracts awarded?
4. Were tenders called for the said contracts?
5. If by day labour, who were the foremen of such work?

Mr. Fournier (Hull):

1. Yes, during the years 1947, 1948 and 1949.
2. By day labour.
3. Answered by No. 2.
4. Answered by No. 2.
5. Joseph Poirier.

PUBLIC BUILDINGS AND PARKING AREA—OSOYOOS, B.C.

Mr. Green:

1. What tenders were received for the construction of new customs and immigration buildings and a parking area at Osoyoos, British Columbia?
2. When, and to whom was the contract for such construction awarded, and for what amount?
3. What was the estimated cost of such construction as made by or for the Department of Public Works, and when was such estimate made?
4. What was the estimated difference in cost between using reinforced concrete and bituminous pavement for the parking area?
5. What land was acquired for the construction of such buildings and parking area, from whom was it acquired, and at what prices?

[Mr. Howe.]

Mr. Fournier (Hull):

1. Geo. D. McLean and Associates Limited, Vancouver, B.C., $332,696; Bennett and White Construction Company, Limited, Vancouver, B.C., $363,920; Dominion Construction Company Limited, Vancouver, B.C., $399,498.
2. (a) October 5, 1950; (b) Geo. D. McLean and Associates Limited; (c) $332,696.
3. (a) $375,927; (b) July 27, 1950.
4. Bituminous pavement for parking area was not called for in the specifications.
5. Part of lot 640, map 1950, district lot 2450S, Similkameen division of Yale district in the province of British Columbia, amounting to 1·37 acres, was purchased from Mr. A. Neuman for $5,000. Notice of expropriation was filed against a portion on block 1 of lot 2, map 3958, district lot 2450S, Similkameen division of Yale district, province of British Columbia, owned by D. P. Simpson. No settlement has as yet been made.

POSTAL SERVICE—QUESTION AS TO USE OF TERM "ROYAL MAIL"

Mr. Black (Cumberland):

1. Has the government dropped from its Post Office Department operations the term "Royal Mail"?
2. If so, what was the reason for such a step?
3. Does this step represent government policy in connection with other departments or services now using that term?

Mr. Langlois (Gaspe): For more than twenty-five years the designation "Canada Post Office" has been generally used on mail trucks, mail receptacles and other equipment. There is therefore no change in policy or in practice.

POSTMASTERS AND MAIL COURIERS, HALIFAX CITY AND COUNTY

Mr. Balcom:

1. How many post offices are there in Halifax city and county?
2. How many changes in postmasters were made in Halifax city and county since January 1, 1951?
3. How many changes in couriers were made since January 1, 1951?
4. How many vacancies were caused through resignations?

Mr. Langlois (Gaspe):

1. 139, including staff, revenue and sub post offices.
2. 11.
3. 11, including two letter carriers.
4. 18.

GRANTS TO SCHOOLS OF SOCIAL WORK

Mr. Balcom:

1. For what purposes are federal grants made to the eight Canadian schools of social work?

2. What increase is provided in the grant for each school out of the proposed increase in the grants from $52,000 in 1950-51 to $100,000 in 1951-52?

Mr. Martin: These grants are intended to make possible an increase in the number of adequately trained social workers, of which there is a great shortage in Canada. The universities use a certain portion of their grant to provide bursaries for suitable students who would otherwise be unable to take the necessary training. This assistance becomes increasingly important as the number of students receiving DVA benefits is steadily declining. The balance of the grant is used to provide facilities to deal with the increased enrolment. This may take the form of additional staff for teaching or for supervising field work. It may also be used for additions to the library or teaching materials.

The schools of social work have recommended a basic grant of $3,000 to each school, the remainder of the money to be divided on the basis of this year's enrolment of full-time students in each school. Approval is being sought for distribution on this basis.

The proposed grant would result in the following increases:

School of Social Work	1951 Grant	1952 Grant	Increase
Maritime School of Social Work	$ 2,390	$ 5,890	$ 3,500
Laval University School of Social Science	4,690	9,350	4,660
University of Montreal School of Social Service	7,310	9,920	2,610
McGill University School of Social Work	7,150	13,100	5,950
St. Patrick's College School of Social Welfare	2,390	6,890	4,500
University of Toronto School of Social Work	12,060	23,040	10,980
University of Manitoba School of Social Work	3,870	8,190	4,320
University of British Columbia School of Social Work	12,640	23,620	10,980

INQUIRIES FOR RETURNS

CAMPBELLTON, N.B.-CROSS POINT, QUE., BRIDGE

On the orders of the day:

Mr. A. J. Brooks (Royal): Mr. Speaker, an order for return in my name was passed about three weeks ago. It had to do with correspondence between the Department of Public Works or the Department of Justice and the government of New Brunswick in connection with the construction of a bridge from Campbellton to Cross Point. I should like to ask either minister if he is prepared to give me that return. The session is getting near to its close, and I should like to have that correspondence if possible.

Hon. Alphonse Fournier (Minister of Public Works): I will give my immediate attention to that request, and will do my utmost to please my hon. friend.

SOUTH SASKATCHEWAN RIVER PROJECT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): The other day the Minister of Agriculture (Mr. Gardiner) undertook to table a return asked for by myself with reference to the South Saskatchewan river dam and irrigation project. As we are approaching the end of the session, I would ask that it be tabled. It was understood that would be done so that it would be available today.

Mr. Fournier (Hull): Was that under a motion for the production of papers?

Mr. Diefenbaker: Yes.

Mr. Fournier (Hull): I will communicate with the Secretary of State to see if—

Mr. Graydon: He is right here. You do not need to do that.

Mr. Diefenbaker: Is that return available?

Hon. F. G. Bradley (Secretary of State): I do not know, Mr. Speaker. I have not seen the return, but I will look into the matter.

Mr. Diefenbaker: There is only a short time available to look into it.

FRED ROSE

REQUEST FOR REVOCATION OF CANADIAN CITIZENSHIP AND DEPORTATION

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to address a question to the Minister of Justice. As Fred Rose will be on the loose again on August 9, will the minister tell us what steps the government is taking to have his Canadian citizenship revoked, and also to see that he is deported to the country that he loves better than Canada?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I am afraid that I cannot answer that question. I think it should be addressed to the Minister of Citizenship and Immigration.

Mr. Fraser: Surely the Minister of Justice has to take a hand in this matter. We should not have these rodents here.

[*Later:*]

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I should like to address to the Minister of Citizenship and Immigration the question that I addressed to the Minister of Justice. Will he please give me an answer?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Yes, Mr. Speaker; I will accept the question as notice, and will give my hon. friend an answer on my estimates.

FEDERAL DISTRICT COMMISSION

INCREASE IN NUMBER OF MEMBERS—POWER TO CONSTRUCT RAILWAYS, ETC.—CONCURRENCE IN SENATE AMENDMENTS

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 397, to amend the Federal District Commission Act, 1927.

Motion agreed to, amendments read the second time and concurred in.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Royal Canadian Air Force (regular)—

Civil salaries and wages, $12,554,139; civilian allowances, $253,135; pay and allowances, $66,003,768; travelling and removal expenses, $6,852,014; freight, express and cartage, $4,307,300; pensions, superannuation and other benefits in respect of personal services, $104,256; total, $90,074,612.

Mr. Coldwell: Last evening, Mr. Chairman, I began to discuss a matter which I said would not take me long, but I acceded to the request of the Minister of Public Works to defer any further mention of it until this morning. *Hansard* indicates that last night I was speaking of wastage by the armed forces. I said that my attention had been drawn particularly and recently to the loss of a couple of aircraft in the Northwest Territories and in Saskatchewan. Both were Canso planes. One came down in the Northwest Territories on Spitfire lake, about one hundred miles north of Goldfields. When this incident was reported to the government of Saskatchewan, which is extremely anxious to obtain this type of plane because they are excellent for carrying supplies into the far north—I am informed that the plane will carry about four tons of freight—they sent up a pilot and a competent engineer to see if this plane could be brought back, reconditioned and utilized. When they looked over the situation they found that the engine had been removed and that the plane had been destroyed by fire and, from all appearances, hacked to pieces with axes.

The other similar case was on Ennadai lake, about one hundred miles north of Wollaston lake in the province of Saskatchewan, and the same sort of report was received. This procedure fits in, of course, with what was done after the last war, when a great deal of the equipment was mutilated and destroyed. Indeed, if I may just speak on another branch of the minister's department, it is said that in Saskatoon tires that are taken off army vehicles after they have run a certain distance are destroyed when they could be reconditioned or sold to civilians for farm use. I am reminded that, in connection with the same city, early in the war, I brought to the government's attention or to the attention of the minister of munitions and supply, as the present Minister of Defence Production (Mr. Howe) was then, the matter of the wastage of oil. After some considerable time the minister authorized that the oil might be reconditioned and sold locally for tractors, and so on.

I think that wastage of this description is something that the department should check. We are spending hundreds of millions of dollars for defence supplies with respect to the navy, army and air force; and, as a friend of mine said to me a few days ago, it seems to me that sometimes military men have the idea that army supplies running into millions of dollars can be requisitioned without much question. A careful check should be made on the manner in which supplies are destroyed as unusable when, in my opinion, in many instances, they could be used. In this particular instance I am of the opinion—as are others, including competent engineers—that the aircraft could have been salvaged, reconditioned and used for the carrying of supplies through northern Canada.

I bring this to the attention of the minister. I mentioned it to him before, and I have no doubt that he has made some inquiries about it. I shall be very glad to hear the results of the inquiry, and to receive, as I know the committee will wish to receive, assurances that instructions have been given that in the event of such occurrences every attempt will be made to salvage rather than to destroy navy, army, and air force equipment.

Hon. Brooke Claxton (Minister of National Defence): I am very glad indeed to give the hon. member for Rosetown-Biggar the facts on the two Cansos to which he has referred.

He was good enough to mention this to me, and I had the cases looked up. Neither of the accidents occurred in Saskatchewan, but rather in the Northwest Territories.

Mr. Coldwell: I thought the second one was within the Saskatchewan boundary.

Mr. Claxton: Canso 9815, while landing at Ennadai lake, Northwest Territories, on September 10, 1950, was damaged. The aircraft was beached and a repair party was flown in. It was decided that owing to the lateness of the season the engines and ancillaries would be inhibited and the aircraft would be flown out at a later date when a runway could be prepared on the ice. Emergency repairs were carried out on the spot, a runway made on the ice and the aircraft flown to No. 10 depot, Calgary. It is being repaired there and will soon be returned to R.C.A.F. service.

Mr. Coldwell: I am glad to hear that.

Mr. Claxton: Canso 11018, while employed on operation magnetic, struck a reef while taking off from Spitfire lake, Northwest Territories, on July 15, 1950. The captain tried to run the aircraft on the beach, but it sank about 150 feet from shore. The salvage crew with equipment were flown in by Canso and were able to float and winch the aircraft partly out of the water. The load and the accessories, the instruments, compasses, radio equipment and auxiliary power unit, together with engine and ancillary equipment, were salvaged. The engines were not salvaged because they could not be loaded with the equipment available on a Canso aircraft. They were badly corroded and considered beyond economic repair. Salvage equipment was not available to salvage the engines. I may say that the air force have very much heavier and more powerful equipment than the province of Saskatchewan or any commercial operator to do the job.

Mr. Coldwell: I understood that the engines had been salvaged.

Mr. Claxton: No, they could not be salvaged because in that location they were too heavy to lift on to the only type of aircraft that could land there, and that was a Canso. These are the only two accidents happening in that area in 1950 and 1951. I hope that clears up the matter.

With regard to the suggestion that tires were destroyed, this charge had been made on a good many occasions back as far as 1941. I remember them long before I had this portfolio. The Minister of Trade and Commerce and of Defence Production is responsible for the procurement of tires, and also for the disposal of tires that have ceased to be serviceable. He assures me that he knows of no case where tires were destroyed. Certainly I have heard of none during the last four and a half years that I have been in this position. All tires that can be made serviceable again are recapped. We even build up the walls of tires. That is done at all the main R.C.E.M.E. depots of the army, and also in the air force and navy. I have watched this operation, and looked into its cost, and I believe it compares very favourably with the cost of any civilian operation, and that we get as big a use out of our tires as any commercial operations.

With regard to oil, that is strained and used over and over again just as long as it is possible to use it. I can assure the hon. member that as far as humanly possible, using the most modern methods, every effort is made to get the utmost use out of our military equipment.

When these estimates were before us previously the hon. member for Kootenay West made reference to a similar case, as recorded at page 3436 of *Hansard*, where he said he had been told that an army car was used by a provost marshal in Montreal. That was looked into very thoroughly. It was found not to be the case. However, the explanation of the report is that by arrangement with the police of the city of Montreal, provost officers are not only allowed but in fact asked to put on their own private cars "O.H.M.C.S." stickers so as to enable them, when necessary, to be recognized by civilian police. That seems to be a convenience for the civilian police, and that no doubt is the explanation of the story.

Subitem agreed to.

Search and rescue—	
Pay and allowances	$1,514,512
Professional and special services	12,363
Travelling and removal expenses	158,721
Freight, express and cartage	.....
Telephones, telegrams and other communication services	22,767
Printing of departmental reports and other publications	1,650
Office stationery, supplies and equipment	2,280
Materials and supplies	433,985
Major procurement of equipment	898,836
Repairs and upkeep of equipment	700,200
Sundries	115,309
Total	$3,860,623

Mr. Catherwood: I should like to ask a question or two on this item. Is this item the search and rescue that was formerly carried on by the Department of Transport for civilian purposes?

Mr. Claxton: The co-ordinating agency for all search and rescue operations at sea and

on land throughout Canada is the Royal Canadian Air Force. It has the communication services, the control centres and the plotting rooms from which search and rescue operations are conducted. It co-ordinates all activities, and that includes the Department of Transport in respect of its communications, its transport, its ships, and also in so far as relations with the merchant marine are concerned, so that we have a close working relationship co-ordinated by the R.C.A.F.

Mr. Catherwood: I am happy to hear that, because I think it is a splendid idea to have civilians and the Department of National Defence working in conjunction with those other departments.

I should like to bring to the attention of the minister an incident that occurred in March of this year. A number of small fishing craft out from the port of Port Maitland were on a fishing operation five miles off shore when a large ice floe enveloped them. They were unable to reach shore, and had to spend the night out on the ice floe. On the following day three of these craft were able to get to shore. The remaining four were still enveloped in this ice floe. The situation was desperate. There was no way of getting food supplies or fuel to them. A telephone call was put through to the life-saving station at Buffalo to send a helicopter to the rescue. That was the only thing that could drop supplies. These people were trapped in the ice floe three days before a rescue was effected. Food supplies and fuel were dropped, as I say, and if this had not been done they would not have been able to reach shore safely. The situation was indeed desperate.

We in that section of the country were deeply grateful for those services that were provided by the life-saving service of Buffalo. I believe there is an international arrangement between Canada and the United States—

Mr. Claxton: That is right.

Mr. Catherwood: —in respect to those services. As was pointed out by the Dunnville *Chronicle*, which is an excellent weekly newspaper, we in Canada should also have these facilities available. Had this helicopter not been available from Buffalo, the situation would have been serious and lives would have been lost.

In view of the importance of the fishing industry and of the great amount of shipping on the great lakes—there are millions of tons of shipping on the great lakes each year—I would like the minister to give consideration to having some sort of service such as they have in Buffalo provided for our own fishing industry and our own shipping on the great lakes. If a service such as this were provided, with headquarters at possibly Hamilton, Toronto, Windsor, London or at some of those other places on the great lakes, it would be greatly appreciated by the people in that section. I would ask the minister to give this matter due consideration.

Mr. Claxton: Mr. Chairman, we have a complete pooling arrangement with the United States by which we work as a team. It is interesting to note that we have made more rescues of United States vessels and aircraft with our service than the United States has made of Canadian vessels and aircraft with theirs. So that we are carrying our fair share of the load.

Item agreed to.

General services—

247. Grants to military associations, institutes and others, as detailed in the estimates, $215,925.

Mr. Pearkes: I have only one brief observation on this, and I am not sure whether it is in order. Owing to the reports as to the unsatisfactory state of welfare services in Korea, would the minister look into this matter and see whether it can be improved?

Mr. Claxton: Yes, indeed.

Item agreed to.

728. To authorize the governor in council to increase the pension granted to SP 38171 Warrant Officer class I William Edward Tyrell under the Militia Pension Act effective January 25, 1950, by including for purposes of calculation of his pension the amount of dependents allowance which would have been paid to his wife had she not been a member of the Women's Royal Canadian Naval Service during the period July 28, 1945 to October 20, 1945, $1.

Mr. Stanfield: Mr. Chairman, on a question of privilege, may I for a few moments revert to the matter of war graves?

The Chairman: On which item?

Mr. Fournier (Hull): The hon. member wants to make a general observation.

Mr. Stanfield: I should like to speak about war graves and to associate myself with the remarks of the hon. member for Nanaimo, that the remains of boys killed in Korea be brought back to Canada. I realize that the circumstances in connection with the burial of boys killed in France and Belgium in the first and second great wars are very different from the circumstances in connection with the boys killed in Korea. Korea is a country which will not be and has not been visited by many Canadians, nor do I expect it will be after the war is over. A boy named Leslie Field, from my own town, was killed there, and also another boy. Those are the only

two from my part of Canada. We hope there will not be a large number of our boys killed over there.

In view of the fact that Korea is a dismal, bleak and entirely foreign country, I believe we would be wise to do as the Americans are doing, namely, to bring the remains of our boys home so that they may be buried in graves in Canada and monuments may be erected to their honour. I would certainly like to see this done, and I recommend it to the minister's department.

Item agreed to.

Militia Pension Act—

730. Government's contribution to the permanent forces pension fund, further amount required, $14,030,538.

Some hon. Members: Carried.

Mr. Claxton: There are one or two corrections I should like to make. I told the hon. member for Calgary East that there were not more than 500 acres involved at Sarcee. I find it is 1,055, with the possibility of obtaining a lease for 11,000 additional.

The hon. member for Chicoutimi referred to the case of Flight Lieutenant Desrochers. That had been referred to me, and I have written him fully on the subject. He was released from the Royal Canadian Air Force because he failed to pass the qualifying examinations in 1948, 1949 and 1950.

With regard to the case of Forrest, I would say that he is well over the age for the rank for which he applied. He was not an officer overseas in commissioned ranks, and therefore is not eligible.

The hon. member for Three Rivers asked, as set out at page 4762 of *Hansard*, if 10 per cent or 25 per cent was correct. I do not know where the hon. member got the figure of 10 per cent, but the correct figure is 25 per cent.

I believe I have answered all the points.

Mr. Murphy: Perhaps I am out of order, Mr. Chairman, but with permission I should like to refer to the proposed erection of an airport at Sarnia.

Some hon. Members: Agreed.

Mr. Murphy: I did make a submission before, and I think the minister made a statement. However, since that time there has been an increase in the war potential of that area. We have important industries there, including Imperial Oil, Polymer and Dow Chemical—and since that time Canadian Oil. Other chemical industries are coming in. These are of such importance to our war effort that I was hoping the Minister of National Defence would consult with the Minister of Citizenship and Immigration, in view of the fact that we have in that area 4,400 acres now used as an Indian reserve. At the present time there are about eighty families there, and it is as a matter of fact within the limits of the city of Sarnia. It has some frontage on the river and would make an ideal site for an airport. I submit that, because of the importance of the industry there, the government and the minister should give very special consideration to the construction of an airport for the defence of those industries. I believe we would receive co-operation from the city and from industry.

Mr. Claxton: If and when we have to have additional airports, very serious consideration will be given to the representations of the hon. member, and of many other hon. members who made requests and recommendations that airports be established in their vicinities.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Acquisition, construction and improvements of public buildings—

343. Quebec, $7,968,000.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, when we last discussed the estimates of the Department of Public Works the hon. member for Calgary East asked me a question about the estimated cost of the printing bureau at Hull. He had put a question on the order paper, and we had answered it to the effect that the original estimate was $11,300,000, and that the actual estimate was $11,300,000. He thought these two figures did not agree because there was an interval of time of two or three years between the two estimates.

I find he was right. I have had a memorandum prepared by the officers of the department, and they say that in 1946, when it was decided to look into the question of relocating and rebuilding the printing bureau, it was considered then that to replace the facilities in the present printing bureau and to expand them to the point where they would meet the requirements of today, an expenditure in the neighbourhood of between $8,000,000 and $10,000,000 would be required.

In the next year, 1947, we had come to the conclusion that the job was of such magnitude that the best interests of the public would be served by our engaging an industrial engineer, experienced in the construction of public printing plants. We accordingly made arrangement with Mr. M. E. Powers, of Chicago, who made a trip to Ottawa, and we worked with him and the king's printer in an endeavour to

determine primarily the facilities to be provided, and, secondly, the size and type of building required to have them operate in the most economical way.

Two years later, in 1949, after we had studied the problem and determined the size of the building, we engaged the services of a Montreal architect to prepare detailed plans and specifications. In April, 1949, we received a preliminary estimate from him of $9,293,818. This estimate has been revised since 1949, and on May 1, 1951, the estimate given by our architect is $11,300,000.

Mr. Harkness: I should like to thank the minister for that statement, because it clears up some of the points I questioned before.

There are two other points. I asked what the present estimate of the total cost would be, and I got the figure of $11,300,000. Then I asked what the present estimated total cost of the building would be. The answer was, "Answered by No. 1". In other words, this $11,300,000 is the cost of the building alone and does not include the cost of the land or the cost of flood prevention.

Mr. Fournier (Hull): When the building is constructed there will be no flooding. This spring the creek which runs behind the site overflowed, and as the work was not advanced the water went into the excavation which was referred to by certain newspapers as a lake. They brought in a rowboat when they took a picture of the site. When the building is completed there will be no flooding. The water that did come in had to be taken out by the contractor.

In answer to the second question I am told that the cost of the site is included in the $11,300,000.

Mr. Harkness: The returns state that the cost of the building is $11,300,000, and therefore I would take it that that includes the cost of the site. The minister says there will be no flooding, but I would think there will be considerable expense in diking or filling in the land so that the property will not be flooded. This water was not only in the excavation; it covered the surrounding land, and there will have to be some kind of anti-flood protection provided in the way of dikes or filling to make the land higher.

Mr. Fournier (Hull): I am told that no diking will be required once the building is completed. If the water should come up to the building there would be no flooding because it is built on solid rock.

Mr. Harkness: I still am not too clear on this matter. Does the minister now say that the return was incorrect, and that the figure of $11,300,000, which was given as the present estimated cost, is not the cost of the building?

Mr. Fournier (Hull): I would not say that there was a mistake in the answer, but there was certainly a misunderstanding. We never take as the final estimate guesses made in 1946, or preliminary estimates made in 1946 and 1949. The final figure which I considered at the time as the real estimate is $11,300,000. There may be a misunderstanding as to the next part. I am told by my officials that the cost of the site is included in that amount of $11,300,000.

Mr. Harkness: It is getting a little late in the session to pursue this any further, so I shall leave it until next year.

Mr. Fournier (Hull): We will have made more progress by that time and I shall have more information.

Mr. Harkness: It seems to me that the way this return has been prepared is open to considerable question. As the minister has stated, there was a mistake in answering the first two questions. At the next session I should like to get these things straightened out, because I think they are far from clear. I should like to know what is the exact situation as far as the cost of this printing bureau is concerned, the cost of the site, the cost of the building and everything else.

Mr. Fournier (Hull): I shall do my best to meet the wishes of the hon. gentleman at the next session.

Item agreed to.

Acquisition, construction and improvements of buildings—

344. Ottawa, $5,783,000.

Mr. Hansell: I understand that this item would include work on the centre block. Has the minister given consideration to modernizing the elevator system in this building? Much of the time it does not operate. In this modern age, when automatic elevators are installed in apartment blocks and public buildings, our elevator service should be completely revamped and installed.

Mr. Fournier (Hull): Perhaps the hon. member is right, but I am under the direction of a government that wants to economize at this time. The elevators in this building are maintained in a state of repair by the Otis-Fensom Elevator Company, which is one of the outstanding companies in that field. We try to maintain them in as good a state of repair as possible. Until I am authorized to replace them I do not think the hon. member should insist at this time that we go on with that work.

Item agreed to.

Acquisition, construction and improvements of public buildings—

346. Manitoba, $430,000.

Mr. Knowles: For information only, may I inquire as to the status of the proposed new post office building in Winnipeg?

Mr. Fournier (Hull): As the hon. member knows, we have acquired the site, and plans and specifications have been prepared. However, we hesitate to call for tenders at this time because of the steel situation. I doubt if a contractor could get steel, as there is no steel priority for public buildings. As soon as conditions change, or as soon as a contractor can be assured that he will be able to get steel, we shall be just as anxious to proceed with this project as the hon. gentleman.

Mr. Knowles: In other words, there would seem to be no intention at the present time of going ahead with it?

Mr. Fournier (Hull): Not right now.

Item agreed to.

Acquisition, construction and improvements of public buildings—

347. Saskatchewan, $1,168,000.

Mr. Wright: The other day I asked the Minister of Agriculture about the construction of a bridge across the North Saskatchewan river on the border between Alberta and Saskatchewan and he replied that if this bridge was constructed it would be constructed by the Department of Public Works. Have any applications been received from public bodies in the area for the construction of this bridge? What would be the position of the government with regard to it? The rumours circulating in the area are to the effect that the dominion government would be prepared to construct the bridge if the provinces of Alberta and Saskatchewan would be prepared to construct the approaches and highway.

Mr. Fournier (Hull): I am informed that no request has come from outside bodies, but we have had correspondence with the province of Saskatchewan. I mentioned yesterday that we had received a request from the province to construct this bridge, and, if I recall correctly, I gave a general answer, that along with other requests with regard to interprovincial bridges it would be considered.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Acquisition, construction and improvements of public buildings—

348. Alberta, $1,073,000.

Mr. Hansell: I know all hon. members would like to have public buildings in their constituencies, and I would not raise this question now if I had not brought it to the attention of the minister on previous occasions. My question is as to the possibility of a new public building or post office at Coleman, Alberta. I have spoken to the minister, and also to the Postmaster General, and of course their answer was that they would like to proceed with this building, and that it was on the list. I fancy it should have worked pretty well to the top of the list by this time, and I am just wondering whether the minister can say whether there is very much hope of getting that building soon. It is not in this year's estimates.

While I am asking the minister that question may I point out that there is a decrease of a million and three-quarters in the appropriation for public works in Alberta this year. I notice, of course, that there is a decrease in almost every province; but the largest decrease, except that in Quebec, is in Alberta. That may be a good sign; it may mean that Alberta has a good government, but it does seem to me that one or two more projects that may be necessary in Alberta might have been proceeded with. In fairness to the minister I should point out that the summary for his department shows a decrease of $18,721,310, which is commendable in these days when we want to cut our expenditures a little.

Would the minister say whether there is any hope for the building at Coleman? That town is very badly in need of a post office. The matter has been investigated; the department has had its officials there and they have seen the situation. The post office is in a dilapidated building which is beng rented. The population of Coleman is some 4,000.

Mr. Fournier (Hull): The hon. member is correct in saying that there has been a decrease in every province but one. I had to cut down these estimates on instructions from the government. I think one of the largest cuts was made in my department, amounting to over $18 million. I would like to extend to the people of the nice town of Coleman all possible hope at this time, but I would not want to go too far; I may be checked in my enthusiasm for that town. The decrease in Alberta is largely due to the fact that we have completed some of our largest buildings in that province. Last year

we had $595,000 for the Edmonton postal terminal. That has been completed, and that would explain in part this decrease. But even if they try to cut me down I will certainly not forget about this town recommended by the hon. gentleman.

Mr. Harkness: The minister will perhaps remember that for the last five years I have been bringing up the question of the customs house at Coutts, and finally, I think about two years ago, construction was started. I see there is a further vote of $170,000 to complete that building. Would the minister say what stage construction has reached, and how soon it will be completed? Will it be ready soon, now that the tourist season is just starting to roll?

Mr. Fournier (Hull): This revote of $170,000 is to provide for the completion of the contract with the Bird Construction Company for $444,752, for the construction of a customs and immigration building and a customs examining warehouse at Coutts. We had two tenders on that contract; one was from the Bird Construction Company for $444,752, and the other was from the General Construction Company (Alberta) Limited for $567,962. Last year we spent $277,000 on that building, and this is to complete the building this year.

Mr. Harkness: Has the minister any information as to the position of the building now, whether it is nearly finished?

Mr. Fournier (Hull): I am told that construction is more than fifty per cent completed.

Mr. Harkness: Then I take it the building will not be finished this year?

Mr. Fournier (Hull): It is our hope that it will.

Mr. Johnston: I notice under this item $125,000 for a public building at Banff. What is that for? Is it the administration building?

Mr. Fournier (Hull): This amount of $125,000 is required for the construction of a public building to provide improved accommodation for the postal service.

Mr. Johnston: The minister says this is to fix up the post office. Has the government any intention of building a new post office at Banff? That has been rumoured for some time now, and the need is there. As the minister probably knows, the post office is on the other side of the Bow river, entirely away from the town, and there is need of a new post office there. Has the government given any consideration to that?

[Mr. Fournier (Hull).]

Mr. Fournier (Hull): This vote of $125,000 is for a new building.

Mr. Johnston: Where is it to be built?

Mr. Fournier (Hull): The site selected for the proposed building consists of lots 9, 10 and 11, in block 7, located on Banff avenue between Caribou and Wolf streets. This site, formerly under the jurisdiction of the Department of Mines and Resources, has been transferred to the Department of Public Works for the erection of the proposed building.

Mr. Johnston: That will be right in town, will it?

Mr. Fournier (Hull): I am told so.

Mr. Johnston: I want to commend the government on their action in this regard. It is long overdue.

Mr. Shaw: I believe it would please the minister for me to assert that I am not asking for anything at this particular moment.

Mr. Fournier (Hull): Thank you.

Mr. Shaw: Has the minister any information with respect to the possible date of completion of the Red Deer public building, and the opening of it?

Mr. Fournier (Hull): We have spent $268,000 to date, and we have this revote of $130,000 to complete the building. I am told that between forty and fifty per cent of the work has been completed.

Mr. Hosking: On behalf of the citizens in my riding, and the townspeople of Fergus particularly, and on behalf of the Postmaster General I wish to thank the Minister of Public Works for the beautiful post office which he has had built for these citizens.

Item agreed to.

Acquisition, construction and improvements of public buildings—

349. British Columbia, $3,294,000.

Mr. Fulton: There is an amount of $90,000 for the completion of a public building at Williams Lake, British Columbia. It is a revote from last year. Can the minister say what is the position with respect to the likelihood of construction being commenced this year or at an early day?

Mr. Fournier (Hull): I am informed that if the steel is available we would be ready to ask for tenders in the near future. I am not the controller of steel, and I have no priority, but I shall do my best, as I am doing for every other member.

Mr. Fraser: Would that refer to Peterborough as well?

Mr. Fournier (Hull): I shall do the same thing for Peterborough.

Mr. Fulton: I could not ask the minister to make any promises about steel. I understand the plans have been prepared and the site has been chosen, so it is only a question of the availability of materials which would hold up the commencement of construction this year. Is that the situation?

Mr. Fournier (Hull): I am told it would be the lack of materials, and especially steel, that would hold up the asking for tenders.

Mr. Fulton: Is the minister in a position to make a sort of general statement?

Mr. Fournier (Hull): Actually I do not know how many contracts I have on my table which cannot be finalized, because we cannot guarantee steel to the contractor. If the situation changes, we shall certainly go ahead with every project we have proposed in our estimates.

Mr. Cruickshank: I should like to ask one question in this connection; possibly the answer is in the supplementary estimates, but I am not sure. There is an item of $1 in the supplementaries for Fraser Valley, and that is probably my answer. In Huntingdon, which is the second port of entry in the province of British Columbia, a building was to be constructed and a sum was put in the estimates to cover it. This year, unless this $1 is for that purpose, I see no amount for the construction of the building. I understand the property has been or is being acquired. Will the property be acquired and construction of the building commenced?

Mr. Fournier (Hull): This is a question which should be asked on the supplementary estimates, but I have no objection to answering it now. The item of $1 for that fine town in the hon. gentleman's riding is to authorize the department to apply to the treasury board to have a transfer of funds from the main vote, which will not be expended on certain public buildings because of the material shortage, to be applied to Huntingdon for the purchase of a site and the preparation of plans.

Mr. Cruickshank: Is that just for Huntingdon or the Fraser Valley riding? Is that dollar for the whole of British Columbia?

Mr. Fournier (Hull): If you look at page 38 of the supplementary estimates you will see that we cover Abbotsford and Huntingdon, buildings for customs and immigration. Then, there is that $1 item which will allow funds to be taken out of the main estimates for buildings in British Columbia, and applied to Huntingdon, which was not mentioned in the main estimates.

Mr. Hansell: I notice, Mr. Chairman, that there are a couple of items in the British Columbia appropriation for customs and immigration buildings. I might point out to the minister what I believe is a general feeling among our people in respect to the public buildings at various ports of entry into Canada along the United States boundary. I have had to cross into the United States and back into Canada on a number of occasions and at a number of different places. I urge the minister to do what he can for the improvement of our buildings at these ports of entry, because when we compare these buildings with the ones on the United States side of the line there appears to be quite a difference. There are just as many people going one way as coming the other, I fancy, unless there are settlers who are coming here to stay.

First impressions are very important. I am afraid that quite often our friends from the United States receive an unfavourable first impression. They pass their own public buildings, and then come to ours. Some of them are just not in the same class at all. The impression they immediately receive is that we are not so up and coming as they are; we are a poor country compared with their country. That is not so, because we are a wealthy country. I am going to suggest that the minister do what he can or what the government will permit him to do along that line. It may be a fancy of mine, but even the immigration and customs officials do not seem to be as well dressed as the United States officials. I hope that is not regarded as a harsh criticism, but to me, and I believe to many others, all these things are important.

Mr. Cruickshank: I should like to come back to Huntingdon. If my memory serves me correctly, an item of $200,000 was placed in the estimates for that building, and voted. I appreciate the shortage of steel, though sometimes when I hear from my motorcar dealers who are endeavouring to sell cars that are stacked a mile wide and a mile high in British Columbia, I do not think there is a shortage of steel. I see $250,000 voted for Osoyoos, which is in the riding of the member for Yale. I have no objection to Osoyoos securing a customs and immigration building. I happen to know Osoyoos probably as well as the average member in this house. With one good hop and a jump one could drive right over the place. I do not customarily boast about the Fraser valley. The records will show what the traffic is both from the customs point of view and from the immigration point of view through Osoyoos and through Huntingdon, and there is no comparison whatsoever. I do not need to say that the records of the Department of

National Revenue will show that. I do not want to blame the minister and his department unfairly. For that reason I should like him to tell me on whose recommendation $250,000 was put in the estimates this year to build a customs building at Osoyoos, when Huntingdon, the second port—

Some hon. Members: Carried.

Mr. Cruickshank: You know, Mr. Chairman, some of my good friends in that minority group over on the opposite side of the chamber, between eight and nine o'clock, sometimes take a little bit of extra time by saying "carried, carried". But when one represents the second largest port of entry in British Columbia, he is entitled to know why there is no item in the estimates this year for Huntingdon. If it is a shortage of material, all right; I can appreciate that difficulty and I believe my people can understand it. But we cannot understand a shortage of material at Huntingdon and no shortage at Osoyoos. We cannot understand $250,000 for a building at a small port of entry when there is no item to construct a building at Huntingdon. I should like to know from the minister, through you, Mr. Chairman, the reason for that and if it is going to be sidetracked definitely or if it is going to be carried through. In this case, for once at least, I can be substantiated by records of the Department of National Revenue—I could not be substantiated particularly on my own income tax, but I can in this case—that the entry from the main city of Seattle in the state of Washington is through this district. Why has it been overlooked?

Some hon. Members: Carried.

Mr. Fournier (Hull): Just a minute. I think I owe the hon. member an explanation. As to Osoyoos, the contract was given last year. The work is proceeding along, and this item of $250,000 is to complete the work. At Huntingdon, the site has not been purchased and the plans have not been prepared. That is why I have an item in the supplementary estimates—so there would be no feud between those two places. We have a supplementary estimate for the purchase of the site and the preparation of the plans. A building started last year would be advanced to such a point that we would have to complete it. As to a building not started yet, I am held back by lack of materials. But my hon. friend knows that he can rely on me, on my good will, and my good intentions.

Mr. Cruickshank: I have just one word to say. The Minister of Public Works is probably the fairest man in this committee, with the possible exception of the hon. member for Fraser Valley. I know that he will do the right thing for my riding. As I understand it, an estimate will be put in next year for some $500,000 for Huntingdon.

Mr. Fournier (Hull): Oh, I would not make that promise.

Mr. Cruickshank: Well, between $400,000 and $500,000. I want to make this suggestion to the minister now, as a result of the experience in my riding which has been fairly treated by the minister's department. I want to suggest to him that, before plans are prepared for the new building, his architect or whoever is responsible for this work should visit our particular district and size up this particular building. The reason I am emphasizing that point, Mr. Chairman, is this. We have had three new post offices built. As I say, the department have been extremely fair in my riding. We had three new post offices built. We have a basement in there big enough for a bowling alley but which is of no use at all. That sort of thing may be all right in eastern Canada. It is the taxpayers' money that is going to pay for these benefits in my riding; and I am merely suggesting that the department either have a British Columbia architect prepare the plans or that they give me the assurance that the local architect will view the site prior to the preparation of the plans, and prepare their plans according to the needs of western Canada, not along the lines of what may be necessary in eastern Canada. As I stated, two buildings were built within two years. They built fine buildings. But thousands of dollars have been spent on basements which are unnecessary and are unused in our province. I should like the assurance of the minister that the matter to which I have referred will be given consideration.

Mr. Fournier (Hull): Oh yes; I certainly will consider the remarks made by the hon. gentleman.

Mr. Fulton: No basements in Fraser valley.

Mr. McLure: I should like to draw to the attention of the Minister of Public Works the fact that, in most cases where these post offices are not being built, he has used the same excuse for their not being built, namely that there is a shortage of steel.

Mr. Fournier (Hull): That is right.

Mr. McLure: I was wondering whether the steel companies are brushing him off in that way. I notice that one post office is being built—in fact there are a couple—and that there was no shortage of steel for them; and those post offices had not been promised as had other ones. For instance, I referred to the new post office being built in Montreal, on Windsor street. It is to take a whole block there from St. James up to St. Antoine.

There is no scarcity of steel there. It is a big building, having seven storeys or perhaps more. I see that they have been allowed steel, and we did not hear anything about that post office as we did about the others three and four years ago; yet the shortage of steel exists with regard to them.

Mr. Fournier (Hull): In all fairness to my department, may I say that the building mentioned by the hon. gentleman was started two years ago. The steel was ordered two years ago. I do not know whether it is near completion or not. It has been on the way. I can tell the hon. member that two months ago I still had trouble with regard to the steel for that building. Actually I had contracts ready to be finalized, but the contractors hesitated to take the contract because I could not give them any assurance that they will get the steel. I have no control over the steel. That is the real reason.

Mr. McLure: You had no difficulty in getting that steel for that big building.

Mr. Fournier (Maisonneuve-Rosemont): That is two years ago.

Mr. Fournier (Hull): That steel was ordered two years ago.

Item agreed to.

Acquisition, construction and improvements of public buildings—

351. Unforeseen improvements, $2,200,000.

Mr. Macdonnell (Greenwood): Mr. Chairman, this item is entitled "unforeseen improvements". What I want to ask the minister is how he can foresee that unforeseen improvements are going to be up by $961,250.

An hon. Member: The crystal ball.

Mr. Macdonnell (Greenwood): Is it just his natural optimism?

Mr. Fournier (Hull): If I could foresee the unforeseen, I would give a definite figure.

Mr. Macdonnell (Greenwood): The minister has given a definite figure.

Mr. Fournier (Hull): May I tell the hon. gentleman, and not in a jocular way, that my officials know the number of buildings we own and the number of buildings on which work may have to be done. But they do not know whether some accident may happen or some deterioration may take place; we therefore must put in figures based on the past experience in the department, and ask for so much in the vote. I will admit that this is one of the few items in which I just throw up the sponge and say to my officials: Tell me frankly what you think we need for this purpose.

Mr. Macdonnell (Greenwood): I am interested in this matter. It must be done on a percentage basis. The buildings cannot be up 50 per cent in the last year.

Mr. Bater: I notice that this item is called "unforeseen improvements". The project that I intend to mention now is quite noticeable, I think, and will not take up a great deal of this $900,000. Might I suggest to the minister that the little shelter at the northwest corner of the parliamentary grounds get two or three coats of paint. I consider the shelter is quite an eyesore when visitors are around the parliament buildings.

Mr. Fournier (Hull): I am pleased that the hon. gentleman has called my attention to that because I can see that kiosk from my own window. I do not like it. I shall try to have it painted.

Item agreed to.

Engineering services—

353. Salaries, surveys, inspections, test borings, etc., $1,588,512.

Mr. Proudfoot: I hope I am speaking on the right item. I should like to draw the attention of the Minister of Public Works to something that exists along the Ottawa river which I think is detrimental to many of the people using the river. I refer to the fact that every Saturday the water in the Ottawa river below Des Joachims is lower by at least 18 inches than on Monday morning. I think that is due to the controlling of the water at the hydro project at Des Joachims, or possibly our own dam at Timiskaming. It is quite costly to many of the lumber companies and others who use the river, as well as the men who transport us across the river at Pembroke and Allumette Island. Can something be done in regard to it?

Mr. Fournier (Hull): Yes, that does come under my department. We have employees at the Timiskaming dam which regulates the flow of the water according to the demand for power. On Sunday when they close it the water rises in the headrace and decreases in the tailrace. This man has been on the job for years, and I am told that he knows his work quite well. He is doing his best so that people will not suffer because of the difference in the level of the water. We cannot keep it at the same level always, but we try.

Mr. Proudfoot: I think that possibly the hydro dam at Des Joachims is the cause of the lowering of the water. There must be some agreement in respect to that dam. I think the trouble is with the dam at Des Joachims. They are not regulating water as they should.

Mr. Fournier (Hull): I am told that we have something to do with the hydro dam. This is the first year of operation of this new dam, and we are trying to find the real level that will satisfy everybody in that part of the country.

Item agreed to.

364. Towards interprovincial bridge over the Ottawa river between Pembroke, Ontario, and Allumette island, Quebec, the provinces of Ontario and Quebec each to pay one-third of the cost and maintenance thereof, $50,000.

Mr. Proudfoot: What is being done at the present time in regard to this interprovincial bridge? I know that steel is one of the reasons delaying construction at the present time. Are we getting an agreement with the provinces so that we can go ahead with this bridge when steel is available? The people of Pontiac and the people of north Renfrew feel that we should get this bridge as soon as possible. There is one thing that I should like to tell the committee. There are five bodies still in the Ottawa river between Des Joachims and Portage du Fort, the only two bridges that we have across there. What is being done in regard to having surveys and estimates accepted for this bridge? Has anything been received from the provinces?

Mr. Fournier (Hull): I believe this is one of the projects that we are committed to, and we will proceed with it as soon as circumstances permit the obtaining of the material. To date the Ontario government has approved in principle of the construction of a bridge, and the Quebec government has stated that they are willing to co-operate in the matter. This is a résumé of the letters that we received from Mr. Frost and Mr. Duplessis, and I think they are binding on the different parties. We will certainly proceed with this bridge the moment that we can have the materials.

Mr. Proudfoot: Has any plan been prepared for this bridge? I understand that Quebec maintains that they are not able to get the necessary information that they wish to have.

Mr. Fournier (Hull): Perhaps the plans have not been completed yet, but the actual estimate for these three bridges—I understand there will be three bridges—will be $950,000. I understand furthermore that the engineers of the Quebec government, the Ontario government and our government are studying these plans.

Mr. Proudfoot: May I have the assurance that as soon as these can be completed and steel can be obtained this bridge will be built?

[Mr. Proudfoot.]

Mr. Cruickshank: It will be a steal for Pontiac then.

Item agreed to.

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 upon individual listed projects—

373. British Columbia and Yukon, $4,784,500.

Mr. Sinclair: In the main estimates there is an item for $100,000 and in the supplementary estimates $325,000 to rebuild a wharf at Westview, in my riding, which was burned just eight months ago. This wharf is the only means of access of a community of 15,000 to the outside world. Just what progress has been made in the rebuilding of the wharf? We are very gratified to have these votes, but some evidence of construction would be even more gratifying.

Mr. Fournier (Hull): The hon. member knows that my work is to try to get these votes through the house, and if the house is satisfied with that, then I have fulfilled part of my duty. As to the putting up of this Westview wharf, nothing is being neglected to proceed with this project as soon as the plans are completed. I understand that we did receive the plans for this pier or wharf today. I understand also that tenders will be called for in the very near future.

Mr. Sinclair: Thank you.

Mr. Cruickshank: Just one question in connection with this: is this for repairing a wharf that was originally initiated by the member for Fraser Valley on behalf of the hon. member for Vancouver North while he was away?

Mr. Sinclair: Probably so.

Mr. Fournier (Hull): I am told by the hon. member for Coast-Capilano that that may be right.

Mr. Fulton: In connection with this item, there are certain appropriations for the bank protection of the various rivers. Has there been any change in the policy which lays down the circumstances under which federal money will be expended on bank protection on the various rivers across the country? One of the reasons I ask the question is that we quite frequently get requests from various localities asking whether the Department of Public Works can give any help in bank protection. Sometimes they do, and at other times they say it is not the responsibility of the department. Therefore it would be helpful if the minister would say whether there

has been any change in policy, and very briefly what the policy is which determines the responsibility of the federal department.

Mr. Fournier (Hull): Is the hon. member referring to these works north of Revelstoke?

Mr. Fulton: That is one place where the federal government did come in at one time with fairly substantial help. On other occasions and in connection with other rivers the department says it is not considered to be a federal responsibility. Has there been any change in the policy which determines the basis on which federal policy is decided? In order that we may have a clear statement to take back to our people, would the minister outline briefly what the policy is?

Mr. Fournier (Hull): I am told that if we did not protect the shoreline the dredging would become useless, and the falling away would be very rapid. That would be one case where the Department of Public Works would take full responsibility. In other cases we divide the responsibility with the local government. In the case of Revelstoke I am told that the Canadian Pacific Railway paid for part of the work, and the public works paid for part. But we have not changed the principle. Where it is the clear responsibility of the federal government, we do it ourselves. But we do certainly share in other works to protect these channels.

Mr. Fair: Mr. Chairman, the estimates of this department have gone so fast that, in one particular, I have missed the boat. I had intended to ask a question about the bridge on the meridian north of Lloydminster.

Mr. Fournier (Hull): That question was asked by the hon. member for Melfort this morning.

Mr. Fair: It was asked by the hon. member for Melfort, and also I believe by the hon. member for The Battlefords, but we did not get much of an answer. The Minister of Public Works and the Minister of Agriculture should get together to discuss this matter, because certain promises were made in the summer of 1949 in connection with this bridge. The result of those promises is that Saskatchewan and Alberta are now building an all-weather road from Lloydminster, north to the river. A road to the river, without a bridge to get across, is not much good.

I shall not say more at this time, but at the next session I intend to say something further. I would like the Minister of Public Works and the Minister of Agriculture to get together in the meantime so that they may give a definite promise in connection with it. Promises were made in the summer of 1949.

Mr. Fulton: Under what circumstances is the item of $10,000 for bank protection of the Capilano river awarded? I should like to have this information so that we may have a basis when comparing requests for similar works in the future.

Mr. Fournier (Hull): This is an item for the construction of bank protection at the mouth of the Capilano river. This river protection work is required to prevent deposits of material in the dredged channel entering Vancouver harbour. The dikes require rebuilding, and there is some additional rock protection.

Mr. Fulton: Would this be for the purpose of protecting navigation?

Mr. Fournier (Hull): Yes.

Item agreed to.

375. Grand river—contribution towards improvements (revote $78,000), $93,750.

Mr. Charlton: What is this vote for? Have any previous amounts been spent on the Grand river—and I am not going back as far as 1937, because I know some was spent at that time. What is this amount for?

Mr. Fournier (Hull): This is to provide for a contribution of 37½ per cent toward the cost of construction of a dam on Luther marsh located on the upper reaches of the Grand river, near the village of Grand Valley. The dominion's contribution is on the same basis as that of the Ontario government's, and the balance of 25 per cent from the municipalities benefiting therefrom. This dam is part of the original scheme proposed by the Grand river conservation commission in 1939.

In the past we completed the first phase of that project. This is the second phase. It does not complete the whole system, because there will be a third phase of the work. We actually have not come to any definite decision as to that last phase. It is to the second phase we are paying our share. I believe the works are proceeding.

Mr. Charlton: This is not the phase of the Conestogo dam?

Mr. Fournier (Hull): No.

Mr. Charlton: That is the third phase?

Mr. Fournier (Hull): Yes.

Mr. Charlton: May I urge the minister that the department go ahead as quickly as possible with that third phase, because every year there has been a considerable amount of damage caused at Brantford, Galt and Paris; and I am sure the Conestogo dam would help that condition.

Mr. Fournier (Hull): We are giving it close attention.

Item agreed to.

377. Protection works generally—to provide for remedial works where damages are caused by, or endanger, navigation or federal government structures, $200,000.

Mr. Proudfoot: I should like to draw the minister's attention to the need for protection works in the vicinity of Fabre, Ville-Marie and Notre Dame du Nord, all on lake Timiskaming, and along the shores of Quinze lake. I would ask the minister to have his engineers look into this right away.

Item agreed to.

378. National Gallery of Canada, $285,977.

Mr. Macdonnell (Greenwood): I would ask the minister to comment on one or two of the details. In view of the fact that we are to have the report of the Massey commission before us in the fall, this may not be the best time to discuss the national gallery, but I would ask one or two questions in connection with it, prefacing my remarks by saying that I am in favour of expenditures for the national gallery. However, there are one or two expenditures about which I should like more information.

I see here an amount for the printing of national gallery reports and other publications, to the amount of $32,000. What is the nature of those reports, and to whom do they go?

Mr. Fournier (Hull): This allotment of $32,000 is required to provide for the cost of the preparation of photographic records of works in the national gallery collection, and of Canadian art generally. It also covers the cost of reports and surveys prepared by the national industrial designs committee. It is estimated that the $32,000 will cover the requirements for 1951-52, thereby decreasing this allotment by $5,000.

The directors of the national gallery prepare their budget, and we follow the advice of those gentlemen, who give their time and work gratuitously. The chairman of the board is Mr. Massey.

Mr. Macdonnell (Greenwood): I see an item of $5,000 for preliminary investigations with respect to the proposed new national gallery building. What is the status of that project?

Mr. Fournier (Hull): This allotment is to provide the trustees with funds to conduct a preliminary investigation as to the most suitable type of building for the national gallery, and to secure the services of qualified experts to make recommendations based upon the best experience in other countries. This investigation would involve careful studies by such experts in this very specialized type of building, with a view to providing the best facilities for the protection of the now highly valuable national collection. It is estimated that the requirements for 1951-52 will be $5,000, thereby decreasing this allotment by $10,000.

Mr. Macdonnell (Greenwood): Are these contributions made for the encouragement of artistic work?

Mr. Fournier (Hull): This allotment provides for the payment of memberships in various museum associations, the national film society; grants to Canadian art galleries and other contributions related to the national gallery's share of travelling exhibitions initiated by the national gallery and circulating in co-operation with other Canadian art museums. Based on the estimate of the 1951-52 requirements, this allotment is increased by $1,244.

Item agreed to.

379. Miscellaneous works not otherwise provided for, not more than $7,000 to be expended upon any one work, $300,000.

Mr. McLure: I should like to direct the attention of the minister to the need of protection works at North Rustico in order to prevent the fishermen's houses and the fishing stations falling into the bay. Some work has been done by the department in the past, but protection is needed before the storms of this fall occur. It would not take more than $7,000 to complete the breastwork that was started a couple of times but which was washed out. The last start is the only one that has been any good.

Mr. Fournier (Hull): I understand that the breastwork put up during the past three years is still there. If the hon. gentlemen tells me that it will cost only $7,000 to complete it, I am ready to endorse this project. However, I do not know if his estimate is correct.

Mr. Higgins: I received a letter from the resident engineer in connection with the dredging required at Avondale indicating that 80 days' work will be required and the cost will be more than was expected. I should like to ask the minister if it is at all possible to have this work proceeded with?

Mr. Fournier (Hull): We have not received the report from the resident engineer. If it is going to take 80 days' work I would not like to commit myself before receiving the report.

Mr. Higgins: I ask the minister to take this under consideration and do the best he can. This is an important settlement and if something can be done the people will be most appreciative.

Item agreed to.

380. National capital planning service, $66,344.

Mr. Adamson: I think this is the appropriate item under which to raise a matter which came to my attention during the sittings of the committee on amplification in connection with the lighting in this chamber. I refer particularly to the canvas screens covering the windows. I do not wish to put words in the mouth of the departmental architect who appeared before the committee, but as I remember he said that the lighting in this chamber would be improved by about forty per cent if the screens were removed. The lighting in the west corner of the general gallery where there is no screen is much better than the lighting anywhere else in the chamber.

I am told that the screens were put on because the afternoon sunlight shone in the eyes of hon. members on this side. There is not the same reason for having screens on the windows on this side because the sun shines through only for a short period in the morning. A number of hon. members have referred to the impairment of their eyesight through having to work in the chamber. Daylight is allowed to come through into the British house and things are so regulated that the illumination at desk level is constant both day and night. I wish the minister would experiment with taking these screens off before the next session so that we may have a little more sunlight in this lucifugous assembly.

Mr. Fournier (Hull): The hon. gentleman was kind enough to discuss this matter with me some days ago. I have inquired why the screens were put on but nobody seems to know. They have been up ever since I entered the house a long time ago. During the recess we may make experiments to see what the effect would be if they were removed. I shall have to follow the advice of my architects. After serving a good many years in the house our eyesight is bound to be affected.

Mr. Macdonnell (Greenwood): I should like to associate myself with what the hon. member for York West has just said, although I do not understand the last word he used.

Mr. Coldwell: I agree with what the hon. members have said, although I think a good cleaning would help.

Mr. Macdonnell (Greenwood): Who is in charge of the national capital planning service?

Mr. Fournier (Hull): There is no department to handle the expenditures for this planning service and so we provided space in the Hunter building for these gentlemen so that they might be close to our own engineers and architects. I was requested to place a vote in our estimates to cover their expenditures, and this year the amount is $66,344 as compared with $117,000 last year. Mr. Greber is the consultant engineer, but the head of the office is Mr. J. M. Kitchen. He was an employee of the city of Ottawa years ago and we are fortunate to have his services as an associate of Mr. Greber. His salary under this would be $6,700 a year. Then Mr. Fiset was another assistant to Mr. Greber. His salary was $6,000. I have the details of this vote; I do not know if they are given in the estimate book. Salaries amount to $29,884—

Mr. Macdonnell (Greenwood): I do not want to trouble the minister by having him read those details. My question really is, who takes the responsibility for saying that is necessary? Is this as much a responsibility of the minister's department as any other, or is it just attached to it?

Mr. Fournier (Hull): We work hand in hand with the federal district commission on this. The federal district commission is in daily contact with these people as to plans.

Mr. Macdonnell (Greenwood): That was in my mind, as to just where the federal district commission comes into this. This speaks about the national capital planning service. Would the minister explain the relationship of the federal district commission to this service and to his own department?

Mr. Fournier (Hull): There is a subcommittee of the federal district commission called the national capital planning committee, and the advisers to this committee are the staff mentioned in this service. The national capital planning committee is composed of people who work gratuitously, but they need the assistance of the experts in their decisions and their planning. I do not think I have any special responsibility except to scrutinize their requests for expenditures and to check and bring before the house the estimates for the year; and we do check those expenditures regularly. We have no direct authority over this staff.

Mr. Macdonnell (Greenwood): That is my point. I am not going to take much time on it, but it seems hard to find who really does take the responsibility for exercising

strict economy here. As the minister says, the members of the federal district commission work gratuitously, to their great credit, and it does not seem likely to me they will feel that they have this responsibility. As far as I can make out the minister is not very clear that he has it, either; and I am just wondering who has it.

Mr. Fournier (Hull): The explanation I am given is that these gentlemen are architects and engineers. They are very closely associated with our own staff of architects and engineers, and if you look at the expenditures you will see that their salaries correspond with those paid in my own department. That is the way we can follow their expenditures. Personally I think this should become—no; I am not going to give a personal opinion, because I have not discussed it with the officials of the federal district commission or with my colleagues. One way to look at it is that perhaps we should maintain this service with a reduced staff, who could advise not only my department but also the federal district commission and the municipal authorities with regard to future construction, so they would follow the master plan. I think they would render useful service in that capacity as time goes by.

Mr. Macdonnell (Greenwood): If the minister will allow me I am going to finish what he did not say himself, or at least I will put my interpretation upon it. I think the minister was going to say that he thought this might be more closely knit, and that there should be stricter supervision of it by his own department. That is exactly my own opinion, and I hope that may be done. I should think the minister would be grateful to me for interpreting his words.

Item agreed to.

Architectural branch—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that the treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

746. Newfoundland, $142,000.

Mr. Higgins: According to the details on page 36 this amount is for the site and plans for a customs building in St. John's. This is not the building the minister was speaking about on Circular road, is it?

Mr. Fournier (Hull): No, this would not be the building I mentioned the other day when I gave a description of the site on Circular road. This is a customs building. The property under consideration as a site for the proposed building consists of the existing customs building site as well as vacant property adjacent to the present customs house extending from Water street to Duckworth street and measuring approximately 200 feet by 100 feet. It is also proposed to acquire property facing on Cochrane street, thereby providing a site with streets on three sides.

Mr. Higgins: That is an excellent site; there is no question about that. The other building the minister was speaking about the other day, on Circular road, is to house what departments?

Mr. Fournier (Hull): This building will accommodate income tax, unemployment insurance commission, national health and welfare, public works, immigration, agriculture and other government services that require space at St. John's.

Mr. Higgins: What is to be the size of that building?

Mr. Fournier (Hull): The tentative estimate as to space would be 90,000 square feet.

Item agreed to.

748. Prince Edward Island, $12,000.

Mr. McLure: What new building is to be built at Kensington to cost $12,000? Is that another post office?

Mr. Fournier (Hull): The Kensington post office; for the purchase of the site and probably starting the preparation of plans. Does that mean anything to my hon. friend?

Mr. McLure: Yes.

Item agreed to.

753. Manitoba, $300,000.

Mr. Knowles: This item includes $265,000 for the purchase of a building to accommodate the Department of Veterans Affairs at Winnipeg. Will the minister say what building that is?

Mr. Fournier (Hull): We have been occupying this building for years.

Mr. Knowles: It is the Commercial building, then?

Mr. Fournier (Hull): Yes. The lease expired and we received notice to vacate or else.

Mr. Knowles: So you are buying the building you have been renting?

Mr. Fournier (Hull): That is right.

Item agreed to.

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 upon individual listed projects—further amounts required—

759. Newfoundland, $137,600.

Mr. Higgins: The report I was referring to a moment ago was from Mr. Millar to your chief engineer, dated June 25. I do not know whether you have a copy of it; if not I could refer to it briefly. It is a copy Mr. Millar sent me. He says:

This will refer to Avondale dredging, which was included in the program of dredging for dredge No. 400 and approved on March 12, 1951.

A survey with soundings has been carried out at Avondale recently and in this connection I am enclosing herewith accompanying report . . .

He goes on to say that the dredging may take more than the eighty days mentioned in the report. He says he is not able to carry it out without authority. His actual wording in the letter is:

You will see from the report that this dredging is quite extensive and may have to be postponed indefinitely, although this is for my headquarters in Ottawa to say.

In these estimates you have dredging and a deep-water wharf at Bonavista, $75,000; a wharf extension at Fortune, $25,000; reconstruction of harbour works at Grand Banks, $20,000; a wharf at Norris Point, $17,000. I certainly want to reiterate the fact that this is in St. John's East, but I do urge the minister, in view of the other extensive work being carried out, to have an arrangement made in the near future to complete this work. It is a rather important settlement in my riding, and it would be appreciated.

Item agreed to.

761. Prince Edward Island, $263,000.

Mr. McLure: There is a vote here for a landing at Rustico harbour, $33,000. Is this in addition to the tenders that are being called for repairs of $34,000?

Mr. Fournier (Hull): This item provides for the erection of a landing in the harbour to relieve the congestion in front of thirteen fishing stages and permit landings and to dredge a channel in front of the stages. Rustico harbour is one of the most important fishing places in the province with the lobster industry which has an annual value of $120,000. There are twenty-six boats operating from the landing to be prepared. I did not know this was in the hon. member's riding.

Mr. McLure: Is this in addition to the $34,000 contract for the breakwater? Has the contract been let as yet for the breakwater?

Mr. Fournier (Hull): This is a different item. The $34,000 is in the main estimates, and I understand that these two amounts will be spent in Rustico harbour. This amount is to repair the breakwater in the harbour at Rustico, Prince Edward Island. Recent winter storms and abnormally high tides have caused considerable damage which must be repaired in order that the breakwater be not completely destroyed. This is not a landing, but covers repairs to the breakwater.

Item agreed to.

764. Ontario, $990,000.

Mr. Catherwood: Will the minister state whether any provision is being made for dredging at Nanticoke harbour? I have had considerable correspondence with the deputy minister about this matter, but I do not see any mention of it in the details of the estimates.

Mr. Fournier (Hull): I am told by my deputy we are going to do dredging at Nanticoke. He informs me that some work will be done.

Item agreed to.

765. Manitoba, $10,000.

Mr. Knowles: May I ask the minister two questions with regard to engineering matters in Manitoba. One I believe comes under this supplementary item, but perhaps I should have asked the other under the corresponding item in the main estimates. With respect to this $10,000 vote for remedial work at St. Andrews, may I ask if the minister can indicate when that work might be completed and the bridge opened to traffic. As the minister knows, that bridge at St. Andrews forms part of the No. 1 highway, and it is a matter of some inconvenience that it has been closed for this considerable time. I know representations have been made to him and to his officials to see if additional crews could not be put on the job so as to expedite its completion.

The other question concerns the progress being made in connection with the work at Gimli, to try to prevent erosion by the lake there. There is a fairly substantial amount in the main estimates for that. I understand the work is under way. Perhaps the minister could make a statement on those two engineering projects.

Mr. Fournier (Hull): The first one, the $10,000 at St. Andrews, is to provide remedial work to prevent erosion of the bank where it follows the Red river. We have done work in this area but further erosion of the bank necessitates extending the protective work. I am not sure that we have started this work

because it is covered by a supplementary vote. We probably intend to do so as soon as the money is voted.

In connection with Gimli, when this work started it was intended to use Armco steel bins for this protective work, but owing to the shortage of steel and uncertain deliveries, it is now proposed to use—

Mr. Knowles: Is this Gimli?

Mr. Fournier (Hull): Yes. Our first plans contemplated steel piling, but now we shall have to revert to concrete construction. The estimated cost is thereby reduced to $35,000. The whole work to be done is a ballast construction, rock filled protection wall with concrete backing, riprapped faced casing, plus a concrete cut-off wall on the lake side for a length of 1,840 feet out of the town limits and 600 linear feet in the rural municipality, and the completion of two hundred linear feet of wall in the town, the core of which was constructed in 1950-51.

Mr. Knowles: Can the minister say when that work might be completed?

Mr. Fournier (Hull): I am told that the department are working on plans for this. The scheme was changed. That explains the delay in beginning the work. We had to change over from steel to concrete. The plans have not been completed, and it is not thought that they will be ready before the end of August, to call for tenders. I was just remarking that that is quite late in the season to start this work. But it is one of those projects that I think everybody understands we will proceed with.

Mr. Knowles: I want to thank the minister for that information. I hope that project can be gone ahead with as early as possible. Some hon. members might ask whether this is in my constituency. I may say that it is not, but it is in a constituency in which I hope to be spending a few weeks as soon as parliament rises.

Mr. Sinclair: Do we have to build a wharf there just for that?

Mr. Knowles: No. Indeed, where I go is seven miles from Gimli, but I happen to know the situation and to know how urgent it is to the people of Gimli, as a good part of that town has suffered considerably from this erosion. As to the first question I asked about that $10,000 for remedial work at St. Andrews, I thought that money was for repair work being done to the bridge at St. Andrews; but the minister's answer was in relation to erosion of the shore.

Mr. Fournier (Hull): Erosion.

[Mr. Fournier (Hull).]

Mr. Knowles: Can the minister, while we are on that item with respect to St. Andrews, say when the repair work to the bridge itself might be completed?

Mr. Fournier (Hull): I am told that this contract is being proceeded with. This contract was given out. I am told that it is a long slow job because they have to raise one end of the bridge and take out the step. We have given instructions to the contractors to proceed as rapidly as possible. We know that the people in the neighbourhood are inconvenienced by the slowness of the work.

Mr. Knowles: I am glad to hear that that instruction has been given to the contractor, because it seems to the people in the vicinity that the work has been proceeding too slowly.

Item agreed to.

Locks and dams—

767. British Columbia and Yukon, $1,400,000.

Mr. Laing: I rise for the rather unusual purpose of thanking the minister for a vote included in this item, found in the estimates under the item:

Richmond island (Fraser river)—towards bank protection, $92,500.

This is the first protection of this particular type that has been done on the north arm of the Fraser river. In the past the minister's department has expended considerable sums on dredging and in rock piling on the river bank. But I want to draw to his attention how important this particular area of our city is at the present time, because Vancouver is the most rapidly growing industrial city in Canada—

Some hon. Members: Oh, oh.

Mr. Laing: —without a doubt.

An hon. Member: Oh, oh.

Mr. Laing: You have not been there.

Mr. Wylie: Yes, I have been there; I was there two weeks ago.

Mr. Laing: If it was two weeks ago, it was no good. You had better come again.

This particular area of Vancouver is the most rapidly growing area. Within the last three weeks we have had the announcement of no less than $4,500,000 of new investment in the approximately six miles along the north arm of the Fraser river, involving Dominion Glass, Canadian Canners and developments of the plywood plant of MacMillan Industries and Western Plywood. In thanking the minister now, may I say that I want his officials to pay an increasing amount of attention to the north arm of the Fraser river where, at the present time, our

wages are $40 million per year; and they are growing rapidly. As I say, in thanking the minister, I am doing so in lively anticipation of further favours for that area.

Item agreed to.

Harbours and rivers generally—

768. Repairs and upkeep for the maintenance of services, including reconstruction and replacements as detailed in the estimates, no new works to be undertaken—further amount required, $85,000.

Mr. Higgins: This item provides an additional $60,000 for Newfoundland, over and above the item of $540,000 already included, making $600,000 altogether, I believe. Can the minister tell me where that money is to be spent?

Mr. Fournier (Hull): Repairs and upkeep, for the maintenance of service, including reconstruction and replacement, with no new work to be undertaken. This item is to supplement the repair item when any damage is caused to our works and the work is urgent.

Mr. Higgins: Is it in addition to the $540,000?

Mr. Fournier (Hull): Yes. That is in addition to the $540,000.

Mr. Higgins: Where is that money to be spent?

Mr. Fournier (Hull): I am told that our engineers sent up a long list of repairs to be done at these various places, but I have not the list here.

Item agreed to.

General—

771. Miscellaneous works not otherwise provided for, not more than $7,000 to be expended upon any one work—further amount required, $50,000.

Mr. Hatfield: I was not in the chamber when the other estimates were called; I therefore ask my question under this item for miscellaneous works not otherwise provided for. I should like to ask the minister why the vote for the Woodstock post office was taken out of the estimates this year?

Mr. Fournier (Hull): As I explained previously—and I am pleased to explain it again—I was given instructions to pare down the estimates of my department by some $18 million or $19 million. I was put in that position, to try to have in the estimates the most urgent projects. I know that the Woodstock post office is urgent; but it is not as urgent as some other post offices. Although I was sad about it, I had to postpone that item. But I am not forgetting that I once put it in.

Mr. Hatfield: Do you ever intend to put it back in?

Mr. Fournier (Hull): I am considering that; really I am.

Mr. Coldwell: May I also remind the minister that the appropriation for a federal building at Biggar is one which is urgent.

Mr. Hatfield: I would say that the post office at Woodstock is an obsolete one which was built just after confederation. Some of it is useless. This town has grown and it needs a post office badly. I would ask the minister not to forget it in his estimates next year.

Item agreed to.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

Engineering and water resources branch—

402. To provide, subject to allocation by treasury board, for the design and planning of deferrable projects, the acquisition of sites and the initiation of construction, $1,000,000.

Mr. Nowlan: Will the minister give us a statement with regard to item 402? I notice that no details are given there. It is a deferrable project of some kind and the detail mentioned on the page is exactly the same detail given in the summary. I think the minister might like to give us a statement with respect to it.

Mr. Winters: This vote is one that has been carried in the estimates for some years subsequent to the termination of hostilities. It was provided as part of the shelf program to enable the government to plan for deferrable projects to be implemented if, as and when the employment situation warranted it. The vote was $2 million for the last two or three years; but in view of the prevailing high level of employment and the general occupation of most construction industries, the vote this year was reduced to $1 million. I might say that the full amount provided in the estimates has never been used in any year in which it was provided.

Mr. Nowlan: Has the minister the details of this item? Since there is a high level of employment in the central provinces I presume it must be intended to spend this in the maritimes and in the west. Can he give me the details?

Mr. Winters: No; it is the type of vote for which there is no previous specific plan. It is to be available if and when required. I hope it will not be required.

Mr. Benidickson: What percentage of contribution is made by the federal government under item 402?

Mr. Winters: The percentage of contribution by the federal government is 37½ per cent.

Item agreed to.

Trans-Canada highway division—

403. Administration, operation and maintenance, $353,269.

Mr. Nowlan: Can the minister tell us whether there is any change in the situation with respect to Nova Scotia on the trans-Canada highway since he last mentioned this item?

Mr. Winters: Nothing that I know of. No difference has come to my attention.

Mr. Balcer: Does the same apply to the province of Quebec?

Mr. Winters: The same applies to the province of Quebec, yes.

Mr. Johnston: What progress is being made on the construction of the trans-Canada highway north of the great lakes to complete that link between Sudbury and Winnipeg?

Mr. Winters: Some progress is being made in that part of the route, Mr. Chairman. The route has now been determined between Sudbury and Chapleau. It was a matter that had not been finally determined at the time the agreement was entered into. Further surveys are being conducted between Chapleau and Thessalon on that part of the route. I am told a considerable amount of work is in progress west of Sudbury, between Sudbury and Thessalon along the route.

Mr. Johnston: Is construction actually taking place from Chapleau west, or just a survey?

Mr. Winters: From Fort William east there has been quite a lot of work put into progress.

Mr. Coldwell: Are you using the old roads? Quite a lot of work was put into that?

Mr. Winters: By the old road the hon. member means the road that was built as a relief project?

Mr. Coldwell: Yes.

Mr. Winters: The answer is yes.

Mr. Coldwell: The Bennett road.

Mr. Cruickshank: I have one question I would like to ask. I do not expect the minister to have all the answers at his fingertips. With respect to the trans-Canada highway, in British Columbia we have a portion of the route between Fry's corner and King George highway. This highway is a main part of the trans-Canada highway within our province. It was built many years ago and is totally inadequate under present conditions. I notice by the press that the minister's department has informed the provincial government that they are not prepared to reconstruct this portion of the trans-Canada highway, owing to the fact that it requires paving and, under modern conditions, hard surfacing. This particular portion of the highway serves not only the district that I happen to represent but the entire lower mainland of British Columbia.

That part of the trans-Canada highway was constructed prior to modern road building. Because it affects that forgotten district of Vancouver island to Victoria all the tourists coming into that part of the country—in Victoria our slogan is "Follow the birds"—have to come over this highway.

I am perfectly satisfied to accept any of the minister's decisions as to the amount of traffic on the highway, but what I am particularly concerned about is this. According to press reports the minister's department has said that this must lie in abeyance until normal conditions return. This is the main part of the highway entering into the city of Vancouver; it is a main part of the trans-Canada highway. It is the route adopted by the provincial government and by the federal government, I understand, leading into Vancouver across the Pattullo bridge. I am referring particularly to that part between Fry's corner and the King George highway. Is the minister's department prepared or willing to pay the federal share now for the construction of that piece of the trans-Canada highway according to the qualifications laid down?

Mr. Winters: To the best of my knowledge we have had no specific application with respect to that portion of the highway. Under the terms of the agreement the federal government contributes 50 per cent of the cost incurred by the provincial government. Where the highway is within a municipality, the normal arrangement exists for payment of that portion of the cost normally incurred by the municipality, and then the federal government shares the provincial government's cost on the 50-50 basis, under the terms of the agreement.

Mr. Cruickshank: That brings in something new. Am I given to understand that a municipality is called upon to bear their share of the cost of the trans-Canada highway within that municipality? I want this to be particularly clear because I do not think the people of British Columbia understood it that way. Are we as a municipality called upon to bear a share of the costs of the trans-Canada highway in conjunction with the provincial and federal authorities?

Mr. Winters: That is a matter to be determined between the provincial government and the municipality. The federal government undertakes to pay half the cost incurred by the provincial government. If in the

normal arrangement the municipality is required to contribute toward the cost of roads, then that is something between the municipality and the province.

Mr. Cruickshank: I think that is bringing something new into the trans-Canada highway as I understand it.

Mr. Winters: No. If I may answer that I can read the section from the trans-Canada highway agreement. It is section 3 (5) and reads as follows:

> If the provincial practice has been to assist the municipality financially in the construction of its highways or bridges and proposes to follow this practice in regard to the trans-Canada highway, the federal contribution will be considered to an amount not greater than one-half the contribution made by the province. The province, however, must give prior advice to the federal authorities of its intentions in this respect.

Mr. Cruickshank: The minister has explained the situation.. Constructing highways in my province is entirely different from constructing highways in the prairie provinces, for example. In the prairie provinces they can construct 20 miles of highway at the same price that it would cost us in British Columbia to construct half a mile. That is known to everyone. As it was explained by the minister I understood that the municipalities would not be called upon to contribute in any way. I wish to make it clear that I did not think they were to contribute to the trans-Canada highway.

The section to which I am referring leads into the third city of Canada. After all, that third city of Canada is entitled to some consideration. From the monetary point of view, the influx of American dollars through the great port of Vancouver means something to the foreign exchange situation in this country. The impression I was given from press reports, rightly or wrongly, was to the effect that the federal government had said that it would not contribute at this time to the rebuilding of any highway. Let me make it clear that that was stated in the press of British Columbia, particularly Vancouver—that the federal government would not contribute to the rebuilding of any highway that called for pavement or hard-surfacing. I believe one of those expressions was used.

To my mind that is a serious statement. I had not intended before to say anything, but I think now I shall have something to say about the matter. I want to have that point cleared up for the constituency of Fraser Valley particularly the municipalities of Chilliwack, Sumas and Matsqui. Are the taxpayers of those municipalities to be asked in any shape or form to contribute to the cost of the construction or reconstruction of the trans-Canada highway?

The Chairman: Shall the item carry?

Mr. Cruickshank: No. I have asked a question.

Mr. Winters: I can only say what I have already said, and that is that that is a matter between the provincial government and the municipalities. They will follow their normal practice in that respect.

Mr. Cruickshank: I appreciate what the minister has said, that we will have to contribute our normal share, whatever the percentage is. But that is certainly new to me. When I first heard about the trans-Canada highway I had no idea—and I do not think the people throughout the province had any idea—that at the will or whim of the provincial government the individual municipalities could be called upon to contribute a share of the costs of the trans-Canada highway. I do not think the minister is correct in his interpretation, and I think he should bring in another official to check upon it. With the best of intentions I think he is incorrect in his statement. I do not think it was intended for one moment that the municipality within the provinces which the highway passed were to be called upon for one dollar to defray the cost of the trans-Canada highway. I wish the minister would get more authentic and more definite information.

Some hon. Members: Carried.

Mr. Cruickshank: Well, I do not come from the maritime provinces. I come from that great province of British Columbia, where the tourists go. Hon. members may call "carried" all they like; but in my riding the municipalities are not going to be called upon to pay any share of the trans-Canada highway until we have a better definition than has been given to me thus far. I would ask the minister to explain a little more fully.

I know he wants to do the right thing and that the government wants to do the right thing. I believe the provincial governments want to do the right thing. But in my province we have the privilege of saying that we come from the old state of Missouri, from which the president of the United States comes—and I am referring to that old expression, that we are from Missouri. Will the municipalities of Chilliwack, Sumas and Matsqui be called upon to contribute any share toward the cost of the trans-Canada highway?

Mr. Johnston: Before the item carries—

Mr. Cruickshank: Just a minute; I asked a question.

Mr. Winters: I repeat that the federal government's agreement is with the provincial governments. I read the section from the

agreement which covers that particular phase of the operation. I think that is clear. I do not think there is any misunderstanding in the interpretation. My hon. friend may not like the interpretation, but that is a quite different matter. We have undertaken to pay one-half of the cost incurred by the provincial governments. I am sure the government in British Columbia, as well as other governments in the various provinces, will deal fairly with their municipalities. While I do not know whether the municipalities to which my hon. friend referred will be required to pay, I do know that the policy followed by the government of British Columbia is a fair one. I think he can be assured that his municipalities will receive fair consideration.

Mr. Cruickshank: I know that, so far as the minister is concerned, we will receive fair consideration. I must say however that I did not understand when the act was passed to build the trans-Canada highway that the provinces were to assess the municipalities. I speak for the people I represent. I believe such a procedure would be a very dangerous thing and should not be permitted. It is within the jurisdiction of the provinces to tax or not to tax local landlords.

In other words all hon. members know that a sidewalk or street lights may be placed on Sparks street here in Ottawa and benefit the property owners on that street. But to permit the province to tax the taxpayers in a rural municipality is not fair. It may be different out in the middle of Saskatchewan, although I do not think they are very prosperous out there. I do not think the province should assess through the municipal authorities to pay a share of the cost, in conjunction with the provincial and federal authorities. My understanding was that the trans-Canada highway was to be built by the federal and provincial authorities. I did not understand that it involved municipal taxation.

I happen to own a farm. To be frank about it, I have heard something about personal interests entering into things—which they should not, I know. But is my farm to be taxed so as to build the trans-Canada highway through it?

Well, Mr. Chairman, pressure has been brought to bear upon me, and I have confidence enough in the federal minister that it will not be permitted. I have not equal confidence in the ministerial authority within my own province. I have registered my objection and I can say nothing more. All this appeared in the press, including the Vancouver press. It was stated that the federal government would not let them build this section of highway because it was really a repaving project. The minister can shake his head, but that was in the press where the people of British Columbia could read it. I do not believe everything I read in the press, but I do want to make sure that the people of my riding are protected, not against the press who have always been fair, but against other people who have not been so fair.

Mr. Hatfield: I agree with the hon. member for Fraser Valley that no municipality should have to pay the cost of a trunk highway going through its town. I know this is a provincial matter, as the minister has pointed out, but I submit there should be something in the act to stop the provincial government charging any part of its share of fifty per cent of the cost to any municipality. I am absolutely against this and I have always been against it. I do not think any small municipality or town should have to bear any part of the cost of a trunk highway going through that municipality or town. Very little has been done in New Brunswick with regard to the trans-Canada highway. As our trunk roads are in bad condition I should like to ask if anything is to be done this year.

Mr. Winters: I understand that the provincial government of New Brunswick intends to go ahead this year with some of the work on the trans-Canada highway.

Mr. Hatfield: Has there been any change in the route through New Brunswick? I do not agree with the present route up the Saint John river valley because within forty miles there are fourteen railroad crossings which could have been eliminated by going up the opposite side of the river.

Mr. Johnston: I am somewhat in agreement with the hon. member who has just taken his seat when he says that we are not making much progress with the construction of this highway. I refer particularly to the new sections, particularly in Ontario, not to sections that are being reconstructed. I was interested in the remarks of the minister about the road from Sudbury to Chapleau being designated as the trans-Canada highway. There was a great deal of talk that the trans-Canada highway would run from Sudbury to Sault Ste. Marie and then north to Port Arthur.

Mr. Winters: It runs from Sudbury to Chapleau via Thessalon, which is in the general direction of Sault Ste. Marie.

Mr. Johnston: Those of us who have travelled the road between Sudbury and Sault Ste. Marie know that there has been a great deal of construction on this section. I

think it would have been possible for them to have completed the road from Sudbury to Sault Ste. Marie this year and progress could have been made in building north to Port Arthur. I think the whole section could be completed within a short time. It does not make much difference how rapidly the other provinces complete their sections of the trans-Canada highway if the section north of the great lakes is not completed. We are losing millions of dollars in tourist trade every year because the road north of the great lakes is not completed. My judgment is that that section is not being built as rapidly as it could be.

I believe the federal government should take steps to see that a province builds so many miles of new trans-Canada highway each year before it qualifies for the grant. By the time the agreement has expired there is bound to be a lot of the highway not completed. Most of the provinces in western Canada will have their sections completed within two or three years at the most, but I venture to predict that the section north of the great lakes in Ontario will not be completed.

The progress made on the new sections of the trans-Canada highway has not been too rapid within the last two or three years. I should like to see the minister get after the department in Ontario that has jurisdiction over the trans-Canada highway and put on a little pressure in an effort to have this section completed. It would be of benefit in increased tourist business as well as from the military point of view. It would enable Canadian citizens going to western Canada to travel an all-Canadian route instead of having to go down through the United States.

Mr. Cruickshank: I take it that there is no objection to the federal government reconstructing the trans-Canada highway between the King George highway and Fry's corner?

Mr. Winters: We have not had representations from the provincial government with respect to that particular section and we would not make a decision until such representations are received.

Mr. Cruickshank: I presume there would be no objection to the federal government hard-surfacing the trans-Canada highway?

Mr. Winters: We propose to carry out the terms of our agreement and I think the province will find us pretty easy to get along with.

Mr. Higgins: Has there been a slowing down of work on the trans-Canada highway in Newfoundland, and has that been done at the suggestion of the Minister of Finance?

Mr. Winters: As a matter of general policy the federal government has asked the provincial governments—it has taken the same attitude with its own operations—to go forward only with those projects which they consider essential. Of course we have no control over the provincial governments and would not attempt to influence them in any way. We let it be known that that was the policy we were adopting, but at the same time we told the provincial governments that, if they attached a high order of importance to the trans-Canada highway and considered it to be essential to the development of their economy, they would find us willing to co-operate. I know of no slowing down in Newfoundland.

Mr. Higgins: The premier made the statement that he was deliberately slowing down the work at the suggestion of the Minister of Finance. The minister knows very well that this is an extremely important matter to the province and I do hope something will be done by the minister to try to have the premier change his attitude. It is going to be unfortunate if we have to keep on waiting for a road across the island. I think we are safe now in saying there is no necessity for slowing down this work, that it is purely the decision of the premier if he wishes to do so. Is that the situation?

Mr. Winters: Well, it is up to the provincial governments to evaluate the importance of this work. I think I should say to the hon. member that in point of work committed Newfoundland stands fourth among the eight provinces participating in this agreement.

Mr. Higgins: That is in work completed?

Mr. Winters: No; in work committed.

Mr. Higgins: That is for this year?

Mr. Winters: Since the agreement was entered into.

Mr. Higgins: That is the work that has been done, not the new work coming up. Is not the minister aware that the premier has decided not to go ahead? Has he not told you that?

Mr. Winters: I have not seen the statement the hon. member attributes to the premier of Newfoundland.

Mr. Higgins: It was published quite openly in the Newfoundland press. There was no necessity for him to do that, was there?

Mr. Winters: He can use his own judgment on that.

Mr. Higgins: But there was no pressure from here to make him do it?

Mr. Fair: I agree with the remarks as to the building of the road through northern Ontario north of the great lakes; but I cannot agree with the route further along, as I did not agree at the time the original route was being mapped out. At that time I pointed out to the minister and others that the highway would be blocked by snow during the winter. Recent storms have proved me right. Apparently it is going to be blocked by snow in the month of June as well. The hon. member for Medicine Hat, the hon. member for Bow River and all the others along that southern route should now admit they were wrong and the government was wrong in following their suggestion to have the highway go through the southern part of the provinces. I am going to suggest now that if that route is still to be followed work should commence immediately on another highway following the Yellowhead route from Winnipeg west to Edmonton. I believe the present defence program demands that this be done. I hope the minister will take very serious notice of this and act accordingly.

Mr. Wylie: I had no intention of getting into this argument until the hon. member for Battle River had his say. We must agree that he tried to have the highway follow the northern route, but I believe the dominion and provincial governments were very wise in putting the trans-Canada highway where they did. If it went through the northern part of the province United States tourists would never get up there. So I am very happy that the road is to go through Medicine Hat.

Mr. Nixon: I think I would be remiss in my duty if I did not urge the minister to reconsider, with the province, the route designated for the highway north of the great lakes. My riding includes Sault Ste. Marie, which is the gateway used by forty million tourists from the south. If this highway were to go north of Sault Ste. Marie, up around the north shore of lake Superior, I am sure the revenue from the tourist trade alone would more than pay for the construction of the road. Sault Ste. Marie is the only port of entry between Sarnia on the south and the Manitoba boundary on the west. Once more I urge the minister to reconsider if at all possible the route that has been chosen, and have this highway follow the shore north of lake Superior. At present the road is built some eighty miles north of Sault Ste. Marie, and should be continued. While the country I mentioned is rugged, that is one of the main reasons for urging that the road be taken through it, because the ruggedness of the country does attract tourists from the United States.

[Mr. Higgins.]

Mr. Hatfield: Has the federal government supervision over this trans-Canada highway, or are they going to let the provinces build it as they please? Who is to have supervision, the provinces or the federal government?

Mr. Winters: We are both giving supervision. The provinces are building the road to standards which were mutually agreed upon and which are laid down in the agreement. They have their engineers on the road, and we have our engineers to see that the standards jointly agreed to are maintained.

Mr. Hatfield: Are some of the provinces going to be allowed to put off old highways on the federal government to make up their fifty per cent?

Mr. Winters: No, sir, they will not.

Mr. Hatfield: I understand that is what is being done in New Brunswick.

Item agreed to.

404. To provide for surveys of the trans-Canada highway through national parks, $12,000.

Mr. McLure: In 1949 extensive surveys were made from Rustico harbour across to Robinson's island and on down, and a bridge was to have been built to connect—

Mr. Winters: This has to do with the route of the trans-Canada highway through the national parks. What my hon. friend is referring to is not part of the trans-Canada highway.

Mr. McLure: Was that not the survey of Robinson's island?

Mr. Winters: Not for the trans-Canada highway.

Mr. McLure: It belongs to the national park.

Mr. Winters: Yes, but not part of the highway.

Mr. McLure: Then why did they make the survey there?

Mr. Winters: That was part of the national parks construction program.

Item agreed to.

406. To recoup the Minister of Finance for advances to be made to the Northwest Territories power commission during the fiscal year 1950-51 for power developments as provided under section 17(2) of the Northwest Territories Power Commission Act, chapter 64, statutes of 1948, $110,000.

Mr. Hodgson: Would the minister explain this item. It shows an increase of $80,000, and the explanation given on page 401 is the same as in the item itself.

Mr. Winters: Under the Northwest Territories Power Commission Act, which as my

hon. friend knows was extended last year by the action of parliament to embrace the Yukon as well, the federal government is empowered to build power plants in the Northwest Territories and the Yukon on a basis under which the crown recovers its money. Advances are made, and this is a repayment to the Minister of Finance of advances made against these projects. It is all recoverable.

Item agreed to.

Northern administration and lands branch—
Forest conservation and wildlife management, including Wood Buffalo park—
412. Operation and maintenance, $276,633.

Mr. Adamson: I would like to ask a question concerning wildlife services. I do not know whether this was brought up on the national parks estimates or on any previous occasion, but I would like to know what is being done by this department, if anything, in connection with predator control. I mention this because of the serious damage that is done to our game animals by the predators, particularly wolves. As I mentioned before, these wolves are protected in the national parks; they increase rapidly; they form gangs or packs of killers, and do enormous damage both inside and outside the parks. I had hoped the policy of the department would be altered so that wolves and certain other predators could be shot within the national parks, but that has not been done. It has been decided by those in charge of national parks and by others, that in order to preserve their game, predator control is one of the most important measures they can take. Predators do infinitely more damage to game animals than overshooting or overhunting. I do not know whether this question has been brought up before, but if it has I apologize. I did not hear it. If it has not, will the minister make a statement?

Mr. Winters: The matter has not been brought up this year, but it was brought up last year. I well remember the hon. member referring to it in an interesting way when the estimates were before the house. The problem, which receives a great deal of attention from that branch of the department, is one of trying to maintain a proper balance, which often is a matter of judgment. In the national parks in particular, part of our job is to maintain the park area in its natural state, having regard to both vegetation and wildlife. We are trying, by various means, to maintain a proper balance. We have provided for the payment of bounties and taken other measures from time to time for the killing of predators as the situation warranted. We take whatever steps seem to be indicated, in the light of conditions as they are found, to maintain the proper balance of predators to other types of wildlife.

Mr. MacInnis: I wish first of all to commend the minister for the program announced earlier in the year in connection with forest conservation. I believe that forest conservation is one of the most important types of conservation of our natural resources. I am sorry that the estimate for this year is down considerably from last year.

Mr. Winters: Might I raise a point of order to remind my hon. friend that he might more properly discuss that item under vote 416. This vote No. 412 is for forest conservation and wildlife management, including Wood Buffalo park.

Item agreed to.

Forestry branch—
416. Branch administration, $81,971.

Mr. MacInnis: I note that the amount for operation and maintenance is considerably up from last year, which in my opinion is all to the good. I come from a province which, perhaps at this date, is one of the best forested provinces in Canada. But I am quite satisfied that during the past decade we have been losing more by cutting, fires and insects than we are making up by natural growth. This state of affairs cannot continue for very long. So far as we in British Columbia are concerned the depletion of our forests would be a national calamity, because a large amount of our revenue comes from that source. I realize that only a small proportion of forest conservation could, of necessity, come under the jurisdiction of the minister's department. I would urge him to continue trying to get the provinces, particularly those of them that have not realized the dangerous situation confronting us, to put more and more effort into conservation. Then, instead of taking more out of our forests each year than comes back through natural growth, the natural growth will more than meet the depletion.

There is a great deal that could be said on this subject, but I am not going to take up the time of the committee at the moment. The benefits of forest conservation are not limited to the forest, but they extend to the whole economy of our country. I would commend the minister for what he has done, and urge him to approach this subject with real effort and determination.

Item agreed to.

419. Forestry operations division, including forest insects control board, $63,858.

Mr. Fraser: Can the minister say if his department is doing anything in regard to

the army worm or tent caterpillar as it is called, which has covered nearly all of Ontario this year, killing trees. I know that oak trees that have been infested with the worm for the last two years have died. Poplar, elm and birch trees are dead from the effects of these worms.

Mr. Winters: The problem of studying the army worm or tent caterpillar, and insects of that kind, is the responsibility federally of the science service of the Department of Agriculture.

Mr. Fraser: Can the minister say if the Department of Agriculture is doing anything about it? Last year the Minister of Agriculture said that these caterpillars would not kill the trees, but that was wrong because the trees are dead. Surely, one of the departments must be doing something about them. This is the forestry branch, and surely insects must come under that branch. The description of the vote is, "Forestry operations division, including forest insects control board."

Mr. Winters: This is a vote that was set up to provide for administration of the dominion-provincial operations that I announced earlier in the house under the Canada Forestry Act. But a portion of the vote is for the forest insects control board, and this is a small vote of $3,600 which is for travelling expenses in connection with the operations of that board.

Mr. Fraser: It is not necessary to provide for any travelling expenses for the caterpillars, because they travel under their own power.

Mr. Hodgson: As to this matter of insect control, this department is, I would say, responsible for a certain amount of the control of insects, especially the caterpillar and also of the grub that eats or kills the birch in New Brunswick. Because of the fact that great timber areas in the various provinces are close to each other, if one province does something and the other one does not, the action does not have the effect it should have. We should therefore have, coming from the dominion, some control of the tent caterpillar, the birch worm and the sawfly. I think that is the proper place for it to come from because we have a good, young minister who is full of energy. I think he should take this matter up with the provinces and do something that will really produce an effect.

Mr. Hatfield: This is an extremely important item, Mr. Chairman. The budworm has killed practically all the birch in the province of New Brunswick.

Mr. Hodgson: And it is coming into Quebec and Ontario now.

[Mr. Fraser.]

Mr. Hatfield: As my hon. friend says, it is now coming up into Quebec and Ontario. If something is not done, a great Canadian industry will be put out of business. Practically all of the birch mills and the hardwood mills in New Brunswick have been closed down on account of this worm. Something must be done. Instead of this item being lowered, in my opinion it should be increased. We must do something about this problem. This infestation will cover Ontario and Quebec in a few years if it is not stopped.

Mr. Fraser: And it will kill the tourist traffic undoubtedly because there will not be any trees for the tourists in Ontario or in any other part of the country.

Mr. Winters: As I told my hon. friend earlier, this is a matter that is dealt with by the science service of the Department of Agriculture. We assist them where we can and to the extent that we can.

Mr. Hodgson: Will the minister say that he will take the matter up with the Department of Agriculture and see that something is done about it?

Mr. Winters: I shall be glad to take the matter up with them. I cannot guarantee that something will be done about it, but I will take it up with them.

Mr. Fraser: We should not have the thing tossed around. Somebody has to do something.

Mr. Winters: They have the vote.

Mr. Macdonnell (Greenwood): It seems to me that this matter is still left in an unsatisfactory position. I am not undertaking to say what the division of duties is; but we have really a very slight acceptance of responsibility, if indeed any, by the present minister. Yet this is a thing that stares us in the face. It is something for which some minister ought to be made fully responsible now, so that we cannot have it just tossed around from place to place.

The Chairman: Shall the item carry?

Mr. Fraser: Carried under protest.

Mr. Knowles: I understood the minister to say that part of this money was for the administration of the forestry act. May I ask whether, under that act which amongst other things provides for research, there has been any research—in recent months or indeed since the act was put through the house—into the question of the part played by tailor-made cigarettes in causing forest fires? As the minister will recall, I raised this matter a number of times. I do not want to repeat the speeches that I made on those occasions, but I still feel that it is a subject concerning

which some useful and valuable research might be done. There is no doubt in my mind that, with regard to our forests, greater danger is created by tailor-made cigarettes than by any other kind. Indeed I believe they are the cause of a great many fires, in our cities as well as in our forests. It seems to me that something might be done with regard to the chemicals, either in the tobacco itself or in the paper, to make sure that the cigarettes do not produce quite so much danger. My question is this. Has there been any research by the branch with regard to this matter?

Mr. Winters: The department has done no active research in the matter. I well remember my hon. friend raising the subject last year. The cigarette manufacturers are aware of the problem and are trying, by means of advertising, to undertake a program of fire prevention. I am well aware of my hon. friend's representations and I will keep them in mind.

Mr. Knowles: What the minister says is quite correct, namely that since we raised this matter in the house on a number of occasions, the cigarette companies have been spending money on advertising campaigns in the interests of fire prevention. But I have seen no report from them indicating that they have done anything with regard to changing their product so that the tailor-made cigarette in itself would be of less danger to our forests.

Mr. Fraser: They are doing research work.

Mr. Knowles: I am glad to note that the minister says he is aware of the problem. I hope that he will see to it that some research work is done by the department at an early date.

The Chairman: Shall the item carry?

Mr. Macdonnell (Greenwood): No, Mr. Chairman, I want to revert to this matter and just draw the minister's attention again to the wording of this item. I want to ask him what those words mean. The item reads:

> Forestry operations division, including forest insects control board.

Do those words mean what they say? Is there a forest insects control board? Is it under the Department of Resources and Development or is it to be tossed back to the Department of Agriculture?

Mr. Winters: Mr. Chairman, the board is an advisory board which was set up in 1945 under the direction of the minister of reconstruction for the specific purpose of investigating into and trying to determine methods of control of the spruce budworm. Since that time it has continued as an advisory board under the direction of the Minister of Resources and Development. What I said was that the science service, which is responsible for doing something about the problem, is in the Department of Agriculture.

The Chairman: Shall the item carry?

Mr. Macdonnell (Greenwood): No. I still do not feel that this matter is left in a satisfactory shape. Does the minister say that the Department of Agriculture definitely deals with forest insects control or does he just say that he does not do it and that therefore presumably it is done by the Department of Agriculture? Does he tell us that the Department of Agriculture assumes full responsibility for this matter?

Mr. Winters: No. What I say—and it is what I said previously—is that there is an advisory board known as the forest insects control board which reports to me, but that there is another service in the Department of Agriculture known as the science service—the science service of the Department of Agriculture—which has laboratories and which has assumed the responsibility—and had done so before my time in this department—for investigating into measures for controlling insects.

Mr. Macdonnell (Greenwood): That also seems to leave the matter at a loose end: investigating into measures for controlling insects. We are interested in something more than investigation. We want to know what happens after the investigation. If the minister is not prepared to state that someone is responsible for action, I suggest that this item stand over, that he might speak to the Minister of Agriculture and let us know where we are; because at the present time we are just going down the garden path and getting nowhere.

Mr. Graydon: What we want to know is: What do we do and who does it?

Mr. Fraser: We want to know who controls what.

The Chairman: Shall the item carry?

Mr. Macdonnell (Greenwood): No, it does not carry. I think we should be entitled to know, as the hon. member for Peel has just said, whose job this is. At the present time we have not got past the suggestion of a scientific interest that somebody presumably is taking. We want much more than that.

Mr. Hatfield: It has nothing to do with agriculture.

Mr. Macdonnell (Greenwood): As the hon. member for Victoria-Carleton says, it really has nothing to do with agriculture; at least not to the ordinary, common-sense man.

Some hon. Members: Carried.

Mr. Winters: Is there a question to be answered?

Mr. Macdonnell (Greenwood): I am pointing out what I think is an unsatisfactory situation. I am asking the minister if he will let this item stand, and if he will speak to the Minister of Agriculture so that we can have some assurance that somebody is responsible for doing something here.

Mr. Winters: I do not think that is warranted. Although my hon. friend does not understand it, the line of responsibility is clear. There is an advisory board set up which is responsible to this department. There is a separate service in the Department of Agriculture which has laboratory facilities and which were added to as the result of the work of the insects control board. It investigates into matters respecting the control of insects. My hon. friend asks: who does something if they find something? Well, that sort of control is a matter for provincial governments which have the responsibility for the resources. The arrangement would be, if science service found something such as a spray or some other means, it would be made generally available to anybody who is responsible for the operation and conservation of forests. It seems to me that the arrangement is quite clear.

Mr. Hodgson: That is the point I tried to bring out a few moments ago. Something should be done by this department of the dominion government. If the province of Ontario does something and Quebec does not, this is what happens. You have areas of timber lying side by side. You kill the bugs on one side of the line today and tomorrow it is infested again from the other side. That is the reason why this should be a dominion government job.

Mr. Cruickshank: I understand that British Columbia has been brought into this. This is the way we solved it. We have insects in British Columbia.

Some hon. Members: Oh, oh.

Mr. Cruickshank: I was waiting for that laughter, Mr. Chairman.

Mr. Hodgson: That is an unkind way to speak of your own party.

Mr. Cruickshank: The way we solved it was that on June 27, 1949, we brought in legislation universally across Canada to take care of it.

Item agreed to.

423. Grant to Pulp and Paper Research Institute of Canada, $100,000.

[Mr. Macdonnell (Greenwood).]

Mr. Hatfield: The pulp and paper mills have their own laboratories. What is this vote for?

Mr. Winters: This is an operation in Montreal, Mr. Chairman. It is located on the premises of McGill university. There was an arrangement which at the outset involved participation of the federal government, the pulp and paper institute and McGill university. It was rather a complicated arrangement and the responsibilities were not clearly defined. Last year there was a re-organization, and the federal government's responsibility is now limited to a grant. This is the grant for that purpose.

Item agreed to.

Canadian government travel bureau—

426. To assist in promoting the tourist business in Canada, $1,503,197.

Mr. Murphy: This deals with the Canadian government travel bureau, and is an item involving over $1½ million. I must say that this is one item of the minister's department that I do not look at with any great degree of satisfaction, and I do not think that any hon. member does. We in this country have a great deal to offer to the tourist. As we all know, this particular part of the present minister's department has been kicked around like a football ever since it was initiated under a former administration. What alarms me, Mr. Chairman, is some of the returns which I have. I say this in view of the increased amount of money spent on the tourist industry in every country that enjoys a tourist industry.

According to the return I received a few days ago, I find that in 1950 the estimated tourist revenue for Canada was $275 million. The other item in the return which also concerns me is the advertising which went to Cockfield Brown advertising agency, namely, $921,925.10. I am putting these figures up against the total revenue in 1948 of $280 million and in 1949 of $288 million. In other words, in 1950 we dropped some $13 million at a time when the tourist industry in the United States, France, Switzerland and elsewhere was very much increased. If I were to look at these figures as a businessman, as I think the minister should, and see what they reflect, I do not think I would hesitate very long before doing something about them.

I have spoken on this subject at great length at different times. I do not intend to take up a great deal of time at this moment discussing it, but I am going to suggest to the minister that he might well consider some of the suggestions that have been made from outside the house in the last four or

five years relative to an increase in this industry. We want United States dollars. We on this continent have more to offer than any other country, and yet our tourist industry is going down instead of up. More money was spent last year on the tourist industry elsewhere than ever before. Our revenue decreased, yet we have greater accommodation available and more roads. I do not think we got our fair share of the tourist dollar that was spent last year. I know that the minister has various branches in his department, but I am saying quite sincerely that we should develop a billion dollar industry in this country and not a $280 million industry. Switzerland gets close to a billion dollars from the tourist industry. It is her main source of revenue, but she has not one-tenth of what we have to offer, nor has she the number of people so close to her borders. We are living next door to more than 150 million people who are vacation-minded, and who would be glad to come to this country.

I want to conclude with this point. When the minister and his department face these figures let them face them with reality and realize that there is something wrong when they cannot produce more revenue in this branch of the department.

Mr. Coldwell: When hon. members put questions on the order paper and an order for return is passed, that return should contain the information which is asked for. I placed a question on the order paper, which was passed as an order for return by the house, asking for expenditures of government departments for advertising during the fiscal year 1949-50. When I got the return I found that practically all the departments had given me pretty detailed statements of the amounts expended in advertising. But the Department of Resources and Development was quite conspicuous by its answers to the questions. I found the Department of Resources and Development advertising placed with Cockfield Brown and Company Limited, Montreal, Quebec; and two, the amount, nil. No amounts paid. The answer said that they work on commission from magazines and newspapers in accordance with established agency practice. But obviously the information was available in the department because when I turned up the public accounts and saw how vote 383 of that year was expended on the Canadian government travel bureau I found advertising and publicity. I find that under "advertising and publicity" note A includes payments to Cockfield Brown and Company Limited, Montreal, $910,567.92, and national film board, $56,020.25. The total spent for advertising reported altogether was $977,067.15.

It seems to me that when a member of the house puts a motion for a return asking a department to give the expenditure in regard to any estimate, the return should give the information requested. I found it in the public accounts. It seems to me that Cockfield Brown and Company are receiving very large advertising fees from this government, very large commissions therefor for the magazines and periodicals. And when we know who is the representative of Cockfield Brown in this city—the national secretary, I believe, of the Liberal association—it seems to me that they are getting a very large amount of advertising, and that the commission is very considerable.

But what I am objecting to is that when I place a motion for a return showing certain expenditures, the return made in the house indicates nil. Yet when I look up the public accounts I find nearly $1 million given as the expenditure. The house has a right to expect that when it passes an order for return, no matter who moves it, the information will be brought down, and brought down in full; and that we will not have to turn to some other document and find that instead of nil the expenditure is almost $1 million. As I say, this was not the case with the other departments of government. This department was conspicuous because it did not do what the other departments of government did when they were asked to fill in answers by the Secretary of State for the return tabled in the house.

I say that because I think when on another occasion one moves an order for return of this description he is entitled to at least the same information as is provided in the blue book, the public accounts.

While I am on my feet I want to say that with its limited means the travel or tourist bureau is doing a commendable job. I think a better one could be done, and I think it could be better if there were more supervision by the provinces of the accommodation provided tourists when they come to Canada. I think that much of the tourist accommodation outside private homes is rather primitive. Americans who come to Canada go back with a very bad impression of our sanitary arrangements, and very often a bad impression of the general conditions of tourist accommodation.

It used to be that in some provinces our roads were a barrier to bringing tourists to the country; but to a large extent that is no longer true. Some of the roads into this country from the south are now equal to

anything they have in the United States. I am glad to say that in the last six years my own province of Saskatchewan has done a tremendous job in that respect. But today it is tourist accommodation that is required, and I think that in respect of both living accommodation and the provision of food the department could do a great deal to encourage the provinces—and here I blame the provinces to some extent—to give closer supervision to the type of tourist accommodation offered, and particularly the sanitary conveniences and arrangements in connection with those places.

Today people will not come to this country unless they can get something comparable to that which they are able to get in their own country. I said "something comparable"; I do not mean that in a country like this, with our great distances and our smaller population, we can give them altogether the type of accommodation they get in the United States. But I think if the department brought more pressure to bear on the provincial authorities to see that at least sanitary arrangements were better, it would help our tourist business considerably.

I think, too, that a great deal more could be done by way of advertising Canada in the United States. I am not offering any suggestions, but the amounts we allow the tourist bureau are not large. I hope more can be done to encourage people to come and see this very magnificent country. I know that a great deal of country has been opened up in Ontario, Nova Scotia, the maritime provinces, British Columbia, Alberta, Saskatchewan and Manitoba, where there is beautiful scenery, splendid fishing and hunting, and all the rest of it.

An hon. Member: And Quebec, too.

Mr. Coldwell: Quebec, too. I am sorry I overlooked that, because Quebec offers much that the other provinces cannot give. When you step into the city of Quebec you step into old France; and that has charm for tourists which cannot be duplicated anywhere else in Canada. When I spoke I was thinking of the opening up of the wilder parts of the country.

Mr. Sinclair: Fraser valley.

Mr. Coldwell: A great deal more can be done by the department with respect of the convenience and attractiveness of our country generally. However, I rose particularly to criticize, rather than to suggest. I believe the minister is anxious to comment on what I have said.

Mr. Winters: Yes, I do wish to answer a criticism which I am sure was made in good faith, and which I shall answer in good faith. This question was put on the order paper by the hon. member: In the fiscal year 1949-50 what firms have supplied or contracted to supply advertising and publicity for each of the government departments and agencies and, secondly, what amounts were paid for these services to each of these firms in the fiscal year 1949-50? The answer to the first part of the question was Cockfield Brown and Company Limited of Montreal, and the answer to the second part was nil, that they worked on a commission from magazines and newspapers in accordance with established agency practices.

Mr. Coldwell: All the other departments gave the information.

Mr. Winters: But not under similar conditions. The arrangement is that the agency lets advertising to magazines and newspapers which, in turn, submit bills to the agency for the amount of space in the magazines or newspapers. Those bills are submitted to us and paid. The service charge for the agency is paid on the basis of commissions from the magazines and newspapers, and not by the department or the federal government.

Just to convince my hon. friend that we are not trying to conceal anything I would refer him to sessional paper 148A for Monday, March 19, 1951, in respect of a question by the hon. member for Lambton West, in which he asked what amount had been spent for advertising by the Canadian government travel bureau during 1950 in, first, Canada and, second, the United States, and also what advertising concerns were engaged. There are other questions and answers. In reply we stated that there was nothing spent in Canada; that $921,925.10 was spent in the United States, and the advertising agency concerned was Cockfield Brown and Company Limited, Montreal. The information is there; it is a matter of public knowledge.

Mr. Coldwell: It is in the public accounts, but it should be in the return.

Mr. Winters: It is a matter of interpretation. I interpreted it one way and the hon. member meant it to be interpreted another way.

Mr. Cruickshank: I should like to commend the minister and pay a tribute to the director in charge of this branch. I think he is doing a wonderful job for Canada. It is not very often I have the privilege of praising a so-called bureaucrat but I do it in this instance. We have no flagpole sitters in the Fraser valley.

Item agreed to.

National parks branch—

National parks and historic sites services—

773. Construction or acquisition of buildings, works, land and new equipment—further amount required, $219,000.

Mr. Winters: When item No. 368 of the estimates of the department was before the committee on June 8, 1951, the hon. member for Cumberland asked certain questions about contracts in Cape Breton national park during the fiscal years 1948-49, 1949-50 and 1950-51. In particular he sought information about the fee involved and the total amount of contracts awarded to the Fundy Construction Company for each of those three years. Much of the information sought was given in reply to a question asked earlier by the hon. member for Cumberland as reported on pages 1372 and 1373 of *Hansard* of March 19, 1951.

In 1948-49 tenders were invited and the Fundy Construction Company submitted the lowest tender on the basis of rentals of equipment and fixed fee. The total amount paid to the contractor was $413,101.15, including the fixed fee of $24,500, rentals for contractors' equipment, materials and supplies and labour.

In 1949-50 tenders were invited but the Fundy Construction Company was the only company to submit a bid. The fixed fee involved was $22,620 on an estimated expenditure of $377,500. This contract was extended for additional work estimated to cost $90,000. The fixed fee for this extension was $5,400. A further extension involved the building of the Cheticamp bridge, in the amount of $38,882 and a fee of $2,332.88.

In 1950-51 tenders were invited and three firms submitted bids. The tender of the Fundy Construction Company contained the lowest fixed fee in the amount of $20,000. The total amount paid to the contractor including the fixed fee of $20,000 was $930,563.44.

Item agreed to.

Engineering and water resources branch—

Projects division —

775. To provide for a contribution to the cost of constructing a mining road between Black bay and Ace lake in Saskatchewan in accordance with the terms of an agreement to be entered into between Canada and the province of Saskatchewan, $50,000.

Mr. Benidickson: Is this on a percentage basis and, if so, what is the percentage?

Mr. Winters: It is on a percentage basis and the federal government share is one-third.

Item agreed to.

Trans-Canada highway division—

776. Notwithstanding the Trans-Canada Highway Act, to authorize and provide for payment to the provinces of British Columbia and New Brunswick, which have entered into an agreement with Canada for construction of a part of the trans-Canada highway, in respect of construction of the highway carried out between December 10, 1949, and the day on which these provinces respectively signed the agreement with Canada, in accordance with the regulations of the governor in council; the amount paid to each province, however, not to exceed fifty per centum of the cost to the province of the said construction as determined by the governor in council; the maximum amount authorized to be expended by section 7 of the Trans-Canada Highway Act to be decreased to the extent of any amount paid pursuant to this vote, $210,000.

Mr. Hatfield: I should like to have this item explained as I notice it covers British Columbia and New Brunswick.

Mr. Winters: This item is to cover interim payments. The act received the royal assent on December 10, 1949, and it was not possible to enter into agreements with the respective provinces until some months subsequent. The act enabled us to pay moneys in respect to contracts entered into after the signing of the agreement and it therefore became necessary to put a vote in the estimates to cover the period of time between the time the act received the royal assent and the contracts were signed with the provinces.

Mr. Hatfield: How much to New Brunswick?

Mr. Winters: Of that amount, the estimate for New Brunswick is $200,000.

Item agreed to.

Forestry branch—

Forestry operations division, including forest insects control board—

783. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements to be entered into by Canada and the provinces, $1,025,000.

Mr. Gibson: Have the provincial governments applied for grants under this heading?

Mr. Winters: After I announced this program in the house there was a dominion-provincial conference called at which we discussed arrangements which might ultimately become the basis of agreement. That agreement has been put in draft form and sent to the provincial governments. While it has not been finalized, progress is being made. I understand that the provinces intend to take advantage of this; at least most of them have signified that they will.

Mr. Bater: Has Saskatchewan indicated that?

Mr. Winters: Yes, Saskatchewan has indicated that it wishes to co-operate and participate fully.

Item agreed to.

Loans, investments and advances—

Central Mortgage and Housing Corporation—

824. To provide for the restoration of the special account in the consolidated revenue fund established by section 35 of the National Housing Act by the amount paid out of the special account in respect of housing projects undertaken jointly with the governments of the provinces during the fiscal year 1950-51, $1,500,000.

Mr. Knowles: This is a supplementary item with regard to section 35 of the National Housing Act and I should like to say a few words and indicate the increasing seriousness of the housing problem and the increasing difficulty people have getting housing accommodation. This fact was brought to my attention by a resident of Winnipeg who sent me a questionnaire which had been sent to him in response to his effort to obtain an apartment being built in one of the suburbs of Winnipeg. I might say that I have checked with the department and I want to make it clear that the builder of this block is not getting any assistance under the National Housing Act or in any other way from the government.

I should like to draw attention to this questionnaire in order to indicate how difficult it is for some people to get housing accommodation and to indicate the sort of questions that some landlords are asking before they will rent premises. This questionnaire was addressed to a person—a person whom I know—who was seeking accommodation and it is signed by the man who was building the block. It starts with the usual questions as to name and address and then the applicant is asked to state his nationality. I do not like that kind of question. Then several other questions are asked and then these follow:

Are children included in your plans for next three years?

You understand and agree to automatic cancellation and vacation in the advent of a family?

Mr. Fulton: Shocking.

Mr. Knowles: I note the interjection from the hon. member for Kamloops and others that questions like these are shocking. I suggest that this sort of questionnaire should be condemned. It indicates the difficulties that people are having in getting housing accommodation.

Mr. Fraser: Was that built with government assistance?

Mr. Knowles: I made it quite clear that this block is being put up by a private individual and that I had checked with the department to ascertain whether he had obtained any government assistance. He is getting no help under the National Housing Act. My point is that this demonstrates just how serious the situation is. I think this kind of thing should be condemned. I think the minister will agree with me that people should not be asked questions like that in order to obtain housing accommodation, and I gather that he does agree with me. The questionnaire continues:

Would you be willing to sign a three-year lease?

Would you favour three months advance payment of rent, two months being credited to your last two months tenure?

That is quite a price to pay to get into an apartment. You pay the first month's rent and then pay for the last two months you will be in the suite; and apparently, from the other questions, the length of time you are there depends upon the arrival of a family. Then the next question is:

Would you consider six months prepayment?

The next question is one I would approve, though some hon. members might object to it.

Are you prepared to live and entertain in moderation?

Some hon. Members: Oh, oh.

Mr. Knowles: And then:

Are you prepared to accept responsibility for property damage, other than normal wear and depreciation?

Are you willing to pay $80 per month for a wall-to-wall carpeted three-room suite, and $5 per month for garage accommodation?

The last sentence is:

A prompt return of this questionnaire will expedite the problem of allotment of available accommodation.

I may say this is a genuine document, addressed to a person who had applied for accommodation and signed by the owner of the block.

Mr. Coldwell: Who signed it?

Mr. Knowles: The owner of a new apartment block—the Marner block—in St. James, Manitoba. As I have said already, I have raised this matter for two reasons; first, because I think that sort of questionnaire should be condemned and discouraged, and second because this underlines how serious the problem is. So I hope the minister and his department will greatly expand their plans in the field of housing.

In driving out the Montreal road a few days ago I was interested to note a very substantial building going up, which I had not seen before. I wondered what it was, and I discovered it is to be the head office of Central Mortgage and Housing Corporation. It is quite a project; it will be quite a substantial building, and this indicates to me that the government recognizes that it is in this business of housing for keeps. I hope they will not just play around with it but will really deal with this matter as the serious and important social problem it is.

Item agreed to.

Some hon. Members: Six o'clock.

The Deputy Chairman: There are only two items left to complete this department, items 253 and 254 on page 37. Shall these items carry?

Some hon. Members: Carried.

Mr. Fraser: Is the minister not going to make a statement on the film board?

Mr. Winters: If hon. members wish I will be glad to make a short statement at eight o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Winters: Mr. Chairman, in introducing the estimates of the national film board for the current year, it might be helpful to hon. members if I made a brief statement; having in mind particularly the reorganization of the board which took place last year, and its results.

It will be remembered that, on March 29, 1950, I tabled a report on the national film board by Messrs. J. D. Woods and Gordon Limited, a firm of business consultants. The recommendations made in this report fell into two main categories; (a) those which could be implemented without legislative authority, and (b) those requiring legislative authority before they could be implemented.

In presenting the estimates for the board last year, I informed hon. members of progress with respect to the recommendations in the first category. These have been largely implemented. In particular, I would like to draw attention of hon. members to the consolidation of production services which had been effected.

Following a detailed study by the board of all the activities in which it was engaged, three of these activities were transferred to other departments or agencies where the functions will have more logical application. The displays division has now been taken over by the exhibitions branch of the Department of Trade and Commerce, while the posters and design section and the microfilming section have been absorbed by the king's printer. As a result, the board's activities are now concentrated on the production of films, filmstrips, and still pictures. Furthermore, all three types of production have been placed under one director of production. This has resulted in a closer integration of the three services and a reduction in administrative overhead.

In regard to recommendations requiring legislative authority, hon. members will recall that a new National Film Act was enacted by parliament in June of last year. This act:

(a) Clearly defined the functions of the board.

(b) Clearly established the board's responsibility to parliament through a designated minister of the crown,

(c) and reconstituted the board on a basis making it possible to carry out its functions efficiently.

The new National Film Act was proclaimed on October 14 of last year at which date the new board members took office. We were extremely fortunate in securing the services of the following members, all of whom have great ability as well as wide and varied experience: Mr. Charles S. Band, Toronto, Ont.; Mrs. A. L. Caldwell, Saskatoon, Sask.; Mr. Gratien Gelinas, Montreal, Que.; Mr. A. D. P. Heeney, under secretary of state for external affairs, Ottawa; Mr. Stuart Keate, Victoria, B.C.; Dr. Arthur MacNamara, deputy minister of labour, Ottawa; Mr. Charles Stein, under secretary of state, Ottawa; Dr. Albert W. Trueman, Fredericton, N.B.

I wish to take this opportunity of thanking them for the constructive, energetic and enthusiastic manner in which they have applied themselves to the board's affairs.

As a result of the changes which have taken place, the board's operating efficiency has improved and production has increased while staff has decreased.

Hon. members will be interested in the following comparisons between the operations of last year and those of the preceding year:

As of March 31, 1950, the board's actual working force stood at 577. On March 31, 1951, this force stood at 533, a reduction of approximately 8 per cent.

During the fiscal year recently concluded the board completed 187 film projects of which 130 were full length films of one reel or more. The previous year's figures were 177 and 125 respectively. Production of filmstrips increased from 33 to 48.

The total footage processed by the motion picture laboratory increased 5·4 per cent with a reduction in staff of 7 per cent. The total laboratory output of 11,278,000 feet was the highest for any year since the board was established in 1939.

There were substantial increases in all phases of the distribution field. For example, television bookings increased by 260 per cent.

Members may be interested to learn that, as of May this year, the board had in distribution 62,264 prints, of which 34,017 were in Canada and 28,247 abroad.

There has been a healthy growth in the number of film councils which co-operate with the board in distributing films non-theatrically throughout the dominion. There are now 338 film councils in which 6,670 organizations hold membership. These are serviced by 310 film libraries and the board's non-theatrical films are regularly shown at some 3,300 points across Canada.

The board won nineteen film awards during the year. Six of these were won at the Canadian film awards while the other thirteen were won in countries outside Canada such as the United States, the United Kingdom, and Italy. Members will have seen some of these films during the screenings which are held weekly in one of the committee rooms of the parliament buildings in both English and French.

In presenting the estimates of the board for 1951-52, it will be noted that this year the total figure submitted is $2,602,066, an increase over the preceding year of $307,525. Hon. members will find on page 278 of the estimates the details of services under the various headings of administration, production and distribution.

The increase to which I have referred is occasioned by three factors: (a) The general salary revision which, in the case of the film board, required an additional annual expenditure of $145,000. (b) An increase of $30,000 in the cost of supplies largely resulting from price increases. (c) An item of $250,000 for the introduction of a new international information film program known as the "Freedom Speaks Program." It will be noted that these increases total $425,000—a considerably larger amount than the increased vote asked. This means that the proposed new program, in considerable measure, will be financed through cut-backs in the board's operations.

The primary purpose of the "Freedom Speaks Program" is to try to reflect to peoples of other countries something of the values which we, as a free people, believe to be basic in a democratic society. We propose to employ film as a means not only of depicting and publicizing those principles for which we stand, but of helping at the same time to promote the mutual understanding and solidarity of the free nations.

The program's subject matter will be drawn from the everyday pursuits of Canadians in their work and worship, in their homes and schools, in their social and political relationships. It will present the drama of ordinary people in a democracy and its approach will be realistic and honest.

To make an interpretative statement on film of the Canadian way of life is by no means easy, but I believe that, in the national film board, there is the capacity and vision to meet this test. Another important factor, when contemplating the possible success of such a program, is that the work of the film board is held in high esteem abroad.

In conclusion, I should like to say that the figures which I mentioned earlier relating to the improvement in output and services indicate the increased efficiency which the new legislation and the new administration of the national film board have achieved. I hope hon. members will share my view that this has been a year of progress and improvement for the board.

Mr. Fraser: I wish to thank the minister for his statement, and I agree with him in regard to the improvement in the board during the year. I think there has been improvement, but there is still room for improvement in that board.

An hon. Member: Are you never satisfied?

Mr. Fraser: No, I am not. I feel that everything can improve, even ourselves.

Mr. Cruickshank: Even Peterborough?

Mr. Fraser: Even Peterborough, yes, which is the most beautiful city in Canada. The minister mentioned the fact that the poster section and the microfilm section had been transferred to other departments. Later on I should like the minister to say what savings there would be to the film board as a result of that.

The estimates of the film board are up approximately $307,000. In the Ottawa *Journal* of Monday, June 4, this item appeared:

> John Statton, 23, 38 Eddy street, Hull, and his companion, Joan Hossack, 27, 22 Glendale avenue, escaped serious injury early Sunday morning when the "drive-yourself" car in which they ware travelling east went out of control on Carling avenue at Archibald street, rolled over and crashed into a culvert.
>
> Statton had borrowed the car from a fellow national film board employe, Donald Welder, who had rented the vehicle on behalf of the film board.
>
> Both Statton and Miss Hossack were taken to Ottawa Civic hospital with minor injuries but were released after treatment. The car was damaged to the extent of $1,000.

Mr. Winters: What was the date of that item?

Mr. Fraser: That was June 4. That accident would therefore have happened over the week end. I should like to know

who in the film board is entitled to hire automobiles or "drive-yourself" cars to use as they like over a week end or at any other time and, on top of that, if they cannot use them themselves, pass them out to other friends. I was dumbfounded, and so were many others, to see that report in the paper. If it is true I personally feel that the person who got that car should be put out of the film board. That is something that is just as bad as it can be. The minister might tell us who is going to pay the bill.

The minister also mentioned that some 11,500 feet of film were produced during the year.

Mr. Winters: Eleven million.

Mr. Fraser: That is right; 11,500,000 feet. Can the minister tell us what the wastage was in that amount? I should also like to know what the film board was paid for the T.V. production. I should like to know what they were paid by the film companies or the theatres for that production.

The minister spoke of awards. I have here the *Motion Picture Herald* of April 7, 1951, and it has this to say:

> "They say" the movies are very educational. We have immediately at hand an announcement of a release entitled "Fiddle De Dee" made at the National Film Board of Canada and declared by the International Film Bureau, Inc., of Chicago, to be "perhaps the best known and most widely acclaimed film by Norman McLaren." That could be. "It was awarded first place in music and arts at the world film festival in Chicago"—ever hear of it?—"and was a prize winner of a recent Brussels film festival."
>
> Now some technical details: "Celluloid dyes, inks and transparent paints were applied directly to the film. Often both sides were painted . . . the surfaces were stippled, scratched, pressed with cloths while the paint was wet . . . The musical accompaniment is 'Listen to the Mocking Bird' played by a folk fiddler . . ."
>
> It is in colour, 16mm, four minutes and the print is yours for only $29.75. At the same price you can have a print of "Hen Hop," which it is said "children inevitably enjoy." Drawings made on film with a pen.

Then the *Motion Picture Herald* says this:

> Wonder how many of the taxpayers of the great dominion of Canada know what is going on?

Evidently they feel that was a waste of the taxpayers' money. I should also like to know if the national film board is contemplating a building in Ottawa or any place else at the present time. I understand that down at Tunney's Pasture the film board have property to put up a building on. Will the minister say something about that?

Mr. Winters: With respect to the automobile accident, all I can say at this time is that the matter is under investigation. I was not aware of the full details of the accident, but I am assured that the matter is being looked into.

Mr. Fraser: What will happen to the people that were interested in it?

Mr. Ferrie: Oh, do not be too hard on him.

Mr. Winters: We want to find out the details first of all. I can assure the hon. member that those involved will be dealt with in relation to the misdemeanour, if any, involved. I do not know the circumstances, and I should not like to commit myself beyond that.

Mr. Fraser: Before the minister leaves that subject, may I ask who is authorized to rent these cars or to take them out in the name of the film board when they are not used by the film board but are used for joy rides?

Mr. Winters: As the hon. member for Peterborough West says, it was a you-drive-it car, as I think they are called, and it was used by some of the film board on location. Of course, nobody is authorized to have an accident with automobiles. As I have said, I will be very glad—indeed I will consider it to be my duty to do so—to look into the matter and to see that appropriate action is taken.

Mr. Fraser: That was not on location. This car was lent to this other fellow; it was transferred from one to another.

Mr. Ferrie: Let the minister find out about it first.

Mr. Winters: I have not any further details to offer at this time.

Mr. Fraser: I hope that the minister will look into the matter carefully.

Mr. Winters: I will indeed. I shall be glad to do so.

Mr. Fraser: It is things of this nature, Mr. Chairman, that give a board—the national film board or any other one—a bad name. I think that something should be done to check up on the matter.

Mr. Winters: It will be looked into. The figure of wastage in the approximately eleven million feet of film processed was 419,000. The savings involved in the transfers of the display section and the posters and design section as well as the microfilming section was $39,500 per annum to the film board. With respect to the revenue from television, the revenue for the year in question was $14,243.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

59. Administration of the Immigration Act, $799,197.

Mr. Adamson: Are these the main estimates of the Department of Citizenship and Immigration, Mr. Chairman?

The Deputy Chairman: Yes.

Mr. Adamson: I want to say a few words on the general subject of immigration, and I am taking this opportunity of doing so. My remarks result from a visit to several of our immigration missions abroad and some firsthand knowledge of the problem of displaced persons in Europe. What I shall say on the subject of immigration is not a criticism of our present basic policy; rather it points out the failure of its operation and effectiveness, which is certainly not in any way a reflection on the work being done by members of immigration missions abroad. My statement is based, however, on personal observations of our immigration missions in Germany, Austria and the United Kingdom, as well as visits to several displaced persons camps in various parts of Europe. What I propose to say is, I hope, constructive criticism directed toward the important objective of getting an adequate number of suitable immigrants into Canada with the greatest possible speed in which they can be assimilated.

The subject falls into three main classifications. First, there is the question of the displaced persons and the IRO. Second, there is the problem of population of Germans expelled from other parts of Europe, who are now living on the German and Austrian economies. This is by far the more serious problem at the moment. And third, there is the question of the operation of our immigration policy as carried out at the present time by the department.

Dealing with the displaced persons as distinguished from nationals is at present of minor importance. Nearly all the displaced persons who can be moved have already been dealt with and we are, to use the well-known phrase, now scraping the bottom of the barrel with regard to these camps. As a matter of fact, it can be considered that this problem has been solved as far as it is in our power to do so. The residue now in the camps is almost entirely unacceptable immigrants to Canada. They are unacceptable for several basic reasons. The first of these of course is health.

Mr. Cruickshank: Mr. Chairman, on a point of order; I do not like to interrupt. Like everybody else I hope to get home at least before the middle of next month. May I be informed what the hon. member is quoting from? There is a rule, Mr. Chairman—and I am insisting that at this stage of the game rules should be obeyed—that speeches must not be read.

Mr. Adamson: I am carefully following my notes, Mr. Chairman. I continue. The first of these of course is health, and the incidence of tuberculosis which now exists amongst these people is unfortunately very high. While we may feel justifiably sorry about this—

Mr. Cruickshank: On a point of order again; if the rules are not to be followed and my hon. friend, with your permission, Mr. Chairman, is to read his speech, for goodness' sake let him pick it up and read it.

The Deputy Chairman: Order. May I point out to the hon. member that the hon. member for York West has indicated that he was merely following his notes.

Mr. Cruickshank: What notes?

The Deputy Chairman: Order. I think it will greatly facilitate the progress of the work of the committee if we refrain from—

Mr. Cruickshank: Reading.

The Deputy Chairman: No; raising points of order—unless they are absolutely well founded—and co-operate with hon. members generally.

Mr. Adamson: Thank you, Mr. Chairman. I assure you that I have not used up as much time of the house on the important subject of immigration as the hon. member has on butter substitutes.

The residue now in these camps is almost entirely unacceptable as immigrants to Canada. They are unacceptable for several basic reasons. The first of these of course is health. The incidence of tuberculosis which now exists among these people is, unfortunately, very high. While we may feel justifiably sorry about this, I would not advocate or suggest that any relaxation of the present medical standards be allowed.

Mr. Cruickshank: Will the hon. member permit a question? What page is he quoting from now?

Mr. Gauthier (Sudbury): From the notes.

Mr. Adamson: I am quoting from the second paragraph of my notes, and I shall shortly come to the third and fourth paragraphs.

I would not advocate or suggest that any relaxation of the present medical standards be allowed. One of our doctors told me that it was considered that just one active tubercular lesion permitted to slip through the control could cost Canada as much as the salary of the entire mission for one year.

The second bar to these displaced persons is what might be called mental instability. This may follow all the way from reckless irresponsibility, right down to outright insanity. Naturally we should not accept any persons in this category.

The third category contains people who have had criminal records, who are morally unstable or who are politically dangerous. Here again I would not recommend any loosening of the present regulations.

It has been said that there exist today about 200,000 to 300,000 persons who form the hard core of displaced persons. The solution of this problem is an international one, and we in Canada, who have done proportionately as much as any other nation in the world to assist these unfortunate people, can now help only if we get genuine international action and full co-operation, particularly from the United Nations and the United States, whose record up to now has not been as co-operative as could be desired. As a matter of fact, Mr. Chairman, the new United States regulations have made it much more helpful recently.

Mr. Cruickshank: Stay with your notes and you will be more accurate.

Mr. Adamson: A suggestion in regard to this problem has been given to me on several occasions, and I give it to the committee as the considered opinion of several officials, both Canadian and European. It is that, first, the hard core does represent an international obligation of the free peoples of the world; second, no country should be asked to accept people who are immediately going to become a charge on that country. Therefore the suggestion made is that an international financial agreement should be made for the care of these people within the countries now sheltering them, who should not become a burden on these countries in which the camps are now situated. This international agreement should, by the provision of funds, jointly bear the cost of providing for the people. When the IRO comes to an end this fall, the remaining displaced persons will become a burden on the economy of the countries in which they are living at the present time and their presence will naturally be resented by these countries.

Coming now to the more serious question of expelled persons of German and Austrian nationality, the situation is far more dangerous. As I have already said in this house at the present session, the impact of this surplus population in Germany, and the damaging effect it has on German economy, is a direct and major cause of the rebirth of nationalism, now called neo-nazism in Germany. Unless this pressure and the unemployment caused by the surplus population are relieved the future of democratic government in Germany is in jeopardy. The German people will no longer believe the pious platitudes about the benefits of democracy if at the same time the democratic world will not help them with this problem which threatens their very ability to survive. This is caused, of course, because western Germany today has been separated from the food-producing areas of the east, which she used to depend on for feeding her population.

What are the figures of this surplus population? The statistics made available by the German government on January 1 show that the number of expelled Germans, including those in the Soviet zone and in Berlin, was 11,396,000 persons. This of course exceeds by nearly 3 million the total number of immigrants absorbed by the whole North American continent during the past 40 years. It is almost equal to the total population of Canada. Of this group, 8,964,000 are directly registered and under the care of the west German government. They are distributed as follows: British zone, 4,811,000; United States zone, 3,839,000; French zone, 314,000. These expellees consist of Germans who in and subsequent to 1945 had to leave areas ceded to the U.S.S.R. and Poland in accordance with the Yalta and Potsdam agreements. They also include the nationals of the Volksdeutsch who were expelled in the same period from Czechoslovakia, Hungary, Roumania and other Soviet satellite countries.

To show how serious this condition is I will give one or two examples.

Mr. Cruickshank: On a point of order, I want to keep track of this. I am trying to follow it very attentively. I am speaking on a point of order. Would the hon. member keep us informed in order that I may keep track of the page in his notes from which he is quoting, and which he is following so closely?

Mr. Adamson: You know, Mr. Speaker, when one thinks of the amount of time the hon. member for Fraser Valley has wasted in this House of Commons, and who now has the temerity to try to hold up a discussion on this serious question of immigration, one must have serious doubts, not of his intelligence, but the intelligence of the people of Fraser Valley.

Mr. Cruickshank: Now he won't get away with reading it, I can tell you that.

The Deputy Chairman: Order. To facilitate business in committee I think hon. members will have to co-operate. The hon. member for York West indicated at the beginning of

his remarks that he was going to speak on immigration, and follow his notes closely. The hon. member for Fraser Valley has brought to the attention of the Chair the fact that the hon. member for York West is reading his speech.

Since the hon. member for York West has been following his notes for five or six minutes or more, I think at this point the chairman is inclined to agree with the hon. member for Fraser Valley when he states that the hon. member for York West is reading his speech. Of course the hon. member knows that citation 238 in Beauchesne, third edition, states:

> It is a rule in both houses of parliament that a member must address the house orally, and not read from a written, previously prepared speech, for the reason that, "if the practice of reading speeches should prevail, members might read speeches that were written by other people, and the time of the house be taken up in considering the arguments of persons who were not deserving of their attention."

There is no doubt that speeches must not be read. The hon. member knows that rule. I would imagine that his chief purpose in following his notes closely is to make his remarks as quickly as possible. However, after the last intervention of the hon. member for Fraser Valley the hon. member for York West made some remark which I am sure he will wish to revise, because to indicate that an hon. member representing a riding has been sent here by electors whose intelligence perhaps does not measure up too high is an implication that I am sure the hon. member for York West would wish to withdraw.

Mr. Adamson: Mr. Chairman, I willingly withdraw those remarks. I followed my notes carefully because they contain a great number of figures. I believe these figures are of interest to the house and country, and I believe the procedure I am following will expedite our business.

These expellees consist of Germans who in and subsequent to 1945 had to leave areas ceded to the U.S.S.R. and Poland in accordance with the Yalta and Potsdam agreements. They also include the nationals and Volksdeutsch who were expelled in the same period from Czechoslovakia, Hungary, Roumania and other Soviet satellite countries. To show how serious this condition is, I will give one or two examples. In Schleswig-Holstein, 890 original inhabitants of the district Segeberg sheltered 2,300 refugees; a little village in the Starnberger See near Munich had 561 inhabitants. To this were added 300 new evacuees from the city of Munich and 516 expellees from other parts of Europe.

[The Deputy Chairman.]

These examples show, I think, how intolerable the pressure of surplus population has become. Again I say that the solution of this problem must be undertaken on a world basis, but here Canada has a special incentive for acting alone.

Mr. Cruickshank: Again on a point of order. Two years ago—and I have a long memory—I remember that—

Mr. Cardiff: Go on with the point of order.

Mr. Cruickshank: If my hon. friend would like to take over and to read an essay on the point of order, I would be glad to sit down. Otherwise—

Mr. Cardiff: State the point of order; don't waste time.

Mr. Cruickshank: It is possible to remember what happened two years ago. I do not forget. With unanimous consent we can dispense with the reading of any essay. I move that unanimous consent be given so that the hon. member may put his essay on the record.

Mr. Crestohl: Would the hon. member inform the house as to the authority for his statistics?

Mr. Adamson: Yes; they are west German government statistics, published recently in Germany. As a matter of fact I give them to the House of Commons because I want to show that the situation with respect to surplus population in Germany is one of the world problems, and one of the problems we can do most to solve.

The first incentive, of course, is that Canada is desperately in need of immigration. Agriculture and industry are at the present time short-handed and, as the Minister of Trade and Commerce said only the other night in this house, the whole labour situation in Canada is tight. Spokesmen for the federation of agriculture and the Canadian chamber of commerce, together with the various boards of trade, have repeatedly stressed the need for further immigration. Surely it is not necessary to repeat that if we are to fully develop our heritage of natural resources in Canada we must have a population which can do it. Natural increase, unfortunately, will not accomplish this fast enough.

The second point here is that the Germans want to come to Canada. Since the announcement of assisted passages, applications have been coming in to our missions in Germany and Austria at a rate which sometimes exceeded 2,000 a day. When I visited the missions at Salzburg and Karlsruhe, I found that the staff was absolutely swamped by applications. So serious was this condition that it took as long as three months before

an applicant received a reply from the mission. The letters of application were piled on the floor around the walls of the offices three and four feet high because there were no filing cabinets to hold them. The officers worked from eleven to sixteen hours a day trying to cope with what can be described as a virtual inundation. Canadian immigration teams were constantly on the go and one team I talked to had processed 300 people in that day, which they admitted was too great a number to receive proper attention and processing.

Mr. Cruickshank: Mr. Chairman, I do not wish to be objectionable, but I rise again to a point of order.

Mr. Cardiff: Go on with your point of order.

Mr. Knowles: Maybe the hon. member could sing it.

Mr. Cruickshank: I am asking—I am insisting upon my rights that the rules be followed to this extent. I have no doubt that what the hon. member is attempting to say is of interest, at least to himself—and I hope to others. But by unanimous consent it can be recorded in the minutes. I am asking that that unanimous consent be given, and that it be put into *Hansard*.

An hon. Member: No.

Mr. Adamson: I fail to see the point of order there.

The Deputy Chairman: I should like to point out to the hon. member that it appears that, generally, hon. members would wish that he refrain from reading such a long statement in committee on this item. I believe the hon. member for Fraser Valley is right when he states that the speech should not be read. There is no question about that. This has reached the stage where the committee is anxious to transact business. I think the general opinion was that the hon. member might be permitted to follow his notes very closely. I think if the statement had been brief there would not have been any objection, but it appears to be rather lengthy. I do not know how many more pages the hon. member has before him, but I think I can sense that the feeling of the committee at this moment is that the hon. member would be imposing on his colleagues if he were to carry on for any length of time reading his speech.

Mr. Hodgson: On a point of order, probably the hon. member for York West has been reading part of his speech or probably all of it, but I think at this late date in the session it is an odd and funny time to enforce the rule with regard to the reading of speeches. Last night an hon. member read all of his speech lasting twenty minutes. Most of the speeches during this session have been read.

The Deputy Chairman: The hon. member says that it is too late in the session to enforce this particular rule, and he refers to a speech lasting twenty minutes which was read. I do not think that was in committee; it must have been on the first or second reading of a bill.

Mr. Hodgson: It was last night when we were trying to finish up at eleven o'clock.

The Deputy Chairman: If it did happen, no hon. member rose on a point of order. It is quite easy to tolerate occurrences of this type when no one rises to a point of order but when some hon. member does rise the Chairman must give his ruling. This is my position now. I might have applied citation 328 the first time the hon. member for Fraser Valley rose on a point of order; I could have done so again the second time he rose on a point of order; but it was only after he had risen for the third time and sensing the feeling of the other hon. members that I feel I must ask the hon. member for York West not to continue reading his speech. As long as he does not read his speech he can carry on with a discussion of this subject. That is his right, but it is against the rule to read a speech.

Mr. Murray (Cariboo): I wonder if the hon. member for York West encountered many persons in Germany who would make good settlers for Canada, particularly western Canada, and more particularly the Peace river country which I represent?

Mr. Knowles: Or the Fraser valley?

Mr. Adamson: Mr. Chairman, thank you for your ruling. I was only following my notes carefully because I thought it would expedite the simple statement I had to make on immigration. As there has been objection to my finishing up the last two pages I shall have to take a little longer.

As I have pointed out, our missions in Germany are inundated with applications and in my opinion the department has not provided those missions with sufficient facilities to handle the tremendous rush. There was a piece in the press the other day that over a thousand Germans a week were coming to Canada and if it is true it would show that the conditions to which I have referred have been remedied. I am speaking on this subject tonight because I feel there is a tremendous job to be done in Europe by our immigration missions.

When I was there they certainly were not being provided with the facilities to enable them to do the required job. For instance, there were no X-ray machines in any of our missions on the continent. As has been pointed out, the admission of one immigrant with active tuberculosis lesions may cost this country as much as the cost of operating one of our missions for a whole year. X-ray pictures can be procured in several places in Europe for comparatively small sums and it is extremely difficult for our doctors to spot that the X-ray picture being shown is not in fact the X-ray of the applicant. Our doctors are good at it, but there is no question that some do slip through.

I should like to see our missions equipped with X-ray machines so that our medical staff on the continent may be in complete control of the people to be admitted to Canada. That is extremely important. There were no X-ray machines when I visited our mission in London, but I understood that some were coming over. It is most important that active cases of tuberculosis be prevented from entering Canada. I certainly would not advocate any relaxation of the regulations and the standards with regard to health.

A word with regard to specialized persons coming to Canada. As I have said, the day of the displaced person is practically over. The best immigrants are the West Germans and there are literally hundreds of thousands who are still anxious to come to Canada. These people are some of the best in Europe today. My criticism is not of the work being done by the mission but rather of the lack of facilities provided to process these immigrants. In the past some of the finest immigrants we had in Canada were of German descent. As a matter of fact if you were looking for a typically Canadian town I doubt very much if you could improve upon the twin cities of Kitchener and Waterloo. A number of those who have contributed greatly to the debates in this house and to the whole Canadian scene politically have been of German descent. My former seatmate, the late Karl Homuth, was an example of the second generation Germans who have added so much to the stature and economy of Canada. These people want to come here in their thousands, and I do not believe we have adequately provided for their admittance to Canada.

I believe an effort should be made in co-operation with Canadian industry to greatly increase the number of proper types of immigrants from Germany. While I know many representatives of industry have visited our missions, particularly in search of such people as miners and lumbermen, nevertheless I believe such bodies as the Canadian chamber of commerce and the federations of agriculture, working together with the Department of Labour, could bring about a great speed-up in immigration. I would ask that industry and agriculture co-operate, even to the extent of sending representatives to work with our immigration missions in Europe.

The second point is that in the past we have received a large number of displaced persons, I think over 100,000, who have come to Canada to enter agriculture or domestic service. Many of those people were totally unsuited to work in agriculture, domestic service or the other jobs in which they had agreed to remain. Almost immediately on coming to Canada they became dissatisfied and left their jobs. As a matter of fact many of them remained in their original jobs for only a few weeks, and then left. I believe it was unwise to bring technical and professional people to this country and expect them to make suitable workers in industry, domestic service or other employment. I believe more screening should be done so that this mistake will not be carried on. Personally I have been well satisfied with the displaced persons who have worked for me, but they have told me that out of an entire shipload they were the only people who remained with the same employer until their contract was up. I believe that must be unsatisfactory not only for the displaced person coming to Canada but for the employer as well.

I believe something else should be done when we bring immigrants to this country. When the Ontario scheme was working at Rainbow Corner the prospective immigrant was interviewed and typed, and his ability to do a job was well known before he left England. His papers came ahead of him, and immediately on landing in Canada he had a job and a place to spend the first few days in his new country, so he felt he was being looked after. I realize that the federal authorities carry on that sort of supervision of displaced persons, who upon landing are looked after at places like Ajax before they proceed to the labour offices and are given employment. I believe an immigrant should be made to feel that he is wanted, that his abilities should be known, that a job should be arranged and that for the first few days in this country he should be looked after. I realize that this would mean a considerable expansion in the department, but there is no more important job to be done in connection with our new citizens than to make them feel they are welcome in their new home. I feel

that what the Ontario government did at Rainbow Corner could be copied with profit by the federal government. I know a great many immigrants are looked after by relatives or friends, or by industry; but I have heard of many others who on coming to Canada have landed cold at some station not knowing where to go, and have had to be looked after by one society or another. I believe that is a mistake, and that looking after the immigrants and providing for their immediate employment is of enormous importance.

I have just one other suggestion to make to the minister. There is still in Germany if not a feeling of hostility at least a refusal to accept responsibility for the last war. I should like to see all the immigrants who come from Bavaria and the district around Munich forced to go through the concentration camp at Dachau to see the evidence of the crimes committed at that concentration camp by the nazis. I know it is impossible, but I think it would be a salutary thing for those immigrants.

I want to say again, Mr. Chairman, that this problem is of enormous importance. First of all, the problem of the displaced person, and secondly the expelled surplus population of Germany, are going to upset the economy of Germany and prevent European recovery unless something is done. Then, you have the problem of obtaining the right type of immigrant in sufficient numbers, bringing them rapidly to Canada and putting them into suitable employment. There never were such hardworking people as the minister's staff in Berlin. They were working eleven, twelve and sometimes sixteen hours a day. The various teams visited the camps and travelled many thousands of miles a week. I feel that steps should be taken, if they have not been taken already, to assist those people who are working so hard and doing a good job for Canada. These doctors, the security people and others, should be able to work the normal hours of other professions.

Mr. Crestohl: I should like to put a question to the hon. gentleman. Can he tell us whether these Germans whom he wishes to import into Canada are people who were reared in the democratic way of life known to us in Canada, or were they brought up with the totalitarian philosophy of life?

Mr. Adamson: No one in Europe is brought up with what we know as the democratic philosophy of life. Here I want to say that the Germans today are as democratic as any people in Europe. The fact that they had national socialism is, I believe, a salutary reminder to many of them. It is only with regard to certain people that I made my suggestion about Dachau.

Mr. Higgins: I do not want to lengthen this debate at all, but there is one point I want to bring to the attention of hon. members. I shall not exceed three minutes. What I have to say will be entirely read from a book which I recommend to hon. members. It is entitled "Round Table", and there are a couple of extremely pertinent comments on immigration into Canada. I should like hon. members to bear them in mind. The first one is as follows, and it is at page 400:

> In the second place, the laws of population suggest, what is after all most obvious, that land from which a living can be got must be available if settlement is to succeed. The mere fact that land is empty is no reason for believing that it ought to be filled. The highlands of Scotland are comparatively empty, but they cannot be "filled" for the simple reason that they cannot sustain much life. So the first rule for making a settlement is to find some area where it can be made.
>
> Here, again, Canada is a misunderstood country, a country to which the map does much disservice. The map impresses us with size but it has nothing to say about usability. Usability depends upon fertility of soil or presence of other resources, and upon climate. Climate cuts down the usable area of Canada in two directions: In the southwestern prairies and the interior of British Columbia, where semi-desert conditions prevail, and towards the north, where temperature sets an iron limit to agriculture. Settlement is already not far from this limit.

He thinks the amount of fertile usable land, compared with the total area, is minute. That, Mr. Chairman, is a most extraordinary statement to make, and the man who writes that chapter says, we have now reached that limit for immigration possibilities in Canada. I should like to know what the minister has to say in that connection.

Mr. Hosking: I wish to compliment the minister upon making a port of entry in the city of Guelph. As is known we have one of the largest sections of population composed of former Europeans, who have turned out to be very fine Canadian citizens. Many of those citizens have brothers and close relations in other European countries. This port of entry which has been situated in Guelph has been very helpful to them in bringing out several of their relations, who I hope will become as fine Canadian citizens as their predecessors.

Mr. Macdonnell (Greenwood): There are one or two bits of information I want to secure, and I presume this is the best time to get them. I should like the minister to say a word as to the means taken to look after arriving immigrants, particularly as to the number of officers he has throughout the

country. Perhaps while he is doing that he may just give us the figures as to the number of arrivals?

Hon. W. E. Harris (Minister of Citizenship and Immigration): I did not hear the last part of the question, Mr. Chairman.

Mr. Macdonnell (Greenwood): There are really two things. How are the incoming immigrants dealt with pending their becoming self-sustaining? What are the numbers currently arriving? What number of officers has been established by the department throughout the country to deal with these immigrants?

Mr. Harris (Grey-Bruce): To deal with the numbers first, the officers in Canada total 314. When the immigrants come forward they are in roughly three categories: Those who have been sponsored in the first place and have a direct destination to which to go to enter into employment at once, and there are the dependents of that group. Then, there is another group who have come forward because they are entitled to come by our laws and seek employment when they arrive here. The latter group constitutes much the smallest group of all, and they usually have facilities of their own. Nevertheless, we have settlement offices and settlement officers in practically all parts of Canada to which immigrants go, who make it their business to receive those people, to see that they have facilities to use pending their getting employment and generally assisting them in getting that employment.

With respect to the number who come, we have had quite a different picture than we had a year ago. For the benefit of my friend the hon. member for Greenwood I should perhaps say that I have not yet made a statement on the estimates owing to the fact that the hon. member for York West preceded me. But the figures for this year show that there has been a decided increase in immigration to Canada over the comparable period in 1950. For example, beginning in November of last year the figures show that from that time until the end of May, 74,247 immigrants came to Canada as compared with 41,863 in the same period of the preceding year. The total numbers for the first five months of this year were 60,356. This represents an increase of 99 per cent over the corresponding months of 1950.

Mr. Macdonnell (Greenwood): 99 per cent?

Mr. Harris (Grey-Bruce): Yes, 99 per cent. The February, March and April totals were the highest for these months during the post-war period; and the May total of 20,254 was the highest for any month since the end of the war, 4,931 above the previous record month of June, 1948, when 15,323 immigrants entered Canada. The total of 60,356 for the five months ended May 31, 1951, exceeded by 18,404 the total of 41,952 during the comparable period of 1948, during which year 125,414 immigrants entered this country. In point of fact, arrivals during June will result in a figure for the six months ending June 30 which will exceed the total of 73,912 who came here during the entire year of 1950.

I think perhaps those are the figures my hon. friend wanted.

Mr. Higgins: From the time of confederation—and I do not mean with respect to Newfoundland but rather general confederation—is there much difference between the figure for immigration and that for emigration?

Mr. Harris (Grey-Bruce): It is quite true that in the period of the 1880's and the early 1890's there was an excess of emigration over immigration; and it is quite true that the same condition obtained after the first world war for a short time. I am informed that until perhaps the first world war there was not a great difference in the figures spread over the period from confederation. But dealing with the present, since the end of the second world war, the numbers who have come here have greatly exceeded the numbers who have left this country.

Mr. Higgins: May I ask the minister this question: In his opinion, from his knowledge of the department, how much more of population can Canada absorb?

Mr. Harris (Grey-Bruce): I am sure that the committee would be interested to know what opinion the hon. member for St. John's East holds on that point. There are distinguished members of the House of Commons who have expressed opinions, including the leader of the party to which he belongs. My recollection is that the leader of his party has said that this country can maintain between 50 million and 100 million people.

Mr. Higgins: What does the minister say?

Mr. Harris (Grey-Bruce): The minister says that, for the moment, he is considering the year 1951-52 or the year 1951, during the course of which we are contemplating a figure of somewhere between 100,000 and 150,000 people coming into this country. We feel that they can be absorbed into the economy this year.

Mr. Coldwell: That is an exceedingly interesting statement which the minister has

made. Can he give us a break-down of the immigrants by countries of origin? That would be best. Inasmuch as so many of them have come from displaced persons camps, it would be better if you have the break-down of them by countries from which they originally came.

Mr. Harris (Grey-Bruce): If I have unanimous consent, I would put on the record a statement, for the first five months of this year compared with the first five months of last year, of the country of racial origin, of persons entering Canada. Perhaps to make the record a little bit more complete, I might also supply a statement of the break-down with respect to males, females and the occupations which they reported on arrival.

The Deputy Chairman: Is it agreed that the Minister of Citizenship and Immigration has the consent of the committee to put these statements on the record?

Some hon. Members: Agreed.

Mr. Harris (Grey-Bruce): The statements are as follows:

Immigration to Canada, by Origins from Overseas and Total from the United States

Origine ethnique des immigrants arrivés au Canada d'outre-mer et immigration totale des Etats-Unis

	Five Months ended May 31, 1950 Cinq mois terminés le 31 mai 1950	Five Months ended May 31, 1951 Cinq mois terminés le 31 mai 1951	Percentages of increase Pourcentages de l'augmentation
English—Anglais	3,433	6,462	
Irish—Irlandais	560	856	
Scottish—Ecossais	1,263	3,091	
Welsh—Gallois	95	190	
Totals—Totaux	5,351	10,599	98·0
United States—Etats-Unis	2,493	2,926	17·4
N. European Races—Races du N. de l'Europe			
Belgian—Belges	183	866	
Danish—Danois	523	1,598	
Dutch—Hollandais	4,533	9,132	
Finnish—Finlandais	198	502	
French—Français	418	1,747	
German—Allemands	1,600	5,993	
Icelandic—Islandais	3	4	
Norwegian—Norvégiens	84	218	
Swedish—Suédois	47	215	
Swiss—Suisses	179	402	
Totals—Totaux	7,768	20,677	166·2
Other Races—Autres Races			
Albanian—Albanais	12	18	
Arabian—Arabes	22	26	
Armenian—Arméniens	10	26	
Bulgarian—Bulgares	20	126	
Chinese—Chinois	495	1,106	
Czechoslovakian—Tchèques	445	1,401	
East Indian—Hindous	26	41	
Estonian—Estoniens	639	2,434	
Greek—Grecs	234	862	
Hebrew—Hébreux	1,100	2,416	
Iranian—Iraniens	..	3	
Italian—Italiens	3,291	6,076	
Japanese—Japonais	8	2	
Jugoslavian—Yougoslaves	393	1,238	
Lettish—Lettons	941	1,059	
Lithuanian—Lituaniens	498	407	
Magyar—Magyars	620	1,456	
Maltese—Maltais	118	306	
Mexican—Mexicains	1	2	
Negro—Nègres	29	30	
North A. Indian—Indiens de l'A. du N.	1	..	
Polish—Polonais	3,401	4,113	

	Five Months ended May 31, 1950 Cinq mois terminés le 31 mai 1950	Five Months ended May 31, 1951 Cinq mois terminés le 31 mai 1951	Percentages of increase Pourcentages de l'augmentation
Portuguese—Portugais	36	34	
Roumanian—Roumains	104	306	
Russian—Russes	237	475	
Spanish—Espagnols	17	59	
Syrian—Syriens	34	56	
Turkish—Turcs	5	2	
Ukrainian—Ukrainiens	1,998	2,073	
Others—Autres	..	1	
Totals—Totaux	14,735	26,154	77·5
Grand Totals—Totaux généraux	30,347	60,356	98·9

Immigration to Canada showing Sex, Occupation and Destination, for the Five Months ended May 31, 1951

Sexe, occupation et destination des immigrants arrivés au Canada au cours des cinq mois terminés le 31 mai 1951

	From Overseas D'outre-mer	From U.S.A. Des Etats-Unis	Totals Totaux
Sex—Sexe			
Adult Males—Hommes (adultes)	26,779	1,055	27,834
Adult Females—Femmes (adultes)	15,911	1,125	17,036
Children under 18—Enfants de moins de 18 ans	14,740	746	15,486
Totals—Totaux	57,430	2,926	60,356
Occupation			
Farming—Agriculteurs	9,845	115	9,960
Unskilled and Semi-skilled—Travailleurs non-spécialisés et semi-spécialisés	7,775	203	7,978
Skilled—Travailleurs spécialisés	7,871	246	8,117
Clerical—Commis	1,595	156	1,751
Professional—Hommes de profession	1,039	211	1,250
Trading—Commerçants	897	229	1,126
Female Domestics—Servantes	2,174	20	2,194
Others—Autres	1,451	280	1,731
Total Workers—Total des travailleurs	32,647	1,460	34,107
Dependent Wives—Epouses à charge	10,306	736	11,042
Dependent Children—Enfants à charge	14,477	730	15,207
Total Dependents—Total des personnes à charge	24,783	1,466	26,249
Destination			
Newfoundland—Terre-Neuve	77	16	93
Nova Scotia—Nouvelle-Ecosse	603	101	704
New Brunswick—Nouveau-Brunswick	486	60	546
P. E. Island—Ile du P.-Edouard	76	10	86
Quebec-Québec	10,768	520	11,288
Ontario—Ontario	32,571	1,399	33,970
Manitoba—Manitoba	2,624	76	2,700
Saskatchewan—Saskatchewan	1,511	66	1,577
Alberta—Alberta	4,854	256	5,110
British Columbia—Colombie-Britannique	3,859	417	4,276
Yukon and Northwest Territories—Yukon et Territoires du Nord-Ouest	1	5	6

Mr. Gibson: I should like to ask the minister if he has given any further consideration to the problem of allowing children over 21 years of age of Canadian Chinese to come into Canada? I realize that this has been an extremely difficult problem. It has taken quite a long time to look over the cases of all these Chinese children.

[Mr. Harris (Grey-Bruce).]

Mr. Blackmore: Will the hon. member speak a little bit louder?

Mr. Gibson: I am speaking of the problem of Chinese immigration. As the minister will realize, it has been quite difficult to look over all the cases. In some cases the children who were then eligible to come to Canada have now become 21 and it is not possible for them to come in under the present regulations. I was wondering if the minister had anything new to give to the House of Commons in regard to that matter.

Mr. Harris (Grey-Bruce): As the committee knows, P.C. 2115 governs the admission to Canada of immigrants who are children of Canadian citizens of Chinese origin. That order in council permits the entry of unmarried children to the age of 21 years. We have found that, in some cases, there have been evidences of real hardship and perhaps suffering if that rule were to be applied rigidly. It has been applied rigidly, Mr. Chairman, and I do not know of any exceptions which have been made to it up to the present time. Nevertheless, there have been cases presented to me by hon. members, including the hon. member for Comox-Alberni—

Mr. Fulton: And the hon. member for Kamloops.

Mr. Harris (Grey-Bruce): —the hon. member for Kamloops and many others. Having in mind the present situation in China and the known desire of parents to have their children with them, we have come to the conclusion that we will give consideration to those cases of unmarried children over 21 up to the age of 25, to see if the circumstances warrant their admission on the grounds I have stated.

Mr. Macdonnell (Greenwood): If one of His Majesty's ministers will accept a suggestion from a humble member of the opposition, while I admire the neatness of the answer he gave to the hon. member for St. John's East a moment ago, in confining himself entirely to this year, I suggest that the minister in charge of immigration will have to have a view a little beyond that, because those who are thinking of coming to this country will want to know something of his views not perhaps in tens of millions but at any rate some indication of what he thinks on this subject. But that is merely in passing.

The question I want to ask the minister is this. He has told us he has 314 establishments in his own department, I understand. Will he say something about co-operation? Let us take the province of Ontario, for example, and the provincial authorities. Do they have any organization of their own? Do they collaborate in any way? If so, what is their organization? There is a second branch of this matter that I wish to inquire into, but I will ask those questions first.

Mr. Harris (Grey-Bruce): All provincial governments have a department in which there is some officer responsible for immigration, although all provincial governments do not, in fact, engage directly in it. To take the question with respect to the province of Ontario, there is a department there which has been actively interested in immigration. I think I can say that between that department, this department and the Department of Labour of this government there is the closest co-operation to see that the needs of any particular industry that specifically wants help will get it; or alternatively, to see that there is a general flow of acceptable and desirable immigrants to that province. I can only add that all the steps that have been taken by this department have been discussed with the representatives of the province of Ontario, and with other provinces from time to time, as the circumstances may require. And we are sometimes rivals perhaps in the field under certain circumstances, but only rivals in order to have the most advantageous kind of immigrants.

Mr. Fair: Is there any relaxation of the rules concerning the adopted children of Chinese coming into Canada?

Mr. Fulton: Adopted children of anyone.

Mr. Harris (Grey-Bruce): We have not been able to make any relaxation in that rule yet, and might I explain why. Immigration to Canada from China has been on the increase since the beginning of the year. The numbers that are coming forward are quite substantial. The figure for last year was I think about 1,741. That will be exceeded substantially this year, so that our facilities at Hong Kong are limited, and we have felt that as long as there are unmarried children who come within the regulations, and as long as there is this other group I have just mentioned, we could not go outside of that, until at least the future should make it desirable to make the exception my hon. friend has suggested.

Mr. Fulton: Will the minister tell us what inspection facilities there are at Hong Kong and what medical facilities for the purpose of examining those children who are brought forward?

Mr. Harris (Grey-Bruce): Early this year it was evident that the number of approved applications from Canada were not being dealt with so that the backlog would be brought down in Hong Kong, and we sent

additional inspectors and stenographic help to that office. The office consists of inspectors and clerical staff. The medical staff is a local medical staff from whom we get our reports. We are processing now somewhere between 200 and 250 applications a month in Hong Kong and feel that that is adequate at the moment, because in fact the numbers did drop in May just a few. We think that perhaps we have reached the peak of the present group of applications, and we can handle them satisfactorily in the future.

Mr. Macdonnell (Greenwood): I want to come back to the question I was asking the minister. He half anticipated the further question I was going to ask by mentioning himself the fact that the labour department also has certain staff which deals with this same problem. Perhaps the minister can tell me how many of these officers are in Ontario; that is, of the department of immigration, how many of the 314 officers are in Ontario, how many of them were there last year? How many officers has the labour department? How many officers would the department of Ontario have? The minister very frankly used the word "rivalry" which of course was in my mind. I would be very glad if he would give us these figures. Then there is one other thing. What is the size of his staff, not merely the number of officers, but the size of the staff? For purposes of simplification, let us take Ontario.

Mr. Harris (Grey-Bruce): There are 64 offices in Ontario, and 469 on the staff in Ontario.

Mr. Noseworthy: I should like to suggest to the minister that in the interests of immigration he go into a huddle with the Minister of Resources and Development and with the Minister of Defence Production. Unquestionably we need in Canada today a great many skilled workers, particularly from the British isles. I understand that they are being brought into this country in considerable numbers. At the A. V. Roe plant near Toronto there are several hundred of these skilled workers from the British isles. They tell me that the housing situation in the Toronto district was very much misrepresented to them before they came. These men now have to live at considerable distances from the plant. As a matter of fact, they live all over the city. They pay as much as $120 a month for accommodation, and are very discontented over having to live under these conditions. These are skilled mechanics. They tell me that they are quite willing to build their own houses and to assume the financial responsibility for the building of them if the government will give them some help, in securing either the land or the materials. Even under the new regulations, they are somewhat limited as to the amount of money they can bring into the country, but they have all the skills necessary. They are quite prepared to build their own houses in their off hours, and they are anxious that the government shall give them some co-operation by way of making land available for which they can pay over a period of time. Has the minister given any thought to that? I am sure that something of that kind would encourage these people, who are very desirable immigrants and are very essential.

Mr. Fair: Before we get away from the Chinese question may I ask the minister what are the qualifications of Chinese immigrants between the ages of 17 and 25?

Mr. Harris (Grey-Bruce): Between the ages of 17 and 21, they are admissible upon proof that they are in fact children of the applicant here. I have just explained the policy we are to follow in the future with respect to those over 21. I hope my hon. friend heard me. If he did not, I can explain to him later.

Mr. Knowles: Perhaps the minister would take a moment longer to comment on the other points that were brought to his attention in the memorandum recently presented to him by the group representing the Chinese. I hold in my hand a copy of the memorandum, but I will not take the time to read it. If he does not have his copy with him I can send him mine. I can say to the minister that there are about five headings. He can get the gist of each point by looking at the headings, and I would appreciate his comment on the five points dealt with in the memorandum.

Mr. Macdonnell (Greenwood): I want to remind the minister that I asked him a triple-barrelled question, and he answered only one-third of it. I asked how many officers of the department of immigration there were in Ontario, how many in the Department of Labour, and how many in the department of immigration of Ontario, and he answered only the part about his own department.

Mr. Harris (Grey-Bruce): I would not want to misinform the committee on anything in the Department of Labour. I am sure the minister can inform the committee correctly on that. With respect to the officers of the provincial government, I do not know of any except those in the city of Toronto in connection with the provincial capital. We deal with the office at that place; and that, so far as I know, is the only office they have.

Mr. Macdonnell (Greenwood): Will the minister explain how the rivalry works?

Mr. Harris (Grey-Bruce): I think I made it clear that I said it was a friendly rivalry for the best type of immigrant. The Ontario government has been seeking to obtain immigrants by selection abroad—and in London, particularly—for persons who require their services here. There is no rivalry, in the sense that we are not hunting the same person; but there is a demand at Ontario House in London for immigrants for Ontario, as there is a demand at our headquarters in London for immigrants for the whole of Canada. To that extent there may be some rivalry in seeking persons for this country. But we do not seek a person for the same applicant.

Mr. Macdonnell (Greenwood): We hope.

Mr. Fulton: I should like to ask two or three questions, the first of which has to do with the inspectional facilities at Hong Kong. Has the minister anything to say as to the efficacy of X-ray methods to determine the age of children? I know of certain cases where children have been applied for by bona fide Chinese residents in Canada, and they have been refused admission on the ground that the X-rays determined that the ages were not those specified in the applications. What medical facilities are available at Hong Kong in connection with inspections of that kind? The minister did not refer to the question of X-rays. Is he prepared to say that the X-ray method is sufficient to establish the age of a child?

Mr. Harris (Grey-Bruce): I am not sure whether the hon. member for Kamloops fully understands the procedure at the Hong Kong office.

Mr. Fulton: You will have to fully explain it.

Mr. Harris (Grey-Bruce): What happens is this. We approve of an application in Canada by a Chinese resident here for a child. That application is forwarded to the Hong Kong office. The parent here is notified that it has been approved; and both the Hong Kong office and no doubt the parent notify the child to appear in the Hong Kong office for examination.

As the hon. member knows, there are no birth records in China. When our inspector interviews a young man who says that he is the son referred to in the application, he is obliged by our regulations to determine whether in fact that is the son of the person in this country. He can do that only by his estimation of the age, to see if it corresponds with the age stipulated in the application, and by asking questions as to the family connections, and by any other form of examination which would elicit facts to correspond with the application.

It happens that in some cases our inspector comes to the conclusion that the boy who presents himself is of a quite different age from that of the son in question. The boy is informed to that effect by our inspector. If he disputes the decision of the inspector he is told that if he would like to go to his own medical practitioner in Hong Kong and have an X-ray taken it might indicate that our inspector was wrong, and that the age was as stated in the application. When he does that those X-rays are read by the local practitioner who takes them, by our inspector and, ultimately, by our officials here in the Department of National Health and Welfare.

As to the efficacy of X-ray examination, speaking generally it would appear that they are reasonably accurate for our purposes. We are dealing with a group of people who, at least up to the present time, are under twenty-one. And while, as I am sure the hon. member for Lanark would agree, there can be a difference of opinion about almost anything in the medical world, there is nevertheless a reasonable certainty that these X-rays can give a clear indication, within certain limits, of the age of any person in that age group.

Mr. Fulton: Let us suppose that a prospective immigrant boy is able to answer the questions regarding his family connections. In those circumstances are the X-rays relied upon exclusively? In other words, if in the opinion of the medical officer the X-rays disclose a difference in age, would they be relied upon exclusively, in spite of the fact that the boy was able to answer the other questions satisfactorily?

Mr. Harris (Grey-Bruce): We begin with the fact that, even if the examination has been satisfactory so far as the information is concerned, and if after that our inspector concludes that the age of the boy is not that of the supposed son, it is at that point that he is given the option of having X-rays taken to see if they will convince the inspector that he has estimated the age incorrectly. We have had cases where applicants have answered examinations with reasonable satisfaction, but the X-rays have shown them to be four or five years beyond the ages stipulated in the applications.

Mr. Quelch: Mr. Chairman, I have received several complaints from farmers in western Canada regarding immigrants who, apparently, had come out under contract to work for so many months, so as to repay the money advanced for their fares. The complaints

were that many of them did not stay the specified time, so that the farmers were out the amount of money advanced.

Has this experience been general? In cases where it has happened, has it always been the immigrant who was to blame or, on the other hand, have some of those immigrants been asked to live under conditions under which they should not have been expected to live. Could the minister say whether that policy is being followed today?

Mr. Harris (Grey-Bruce): Mr. Chairman, so far as the government's assisted passage scheme is concerned, I doubt if the persons my hon. friend mentioned would have been under that scheme. The plan went into effect only on February 1, and I suppose the persons about whom he has spoken came forward to farmers who prepaid their passages so as to get them out here.

Mr. Quelch: Apparently the inspector went out to inspect the accommodation before the immigrants came; so it must have been under a government plan of some kind. The farms were inspected before the farmers were allowed to have the immigrants.

Mr. Harris (Grey-Bruce): If a farmer has applied for a farm worker, we inspect the premises to see if (a) he needs the worker and (b) he has reasonably good facilities for accommodation. That is part of the preliminary inquiry as to whether the application will be approved or not.

Having done that, the information with respect to conditions is given to the immigrant abroad. We may not go into great detail, but I want to assure the committee that we do not paint a rosy picture if there is not one there. If at that time the local employer, in order to expedite the coming of the immigrant, chooses to advance money, that is his own responsibility. We do not ask him to do it—although we are often asked if they should.

Mr. Quelch: At the present time I understand the government puts up the money. The farmer is not asked to put up the money at all.

Mr. Harris (Grey-Bruce): Since February 1, the plan has been in operation, and is just beginning to function.

Mr. Fulton: Referring back to the discussion of the X-ray method, may I ask the minister if it is not a fact that the American immigration authorities have discarded the X-ray method of checking with respect to Oriental immigrants?

Mr. Harris (Grey-Bruce): I am not aware of that although it has been stated during debates in this house. We have found X-ray examination to be reasonably accurate for our purposes and I think it will be continued.

Mr. Murray (Cariboo): Could a greater number of immigrants be sent to British Columbia and north of Edmonton? I looked over the records some time ago and found that some 3,000 had come to Ontario, a similar number to Quebec, but only a few hundred to British Columbia. It is most important that white population be placed in the valleys that face the Pacific coast. Is the department getting any co-operation from the government of British Columbia in respect to settlement, from the transcontinental railroad who paid great attention to settlement in former years and from the Northern Alberta Railway which is supposed to be a colonization road running from Edmonton into the Peace river country and to the north.

Mr. Harris (Grey-Bruce): At the moment the great emphasis on immigration is for workers rather than for land settlers. Nevertheless we recognize that British Columbia and the Peace river area offer a good field for settlement. We have taken steps to see if we can get people to go there as part of our settlement scheme. To that end we have continued the pre-war close arrangement with the railroads to bring forward settlers on terms which perhaps are rather detailed. We do encourage the railroads to continue the colonization schemes they had prior to the war.

With respect to the immediate future we have made a decision which I think will aid my hon. friend in the plans he has in mind. We have provided that the Canadian government will absorb the differential in the cost of inland rail transportation between points west of Winnipeg for immigrants who come to Canada under the assisted passage loan scheme, provided they stay in the class of employment for which they are selected for a period of one year. Our reason for doing that is the reason my hon. friend has given, because a large percentage of the immigrants have been coming to Quebec and Ontario.

Mr. Gibson: I wonder if I might refer to the remarks of the hon. member for Battle River who asked some questions with regard to the entry of adopted children of Chinese. I know that this concerns only a small number of Chinese children but I am sure the minister has had brought to his attention these unfortunate cases of children who have been adopted by Chinese in Canada. I wonder if he would put this matter up to his cabinet colleagues and ask them to pass an order in council granting permission to these adopted children to enter Canada, provided the minister is satisfied that they are really the adopted

children of Chinese citizens of Canada. I doubt if there would be more than fifty or one hundred children involved. As I have made clear in the past, I am opposed to unlimited Chinese immigration, but I think there are strong compassionate grounds for permitting such children to enter.

Mr. Johnston: Are Chinese now living here exempt from military service? Are Chinese who are coming in under this new policy exempt from military service?

Mr. Harris (Grey-Bruce): I am not aware of any exemption from military service except of those groups which were admitted by order in council under a special arrangement in 1898. There may be certain Mennonites and what are commonly known as Doukhobors in this class.

Mr. Coldwell: I hope the minister will consider the representations with regard to the adopted children of Chinese, but that is not what I really rose to ask. We have had some interesting figures regarding immigration and I should like to know if there have been any deportations in the last year and, if so, for what causes. I ask this because of the letter I received some months ago complaining that some of the immigrants were afraid they might be deported if they applied for public assistance.

Mr. Harris (Grey-Bruce): That information appears in the annual report for the year ended March 31, 1950. The total number deported was 422, for the following reasons:

Medical cases	50
Public charges	33
Criminality	103
Other civil cases	230
Dependents accompanying those deported	6

Mr. Coldwell: There is a medical examination in the country of origin and it seems to me that if we examine these people medically and accept them we are under obligation to permit them to remain. It seems to me that to deport these people is creating a great hardship after they have been allowed to come to the country.

Mr. Low: Could the minister give the details of the other civil cases?

Mr. Harris (Grey-Bruce): Most of those would be deserters from ships who have been picked up and ordered deported.

Mr. Fulton: A question was raised the other day regarding a sect of the Doukhobors known as the Sons of Freedom and it appears that consideration is being given in British Columbia to moving this sect from its present location in the southeast corner of the province to a lower central location.

Mr. Sinclair: Hear, hear, Kamloops. A splendid idea. Everybody approves.

Mr. Fulton: I am glad the hon. member for Coast-Capilano is so disinterested in the welfare of the constituency which I represent that without further consideration he says, "Hear, hear".

Mr. Sinclair: The Doukhobors would be so well represented.

Mr. Fulton: I did not catch that remark.

Mr. Sinclair: I was pointing out that for the first time the Doukhobors would have adequate representation in the House of Commons.

Mr. Fulton: Well, I am not quite sure I could accept that at the expense of the hon. member for Kootenay West, who at the present time has them in his constituency. I did not intend to get into an argument with the hon. member for Coast-Capilano, who I am sure would be delighted to have these people settle in his constituency, since after all he does not have very many people there to represent. It has been suggested that there is a certain interest on the part of the federal government in this question of the movement of the Doukhobors, and I have been receiving representations in that connection. It has also been represented to me that certain untoward incidents have occurred, I believe in connection with what they call stripping; and I have also been informed that there is a consultative committee of the provincial and federal governments. But it does not seem clear what is the situation and who is responsible for the settlement of this Doukhobor colony, and I would be grateful if the minister would make a statement that would settle the question of responsibility.

Mr. Harris (Grey-Bruce): This question was raised the other day by the hon. member for Kootenay West, and I was quite surprised when it was addressed to me, since in the past questions having to do with the Doukhobors have been addressed to the Minister of Justice. Upon looking into it, however, I find that a committee has been established by the provincial government, which asked an official of the citizenship branch to assist them. Our regional liaison officer in citizenship appears to be sitting on that committee trying, I have no doubt, to improve the status of citizenship of these people. In doing so he is only aiding the provincial government in the field of citizenship, as any official would if asked by a provincial government to aid in a matter having to do with improving citizenship. I cannot make any statement as to what the committee is discussing or deciding, but in any event there is no responsibility in this department for what is happening.

Mr. Ferrie: I cannot possibly let these remarks go without saying a word. I have a number of Doukhobors in my constituency, and I want to say they are some of the finest people who ever came to Canada. They are good, industrious, clean and fine farmers; and just because the Sons of Freedom have gone bad, as you might say, is no reason why anyone should get up in this house and say things about the Doukhobors who came to this country to make homes for themselves. They have done their best, and they have done a great deal to make western Canada what it is today.

Mr. Fulton: I want to make it quite clear that I agree with the hon. member who has just spoken that the Doukhobors are good farmers indeed. Unfortunately the group to which I referred have become the subject of some controversy in my province. All I am asking is whether the federal government has any responsibility in the matter of their movement or resettlement, and I understand the minister to say the federal government has no responsibility in that connection.

Mr. Harris (Grey-Bruce): My answer was that this branch of the government has no concern with that matter.

Mr. Gibson: The minister did not answer my suggestion that he discuss with the government the matter of the admissibility of adopted minor children of Canadians of Chinese ancestry.

Mr. Harris (Grey-Bruce): Cases have been brought to my attention in which it would appear that Chinese parents in this country are applying for the admission of children who have been adopted while one parent or the other was in China. It is difficult to determine just how far these adoptions have taken the form of what we would consider western adoptions rather than those which are common in the east; nevertheless the government is at all times ready to give consideration to any matter raised by an hon. member, and I promise to give consideration to what has been said by the hon. gentleman.

Mr. Adamson: In saying what I did about German immigration I would not want it to be taken from my remarks that I would not welcome the greatest possible percentage of British immigrants. When I was in London there was a backlog of some 50,000 names in the Ontario office of people who had indicated that they wanted to come to Canada, but were waiting because of financial or other reasons. A tremendous number of British people want to come to Canada, and I hope they will come.

[Mr. Harris (Grey-Bruce).]

Then I have one more suggestion to offer the minister. I suggest that he send to his missions pictures of the king and queen, of these parliament buildings and possibly of this chamber.

Mr. Gibson: How about George Drew?

Mr. Adamson: That is a bright one. I make that suggestion because of an incident that occurred while I was in Salzburg, where the picture of the Prime Minister was on the wall. One of the Czech immigrants, not knowing who it was, asked another, and the reply was, "That is Juan Peron." The first one replied, "Well, where is Evita?" It is not quite dignified for the Prime Minister to be mistaken for Peron. I suggest there is nothing the European so admires about Canada, apart from its physical attributes, as our form of government and our monarch. So I think the minister would be well advised if he had pictures such as I mentioned displayed at the missions, setting out very clearly the type of government we have here. Several prospective immigrants suggested to me they had no idea what form of government we had in Canada.

Mr. Drew: One of the problems confronting emigrants from Britain has been the amount of money they are permitted to bring with them, a matter which I know has been under discussion for some time. There was a marked falling off in the number of immigrants at the time the British government reduced the amount they could bring with them. That amount had been £5,000 for each individual, payable over a four-year period, and it was reduced to £1,000. That has presented a very real difficulty, though recently there has been a very limited relaxation. In view of the fact that it has been said we are anxious to encourage immigration of the right type from Britain and other European countries it seemed to me it would have been appropriate for the Canadian government to make some representations as to the effect of that reduction, and that there might have been a request that they consider the advisability of increasing the amount of money that could be brought out. For that reason I was interested to learn that it had been stated in the House of Commons at Westminster that no request had been made by the Canadian government for any improvement in that situation. Will the minister tell us the reason why no such request has been made?

Mr. Harris (Grey-Bruce): I am not familiar with the occasion in the house at Westminster, but I said in this debate a year ago that we were making representations to all

the countries in Europe which had imposed restrictions. I can assure the house that those representations were made, and have been made at various times since. Not only that, but we think they have been successful. The announcement made in the house the other day at Westminster was to the effect that from now on the amount which would be permitted to be brought to Canada by immigrants would be increased over the £1,000 by the amount of £250 for every child that the immigrant had, but with a ceiling of £2,000.

More important than that perhaps is the fact that permission is now granted for immigrants coming out, as well as those already here, to expend blocked funds for the purchase of goods which could be brought into Canada, presumably as settlers' effects. We believe that this will aid particularly in getting desirable immigrants. Nevertheless, I should like to remind the house that in the statement I tabled a short while ago it will be seen there has been, even before this announcement, a decided increase in immigrants from the United Kingdom. In the first five months of this year the number who have come from the United Kingdom totalled 10,599 as compared with 5,351 in the comparable period of 1950, representing an increase of 98 per cent.

Mr. Coldwell: How many of those have come through the assisted passage? I think the assisted passage scheme, so far as I can understand it, is a good one.

Mr. Harris (Grey-Bruce): It is not possible to say yet. The number of warrants which have come forward total only 1,840 because of the time lag, and a large percentage of those are from the United Kingdom.

Mr. Drew: I asked the question because I was under the impression that the minister had stated on earlier occasions that a request had been made that the government of the United Kingdom give consideration to the relaxation of the restriction on funds. Is that not correct?

Mr. Harris (Grey-Bruce): I said that a year ago. I said that we were going to do so.

Mr. Drew: Then I understand from the minister that he thought it was done?

Mr. Harris (Grey-Bruce): Yes.

Mr. Drew: The reason I ask that question is that on Thursday, April 26, there appears the following question and answer in the *Hansard* of the British House of Commons:

No. 54. Mr. Leather: To ask Mr. Chancellor of the Exchequer, what requests the Canadian government has made to His Majesty's government to increase the present amount of transferable funds for emigrants; when such requests were made; and what action His Majesty's government has taken.

Mr. Douglas Jay: No formal request has been made on this subject by the Canadian government.

That, Mr. Chairman, is a record of the question and answer that appears in *Hansard* for April 26 of this year. I think that the minister should give us some explanation as to the reason why the representative of the chancellor of the exchequer stated that no formal representations had been made by the Canadian government regarding this subject, in view of the earlier statement made to this house.

Mr. Harris (Grey-Bruce): Perhaps, Mr. Chairman, we are not understanding the use of our own words. In the speech I made a year ago I did suggest that our troubles lay partly in the restrictions on currency, and I expressed the hope that those restrictions would be lifted. I do not know whether or not that would be a formal application, but it was a statement of the hopes of this government that the restrictions would be lifted. I have repeated that on many occasions since. I have no reason to doubt that those representations were known, because they were debated in the house at Westminster.

Mr. Drew: There is a vast difference between a statement being made in this house and representations being made. I simply asked the question in view of this question and answer to which I have referred. Were formal representations made by the Canadian government to the government of the United Kingdom requesting relaxation of their restrictions on the transfer of funds by immigrants coming to Canada?

Mr. Harris (Grey-Bruce): The answer is no.

Mr. Drew: If that is the case, it seems to me that the statements that have been made by the government as to the attempt to facilitate the transfer of immigrants are not borne out by the action the government has taken. I would point this out. The minister is well aware that during the period following this last war, when the treasury of the United Kingdom permitted immigrants to bring £5,000 with them, divided into instalments over four years, there was very heavy immigration to this country running to substantial figures, and in fact steadily increasing year by year until the chancellor of the exchequer in the United Kingdom stated that they found it necessary to reduce that amount to £1,000. There was an immediate drop in the number of immigrants coming here. There was every evidence that the main barrier to the movement of immigrants to Canada was the amount of money available.

Just within the last few days there has been some relaxation, but only a very small relaxation. It amounts to £250 for each dependent, not a substantial amount with the increased cost of living and the difference in the value of the pound. If there is a real desire on the part of the Canadian government to facilitate immigration from Britain then I suggest that, with the improved financial position as between the United Kingdom and Canada, since representations have not been made they should now be made formally on behalf of the government of Canada to the government of the United Kingdom for a further relaxation of the amount that may be brought here. I would ask the minister if he will undertake that such formal representations will be made.

Mr. Harris (Grey-Bruce): Perhaps again we are misunderstanding each other, Mr. Chairman. The hon. member asked me a moment ago if formal representations had been made. I thought he meant at that time, in April, and I answered no. Formal representations have been made since that time, leading I take it to the announcement which was made the other day in the house at Westminster. Should there be any doubt about the situation with respect to immigration from the United Kingdom, I should like to point out that we have at the moment 35,346 British subjects who have had their applications for immigration to this country approved. This has been due in large part, I think, to the increased interest in immigration which became apparent about November, perhaps October of last year. Now, it may very well be that the number greatly increased when we announced the assisted passage scheme in late December. At any rate, all winter our officers have seen a substantial increase in the number that they have handled. We think the announcement made the other day will stimulate the numbers who will apply, although there was no sign of let-up before the announcement was made.

Nevertheless, it would appear that we are in agreement that the currency restrictions did bring about the drop in numbers applying in the late 1948, 1949 and early in 1950, but numbers applied before the present change in restrictions.

Mr. Coldwell: How many points are now available to the immigrants on the continent of Europe? At what points may immigrants be examined who wish to leave the continent of Europe? Have some new points of examination been added?

Mr. Harris (Grey-Bruce): We have officers at Athens, Berne, Brussels, Copenhagen, Hanover, Karlsruhe, Paris, Rome, Salzburg, Stockholm and the Hague.

[Mr. Drew.]

Mr. Drew: In order that we may be quite clear on what has taken place, on what date was the formal representation made to which the minister now refers, and what was the nature of that representation?

Mr. Harris (Grey-Bruce): Mr. Chairman, I do not think I should disclose the representations which were made, except to say that they were to the effect that we would hope that the British government would ease the restrictions. The formal representations were made since the Secretary of State for External Affairs left a week ago.

Mr. Drew: So that the first formal representation that has been made by the government under this new department is within the past week?

Mr. Harris (Grey-Bruce): I beg your pardon, Mr. Chairman; the formal representations were made in May and were followed up by the Secretary of State for External Affairs since.

Mr. Lesage: May I ask the minister if there are any currency restrictions in France that would affect French immigrants? And are there any currency restrictions in Belgium and Holland which would affect immigrants to this country?

Mr. Harris (Grey-Bruce): Yes, Mr. Chairman. The government of the Netherlands restricts the amount which can be brought out to $200. That was $100 up until recently but those restrictions were eased. The government of France restricts the amount to $300, and there has been some hope recently that it may be increased to $600. The government of Belgium restricts the amount to—and I am speaking from my recollection—$2,000. I have not the figures with regard to that.

Mr. Lesage: The minister has said that some representations have been made to the United Kingdom government in the hope of obtaining relaxation of the currency regulations. Have some similar representations been made to the governments of France, Belgium and Holland?

Mr. Harris (Grey-Bruce): No formal representations have been made; but as I pointed out a while ago, I have repeatedly made statements that we would hope that these currency restrictions would be lifted.

Mr. Balcer: May I ask the minister if he is ready to give an answer to the question asked by the hon. member for Peterborough West with regard to the deportation of Fred Rose?

Mr. Harris (Grey-Bruce): Fred Rose was convicted and sentenced to prison for an

offence under the Official Secrets Act. At the time that was done the citizenship act was so worded that it did not cover that particular crime as one which could be used to revoke his citizenship. When the citizenship act was introduced into this house in the fall, I take it, of 1946 the provision was made that citizenship might be revoked with respect to a person who has shown himself by act or speech to be disaffected or disloyal to His Majesty. There was a lengthy debate in the house, in which many opposition members contended that that was too broad a definition, with the result that an amendment was presented by one of the opposition members, and the section was amended to read as follows:

A person who has been convicted of treason or sedition by a court of competent jurisdiction.

That was the state of the law at the time of this conviction. The result was that Fred Rose could not have his citizenship revoked under the law as it was at that time. The committee will remember that this year we amended the law to put it substantially in the words in which it had been first introduced into the house. But at that time I pointed out that it was not retroactive and would not affect Fred Rose. The result is that he cannot have his citizenship revoked under the law at the present time. That brings the further result that you cannot deport a person who has Canadian citizenship.

Item agreed to.

Indian Affairs branch—
Welfare of Indians—
69. Construction or acquisition of buildings, works, land and new equipment, $911,570.

Mr. Knowles: May I ask the minister whether the rebuilding of the Indian residential school at Norway House will be proceeded with this year or some time soon?

Mr. Harris (Grey-Bruce): We have provided the money for Norway House school. We are now in the process of trying to lead up to letting contracts. The work will be begun this year. It may not be completed.

Item agreed to.

Indian Affairs branch—
Education—day and residential schools—
72. Construction or acquisition of buildings, works, land and new equipment, $2,737,075.

Mr. Charlton: This is an item of almost $3 million for the construction or acquisition of buildings, works, land and new equipment. I wonder if the minister can give us some idea of where those buildings are going to be put up?

Mr. Harris (Grey-Bruce): Mr. Chairman, we have twelve pages in this book with respect to this matter, and I would prefer it if my hon. friend would look at them rather than ask me to read them.

Mr. Charlton: There may be twelve pages there, Mr. Chairman, but after all the minister is not going to read the whole twelve pages. Surely there are some items there which are of more importance than others. This is an item of almost $3 million. The amount is not going to be divided up into $10 bits, surely.

Mr. Harris (Grey-Bruce): The largest one I see on the first page is $35,000, which is in Restigouche. The largest on the second page is $100,000 at Moose Fort; the largest on the third page is $35,000 at Sturgeon lake; the largest on the fourth page is $40,000 at Stand Off in Alberta; the largest on the fifth pags is $50,000 at Fort Babine in Babine agency; the largest one on the next page is $20,000 in the west coast agency; the largest on the next page is $9,875 at the arctic Red river, followed by Norway House, $350,000. The largest on the next page is equipment for these day schools, $150,000. Equipment at Seven Islands, $30,000; at Lower Post, $15,000; at Cariboo, $3,200. I have chosen the largest items on each page.

Mr. Drew: Where is the school at Moose Fort?

Mr. Harris (Grey-Bruce): This is to provide for the purchase of the existing school of the Church of England.

Mr. Drew: Whereabouts?

Mr. Harris (Grey-Bruce): Well, I must say I could not give the precise point.

Mr. Drew: I am interested in it for a particular reason. Is Moose Fort the island of Moose Factory?

Mr. Harris (Grey-Bruce): Yes, there is a residential school there, and it is at what we call Moose Fort, and is at Moose Factory.

Mr. Drew: Is that day school to be expanded? Is the $100,000 to be spent for the improvement of the present school or the construction of a new school?

Mr. Harris (Grey-Bruce): It is for the expansion of the present school to provide for a new classroom.

Mr. Drew: Has the minister any indication of the effect that will have on the present attendance of pupils at the school a few miles away at Moosonee?

Mr. Harris (Grey-Bruce): I presume that the school at Moosonee is a provincial school.

Mr. Drew: That is right.

Mr. Harris (Grey-Bruce): We think that the accommodation we have, or that we are providing for, is required. They are taking in Indian pupils at the provincial school, but this additional accommodation is necessary.

Mr. Hatfield: Is there anything in this vote for expansion of the school at Tobique reserve?

Mr. Charlton: Did I understand the minister to say that they are acquiring a school now run by the Church of England?

Mr. Harris (Grey-Bruce): Yes.

Mr. Charlton: Is that the one?

Mr. Harris (Grey-Bruce): Yes.

Mr. Charlton: And the $100,000 includes the purchase and the repair of it?

Mr. Harris (Grey-Bruce): Yes; we have been negotiating for some time to purchase the Church of England school and to add to it, and this is for that purpose.

Mr. Charlton: Have there been any other purchases of that kind across Canada?

Mr. Harris (Grey-Bruce): There is one other in the northwest, and there are several others that the Church of England has suggested we might buy, and we have been obtaining reports on them.

Mr. Drew: Will that be operated by the department or by the Church of England?

Mr. Harris (Grey-Bruce): Operated as a departmental school, but retaining the present connection of the Church of England in the sense that the facilities will be continued.

Mr. Coldwell: In the event of a change of this description can these schools be operated in conjunction with the provincial departments of education so that the certification of teachers and inspection of schools and conditions generally are analogous to those pertaining in the provinces that are contiguous to those areas? Has any attempt been made by the department to enter into negotiations with any of the provinces? If so, with what results? I do think, in taking over schools like these and the department operating them, the department has not the facilities to do this kind of job that the provinces have. It seems to me that it would be sensible to work in co-operation with the provinces and with departments of education that would certify teachers, inspect the system and so on, supervise the schools and bring them up to standard. I think we are all anxious that the Indian children shall have the same levels of education as the other children in the country. I have always been of the opinion that given the opportunity the Indian children would measure up just as well as the children of any other group of Canadians, and would be able to play a much greater part in the life of the country, and do much for their own people in the way of giving those who have not those advantages a great deal of leadership.

Mr. Harris (Grey-Bruce): As the house knows, Mr. Chairman, we have followed a policy of permitting Indian children to attend provincial schools wherever convenient and possible, and that policy has shown that we have increased during the past year by something over 400 the numbers attending provincial schools. For example, in the last fiscal year, ended March, 1950, there were 1,645. There are now 2,032. If the committee would permit I would put on the record a statement showing the enrolment at Indian schools and the numbers attending the provincial schools as well, by grades and so on.

Mr. Coldwell: And by provinces?

Mr. Harris (Grey-Bruce): And by provinces.

The Deputy Chairman: Is it agreed?

Some hon. Members: Yes.

Mr. Harris (Grey-Bruce): The table follows:

ENROLMENT AT INDIAN SCHOOLS

1. FISCAL YEAR ENDED MARCH 31, 1950

—	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	TOTALS
P.E.I.	19	8	5	2	.....	7	3	1	1	.....	.....	.....	46
N.S.	175	81	121	80	49	49	18	10	9	.....	.....	.....	592
N.B.	126	66	49	50	47	19	20	20	.....	.....	.....	.....	397
Que.	691	348	269	214	166	132	88	41	8	.....	.....	.....	1,957
Ont.	1,708	744	741	585	534	417	262	261	91	21	26	8	5,398
Man.	1,371	488	480	312	219	122	115	53	48	.....	.....	.....	3,208
Sask.	1,157	503	424	368	319	221	144	60	32	1	.....	.....	3,229
Alta.	919	449	380	346	273	204	131	50	18	4	.....	1	2,775
B.C.	1,612	848	696	502	489	322	205	118	73	9	11	1	4,886
N.W.T.	303	98	81	58	41	42	15	6	3	2	1	1	651
Yukon	118	53	48	23	15	6	4	3	.....	.....	.....	.....	270
TOTALS	8,199	3,686	3,294	2,540	2,152	1,541	1,005	623	283	37	38	11	23,409

Enrolment at non-Indian schools	1,645
TOTAL	25,054

2. ENROLMENT FOR FISCAL YEAR 1950–51

Total Enrolment—Indian Day schools	15,478	
—Combined schools	36	
—Residential schools	9,357	
		24,871
Indian children attending provincial and private schools—elementary grades		1,468
Indian children attending provincial and private schools—secondary grades and special courses (7 at University)		564
TOTAL		26,903

3. NEW CLASS ROOMS

Erected fiscal year 1950–1951	72
Provided for in estimates 1951–1952	102

Mr. Hatfield: May I have an answer to my question?

Mr. Harris (Grey-Bruce): There is a provision of $2,000 to complete the Tobique school in the Tobique agency.

Mr. Drew: I want to be clear about this school at Moose Factory, because it raises a question which has been referred to by the hon. member for Rosetown-Biggar, namely, the desirability of attaining some uniform standards or some uniform standard right across the country, which is in keeping with the general educational levels.

I happen to know that there is an excellent school at Moosonee, which is only a few miles from Moose Factory. That school is being maintained on the ordinary standards of the schools of the province. I am interested in why this department should be taking over a school on the island at Moose Factory when I gather that the school at Moosonee is not yet overcrowded and is capable of taking care of children from the island. I know that there is a problem of communication for the period of the freeze-up and the break-up, but in between that there is no great problem moving backward and forward. Because of the desirability of attaining standards of this kind, I should like to know whether the plan that is under way is one which has been considered in consultation with the department of education in the province of Ontario.

Mr. Harris (Grey-Bruce): The day school at Moosonee is, I am informed, practically full and Indian children who are attending there have been the subject of discussion with the provincial government. We feel, however, that we need these additional facilities. In these facilities we will be providing the

same curriculum as is provided in the provincial school and with practically the same standard of examination and inspection.

Mr. Drew: The minister did not answer my question. He has said that they have been discussing the attendance of Indian children at the school at Moosonee. My question was: Has the department of education of the province of Ontario been consulted as to the desirability or wisdom of operating this school on the island, because it would seem to me that from their experience at that point they would have some knowledge as to how this matter could best be dealt with.

Mr. Harris (Grey-Bruce): No, Mr. Chairman, This is a residential school, at the moment owned and operated by the Church of England. It is contemplated to acquire it as part of the educational system of the Indian affairs branch; but the department of education of the provincial government, while I have no doubt that their advice would be of advantage on any matter of education, are not directly concerned with the education of Indian children except in so far as we may be able to arrange suitable school accommodation rather than to build it or provide it ourselves.

Mr. Drew: I am not going to extend the remarks beyond saying that I think the course being followed is far from progressive, because the provinces have departments of education. Much could be gained by seeking co-operation with them in regard to decisions of this kind.

The minister has said they have discussed with provincial authorities the attendance of the Indian children at the day school at Moosonee. He did not say what the nature of the discussion was, or the reason for it. I am not in any way questioning the standard of education or the qualifications of those handling the school at Moose Factory. But, I think, too, there was a great deal of discussion as to the wisdom or otherwise of extending the school facilities at two different points only a few miles apart. If this has not been proceeded with, then I would urge strongly that the department should not proceed with it until the matter has been discussed with those who have had a good deal of experience in Moosonee, what the problems are and how this subject can best be tackled. I say that because those teachers at Moosonee have now had a great deal of experience in teaching Indian children in the day school. I know the school at Moose Factory, and they also have had considerable experience.

But they are two different types of school. I think here, and right across the country, there should be a rationalization of the handling of education as between schools operated by the department and provincial schools, so that so far as possible the whole educational procedure is brought within the same standards and, so far as possible, within the administrative jurisdiction of the provincial authorities.

Mr. Harris (Grey-Bruce): Let us be perfectly clear. The new Indian Act, or Indian bill, has not yet been proclaimed. In it for the first time we have provided for the making of an agreement with the provinces with respect to the education of Indian children. Until it is proclaimed there is no practical result to be obtained immediately from any such contract.

Nevertheless the particular problem at Moose Factory is one in which the provincial government at the present time could not be of any assistance. This is a residential school, a school to which children come and stay, and whose parents are not looking after them. That group has to be provided with accommodation, which cannot be provided for in the day school at Moosonee. That is the reason we have the school as it is.

Mr. Drew: Can the minister say whether the contractors who have been building the hospital are going to carry out the additions to this school at Moose Factory?

Mr. Harris (Grey-Bruce): I am informed that the heating, lighting and water system is being provided from the hospital. As to the other improvements, I must say I am not familiar with who is doing them.

Mr. Drew: Does the minister mean that the lighting and heating and other facilities are being installed by the same contractors as are building the hospital?

Mr. Harris (Grey-Bruce): Yes.

74. Fur conservation—operation and maintenance, $313,063.

Mr. McLure: We generally have a statement from the minister on this item. It is revenue producing, and it would be well for the committee to know what the prospects of revenue from this conservation would be, after this expenditure of $313,063. What fur-bearing animals are bred and conserved? Are they the property of the federal government or the provincial governments? I notice a reference to expert fur graders, and to other officials. The committee should have some statement from the minister.

Mr. Harris (Grey-Bruce): The amount is divided as follows: In Saskatchewan the increase is $45,000, in Manitoba $60,000 and in Ontario, $75,000. These are agreements with the provincial governments whereby

fur-conservation schemes are maintained in the trapping areas. The purpose is not only to aid in fur-conservation but to increase the income of Indian trappers. The facilities are supplied by the provincial governments. We are represented on the planning committee by officials of the appropriate branch, and we contribute in most cases a fixed percentage of the annual budget, with a ceiling.

The hon. member asked this question last year, and I answered that there was no revenue to this department or government from this work. That is true at the present time as well. This is a straight case of trying to help the Indian trappers who, in turn, will retain their trap lines and get better revenue, and at the same time provide a system of conservation in that remote area so that the fur-bearing population will be maintained and increased to the advantage of all in the trapping business.

Mr. McLure: What kind of fur-bearing animals are you endeavouring to conserve?

Mr. Harris (Grey-Bruce): Largely beaver and muskrat.

Mr. McLure: Last year there were some millions of muskrats from that area. That must have brought in a greater revenue than is shown in these figures. Two million muskrats are supposed to have been taken out of there.

Mr. Harris (Grey-Bruce): That is true; but I believe the provincial authorities make a small charge for the services of the persons who do the organizing, and deduct that from the income. But the remainder of the income goes to the trappers.

Item agreed to.

672. Citizenship branch; further amount required, $24,484.

Mr. Fulford: Those of us who are fortunate enough to live near Ottawa have brought groups of school children here. From the county of Leeds I have brought here about a thousand, representing more than twenty schools. There is no souvenir those children can take home to remind them of what they saw while they visited these parliament buildings. There is available, of course, a rather expensive publication; but it is beyond the pocketbook of the average school child.

I suggest through you, Mr. Chairman, that the minister consider the publication of a pamphlet similar to that put out by the federal district commission in which the new Ottawa plan is described. Such a pamphlet need not be long, but I believe it should contain some illustrations of the parliament buildings, including perhaps this chamber and the Senate, and other points of interest they have seen while they have been here. It should contain a description of Ottawa and a summary of its history—something they could take home to study, and to bring back to mind what they saw while they were here.

Item agreed to.

Immigration branch—

673. Administration of the Immigration Act, further amount required, $50,000.

Mr. Fleming: Early in this session, I believe it was on the debate with respect to the Canadian Citizenship Act, the minister indicated it was the government's intention at this session to introduce an amendment to the Immigration Act. Is it the intention to introduce those amendments at the fall session?

Mr. Harris (Grey-Bruce): Yes. We had them ready but we thought that with the present agenda they would not be reached at this session and they will be reached at an early date in the fall session.

Mr. Knowles: About an hour ago I condensed what might have been a ten minute speech into about half a minute by telling the minister that I had in my hand a copy of a memorandum which had been submitted to him by certain Chinese organizations. I gathered from the gestures made by the minister at that time that he did not have his copy so I sent my copy over to him. That meant that I did not have the memorandum on my desk to use in questioning the minister. I recall, however, that there were five headings in the memorandum —I am glad to note that the minister is now looking at it. He commented on the question of determining the age of children by the use of X-ray; he commented also on the question of abolishing the age limit with respect to children, but he has not commented on the questions of prospective brides, agricultural workers and citizenship for Canadians of Chinese origin now in Canada under special permit. I would appreciate it if he would make a statement on these matters now.

Mr. Harris (Grey-Bruce): I apologize for not following up the kindness of the hon. member in sending me his copy of the memo which contained five points. First was the matter of X-rays, which we have covered. Second was the question of abolishing the age limit, which has been covered. Third was the matter of permitting prospective brides to come here to marry Chinese citizens. I can only give the committee the answer I gave to the delegation which submitted this memorandum and that was that we had rather unfortunate results with this

practice previously and unless we could be sure that other results would ensue we would not try the experiment again.

Mr. Knowles: Has the minister noted the suggestions they make in the brief in that connection?

Mr. Harris (Grey-Bruce): I think in fairness to those who made the representations, and I am quite sure they did so with the best of intentions, I should say that I pointed out to them that it was unrealistic to take a bond from anyone that he would perform a future act of this kind and then try to enforce it. They understood my point.

The next representation was that certain trained Chinese agriculturists should be permitted to come to Canada. I pointed out that this was the first such representation we had received from any group and we would consider it and advise them of what our policy would be.

The next matter had to do with granting permanent landings to Chinese who were here under temporary arrangements. Early this year we began a study of the files of all Chinese who are here under temporary permits to see if we were justified in granting permanent landings to some of them. I indicated that some had been granted permanent landings and we would continue the examination of the files and if the circumstances warranted we would grant further permanent landings.

Item agreed to.

Indian Affairs branch—
Indian agencies—

676. Construction or acquisition of buildings, works, land and new equipment—further amount required, $105,400.

Mr. Applewhaite: I have received a request from the Indians at Greenville asking me to make another attempt to have a water service provided in the village. The present water service, if you can call it such, is very unsanitary. There is no fire protection in the village and this is a matter which has been before the department in one form or another for several years.

Mr. Harris (Grey-Bruce): There is a vote here of $16,000 in connection with the Greenville water supply and we will try to have it done this year.

Item agreed to.

Mr. Fournier (Hull): If I may have the unanimous consent of the committee I would ask the consent of the committee to have the supplementary estimates of the Department of Agriculture taken up now. These were not announced last night but if there is no objection we would like to proceed with them now.

Some hon. Members: Agreed.

DEPARTMENT OF AGRICULTURE

Experimental farms service—

657. Construction or acquisition of buildings, works, land and new equipment—further amount required, $267,210.

Mr. Nowlan: Can the parliamentary assistant give any information with regard to the possible acquisition of additional land for the branch station at Kentville, Nova Scotia? Unless this land is purchased it may be used for a residential subdivision which would impair the value of the experimental farm.

Mr. McCubbin: I understand that that has already been bought.

Item agreed to.

Production service—
Health of animals—

658. Administration of Animal Contagious Diseases Act and Meat and Canned Foods Act—further amount required, $53,894.

Mr. Darroch: I should like to make some suggestions to the parliamentary assistant in connection with the administration of this branch. I am not objecting to the amount of the vote, but I think arrangements could be made that would facilitate the movement of cattle from the western provinces to feeder farms in Ontario. A year or two ago arrangements were made whereby an Ontario farmer could purchase a carload or carloads of cattle in the western provinces and have them needled in Winnipeg for t.b. If three days had elapsed before they arrived at his own farm and the results were known the cattle could be retained. If that time had not elapsed, they would be held in the Ontario yards at Toronto. I think that was a very good arrangement. At the present time if an Ontario farmer wishes to purchase a carload of feeder cows, that arrangement does not apply. I think it would be a service to Ontario feeders if the same arrangement applied to feeder cows that applies at present to feeder heifers. At the present time these cows are unloaded at Toronto, needled, and held there for three days. The objection is not so much because of the cost of keeping the cattle there as because they are exposed to disease, particularly what we farmers call shipping fever. This is something that could be remedied very easily, so these cows could go through without being exposed to this disease. When a farmer comes to the yards at Toronto and wants to buy a truckload of cattle, he might take nine or ten feeder steers and perhaps three or four dairy

heifers, as they are termed by the veterinary. The steers can be bought and a clearance obtained to take them out, but they hold the dairy heifers for three days until the tests are completed. Again these cattle are exposed to such diseases as shipping fever with which those yards are reeking, particularly in the fall when they are handling many carloads a day.

I suggest to the department that it is time for a change. Probably this procedure had its place in the past but it has served its purpose now that the whole province is tested, so I do not see why these dairy heifers should be held, particularly at a time when we need more dairy cows. I know from my own experience and the conversations I have had with commission men in the yards at Toronto that many sales are lost of heifers which ordinarily would be taken to the country. I also suggest that the facilities at Ontario yards, which are under the control of federal health of animals branch, should be improved. There are not enough needling pens. In the fall when there is a considerable run of stockers the facilities are quite insufficient, and many people are inconvenienced by not being able to get their stock out the day it is purchased. These are some things I think might very well be taken care of and improved.

Mr. McCubbin: I am in hearty sympathy with the hon. member's request, and we will see what we can do in respect to it.

Mr. Cardiff: I would like to say a word also about feeder cattle. Does the dominion have jurisdiction over the yards in the big cities of Ontario, or is it the Ontario government?

Mr. McCubbin: As the hon. member knows, the yards are owned by the provincial government, but we supervise them.

Mr. Cardiff: That is exactly what I am getting at. I think something more should be done than is being done, because we get so much shipping fever through those yards. Last year I bought a load of cattle that came from Montreal, and I lost five. I would have lost more but for the fact that we caught it just in time. It is a disease that spreads very quickly, and unless it is caught in time it is difficult to handle. I think there should be a stricter check of cattle in transit from one place to another. Certainly they should be inoculated before they are loaded and again as soon as they arrive at any city to be transferred elsewhere.

Mr. McCubbin: I am certainly in accord with what the hon. member has said, and I can tell him that last year we supplied some $40,000 worth of vaccine in an endeavour to assist.

Mr. Charlton: Could the parliamentary assistant tell us what counties are left in Ontario still not tested under the accredited area plan?

Mr. McCubbin: I am sorry I cannot answer that question. The great majority are done but there may be some left. I will try to get the information and give it to the hon. member.

Item agreed to.

660. Grants to agricultural organizations, as detailed in the estimates—further amount required, $7,000.

Mr. McLure: This is a grant to the Canadian national livestock records. What livestock records are not included? Are any records kept apart from the national livestock records, and if so do they receive grants also?

Mr. McCubbin: The only one that is out is the holstein association, and they do not receive any grant.

Mr. McLure: How is it they can operate very successfully without a grant while the Canadian National has to have a grant each year, and their registration rates are higher than the holstein association? Is it bad management by the government, or what?

Mr. McCubbin: There are a number of small breeding associations that cannot operate successfully by themselves. The holstein association is the largest one. The others operate co-operatively. Some of them are not able to manage, but they share the cost between them.

Mr. Hatfield: Do not some of these organizations have large surpluses? Does not the Canadian livestock association have a large surplus?

Mr. McCubbin: It is true that some of the breeding associations have large surpluses. Other smaller associations have not, but they all pay their share in respect to these livestock records.

Mr. Hatfield: But why should we give them a grant when they have surpluses?

Mr. McLure: The silver fox association have a very large surplus; yet they are in these national records the same as the others.

Mr. McCubbin: They have a surplus, but they pay their share the same as the other associations.

Item agreed to.

Terminable services—

662. Freight assistance on western feed grains—further amount required, $10,500,000.

Mr. Coldwell: This is an additional amount for freight assistance on feed grains, and I

notice that taken together the two items in the estimates amount to about $15 million. We are very glad to support this, but I point out that when $65 million was voted to the western farmers a short time ago as compensation, some people misunderstood it. That covered a period of five years, or an average of $13 million a year. This vote is $15 million for one year. We are glad to support it because we think it is in the interests of agriculture generally, but I want to bring that point to the attention of the committee.

Mr. Nowlan: This is a matter on which I would like to comment for a considerable time, but will not do so tonight because of the lateness of the session. I quite agree that this is important to agriculture. Without discussing the merits of the $65 million vote I want to state that in my opinion and I think in the opinion of anyone who has any knowledge of eastern agriculture scarcely any expenditure that could be made by the government would result in a greater production. You may spend a few million dollars on this item. I have the figures, and if I were not patient and respectful of this committee I would have them put on the record to show that hundreds of millions of dollars of increased production have resulted from this expenditure.

I have one regretful suggestion with respect to this. Each year we have to wait until the supplementary estimates come down before we know whether these payments are to be continued for another year. This is one of the most important factors contributing to the success of at least the dairy industry and poultry industry—I will not say eastern Canada because I am not competent to say that, but I can say in the maritime provinces. I know that the producers of those two foodstuffs have been anxiously awaiting the supplementary estimates to ascertain whether the payments were included. I would urge upon the parliamentary assistant and the government that this matter should be incorporated as a permanent feature of our agricultural economy. We should not be dependent upon yearly grants, and waiting in doubt and uncertainty. This expires at the end of July, and we are now almost at the end of June. We do not know until these estimates come down whether the matter will be covered. I want to put that on the record.

I also notice that the amount for this year included in the general estimates comes to $15 million, whereas last year I believe it was $18 million or $18·5 million. Can the parliamentary assistant tell us what the reason is for the decrease in the vote?

[Mr. Coldwell.]

Mr. McCubbin: I am certainly in hearty accord with what the member for Annapolis-Kings has said, as well as the other two members. I think it should be a national policy, and I am going to bring it to the attention of the government. In respect to the amount, last year we only spent $15,600,000, and with the large crop in the offing we felt that $15 million this year would be sufficient.

Mr. Nowlan: You expect to move as much grain or give as much assistance this year as you did last year?

Mr. McCubbin: We expect the volume will be smaller than it was last year.

Mr. Cardiff: At what time does this terminate?

Mr. McCubbin: March 31, 1952.

Mr. George: I was pleased the subsidy was being continued. I say so because it is a subsidy which enables cheaper food to be produced for the citizens of our country. If the assistance were not given on the freight, we would have either to increase the price of food or decrease the price of grain to the western producers.

Mr. Fair: The hon. member suggested a few minutes ago that he hoped this subsidy on feed grain would be continued. I hope he has not got the same opinion about the $65 million subsidy which was paid because of the price at which our crops were sold. I hope that after this we shall get the full price for our wheat rather than have to accept the token payment of conscience money offered by the government, as was the case with the $65 million.

Item agreed to.

663. Prairie Farm Rehabilitation Act and water storage—further amount required, $65,000,000.

Mr. Coldwell: Before this item is carried may I ask the parliamentary assistant, in view of the regrettable absence of the Minister of Agriculture who is on very interesting business in western Canada—I believe there is a by-election—if he can make any announcement regarding the appointment of the experts in connection with the South Saskatchewan river scheme? As many hon. members are returning to the west, they would like to know before the house rises exactly what the position is since the situation has changed so frequently over the last several years.

Mr. McCubbin: In respect to the question I shall have to say that I do not know who they are. I shall leave it to the Prime Minister to make that announcement.

Mr. Coldwell: Will the parliamentary assistant ask the Prime Minister to make that announcement?

Mr. McCubbin: I will transmit that request to him, but I cannot promise that he will do so.

Item agreed to.

Mr. McLure: Mr. Chairman, it is eleven o'clock. I move the adjournment of the debate.

Mr. Fournier (Hull): I do not know if the hon. gentleman knows, Mr. Chairman—

Mr. McLure: We cannot continue. Sitting here from eleven in the morning until the late hours, wasting time, and then staying all night.

Mr. Fournier (Hull): I discussed the matter with the leaders of the opposition parties, and I thought it was understood that we would sit some time after eleven o'clock if we had unanimous consent.

Mr. Hatfield: We are not going to do that.

Mr. McLure: It is eleven o'clock.

Mr. Fulford: If we sit after eleven o'clock, I would move that we send the page boys home.

The Deputy Chairman: Does the committee give unanimous consent to sitting for a few minutes.

Some hon. Members: Agreed.

665. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council—further amount required, $100,000.

Mr. Wright: It states that this item is for the clearing and settlement of new lands as well as land protection and reclamation. I understand that part of the money goes towards clearing new lands, but I understood that lands were under provincial control. Just what does that mean, clearing and settlement of new lands? Where is this clearing and settling taking place, in what provinces? What is the amount in each province?

Mr. McCubbin: Any money that is spent for this purpose is in co-operation with the provincial government. The only two places are Manitoba and Ontario.

Mr. Wright: Is it being spent for clearing land or reclamation? I thought it was land protection and reclamation for which this money was being spent in Manitoba and Ontario. Is any of the money being used in those provinces for the clearing of land in the northern part of the provinces?

Mr. McCubbin: For the last two years it has not been done.

Mr. Wright: There is $250,000 in the regular estimates and $100,000 here, so that $350,000 is all being spent for protection and reclamation of land; is that correct?

Mr. McCubbin: That is correct, yes. This is a revote to continue the work in those two places.

Item agreed to.

668. 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 1950-51, $1,743,515.

Mr. Fair: Before this item carries I should like to know what amount was expended under the prices support act in the last fiscal year, and what products were affected.

Mr. McCubbin: The amount that is in the supplementary estimates is the amount we have spent in the last fiscal year.

Mr. Fair: What products were affected?

Mr. McCubbin: The products that were affected were dried skim milk, apples, honey, cheese and butter.

Mr. Hatfield: I should like to point out to the house that owing to the fact no support was given potatoes last fall in the provinces of New Brunswick and Prince Edward Island, thousands of bushels are now being dumped. At a late date this spring they did give us support through the starch factories, but those factories have not been able to take care of all the potatoes. Good potatoes are now past being ground into starch and they are being dumped daily. That is what is taking place with good foodstuff the price of which is so high in Canada. It is being dumped. I should like to ask the minister why no support was given to the potato crop or with respect to the surplus potatoes this last fall when it was asked for?

The Deputy Chairman: Shall the item carry?

Some hon. Members: No.

Mr. Blackmore: Let us have an answer to the question.

Mr. McLure: We had better let this item stand over.

Mr. McCubbin: Naturally this is a matter of government policy. They committed themselves to the extent of $300,000. That was the extent to which they committed themselves.

Mr. Hatfield: Would the parliamentary assistant say that $300,000 compared with the $65 million given to western Canada? The

sum of $300,000 is enough for the maritimes, but you do not stop at any $300,000 when it is to go to the west. When potatoes were selling for 20 cents a bushel last fall, I want to know why these growers were not protected in Prince Edward Island, Nova Scotia and New Brunswick. Farmers under the Veterans Land Act were forced to sell their potatoes last fall at 20 cents a bushel. Those farmers had no relief whatever. Those who were able to hold their potatoes until spring had some relief as a result of the starch program. But the starch factories in the maritime provinces were not able to grind all those potatoes until they became too bad for starch purposes. Now those potatoes are being dumped. Thousands of bushels of good food are being dumped. This is something which should have been taken care of by the government or by the agricultural prices support board last fall.

Mr. Blackmore: I think that question is one that really ought to be answered by the Department of Agriculture. I realize that the parliamentary assistant is at a disadvantage in undertaking to deal with this matter; but it seems to me that sooner or later—and perhaps the sooner the better—we in Canada must decide what agricultural commodities are going to be supported under the Agricultural Prices Support Act, and when they are going to be supported; that is, at what prices it will become necessary to support them.

We must regularize this matter of the support of agricultural products from coast to coast in Canada. Just such a remark as that which the hon. member for Victoria-Carleton has made is thoroughly understandable and thoroughly justifiable as long as we have no regular policy announced and understood throughout the country. If the parliamentary assistant has the information, I wish he would tell us when the dominion government would be prepared to support potatoes. We fully realize that to the maritime provinces this is important. Once more we see some people making light of this matter. I do not know when the time is going to come when the members of the House of Commons are going to realize that the welfare of Ontario and Quebec depends on the welfare of the maritime provinces.

An hon. Member: And Alberta too.

Mr. Blackmore: That is perfectly right. I thought that hon. members would know the rest of it. I could name the others. That is perfectly true. We should know what we can count on. As I say, I have a great deal of sympathy for the maritime provinces because they are specializing in potatoes for several reasons, one of them, I suppose, being their climate and the other their soil. We certainly should have some over-all policy under which we shall say to the producers of potatoes in the maritime provinces that when the price of potatoes falls below a certain point we are going to support them with assistance; and it should be fairly well known what that point is, why that point is chosen, how much assistance will be given and why. Has the parliamentary assistant any information that he can give the committee as a basis upon which to work from here on?

Mr. McCubbin: I will admit that that is an extremely difficult question to answer. Nevertheless supports are given to assist and to help any industry that is in difficulty. Potatoes are a difficult product to support because they are grown everywhere and anywhere. The United States tried price support for them, and had a formula for the purpose, but they had to stop after spending a few hundreds of millions of dollars. The only formula that we can go by is that we will endeavour to support any product under a marketing board or assist a marketing board of a province so as to help the board set up by each province in Canada. I know about the one in respect to our own province of Ontario. It is only assistance, to assist them in order that they might in their wisdom, through these boards, be able to try to meet their own difficulty if that is at all possible. But we should try to help and to assist them if it is possible to do so.

Mr. Hatfield: When the Minister of Agriculture put this act through the house in 1944 he made the statement that no agricultural product would be dumped during the time that he was Minister of Agriculture.

Mr. McLure: But that was before an election.

Mr. Hatfield: Yes. It was before the election in 1945. The department of agriculture of New Brunswick and Prince Edward Island met a delegation from this department; and a delegation from the marketing board and the board counsel of those two provinces made a great many trips up here last fall when potatoes were selling for 20 cents a bushel. That was the time to remove the surplus from the market. If something had been done at that time with regard to the starch program, we would not have to dump potatoes today. Last fall was the time to do something.

Mr. Nowlan: As I understood the parliamentary assistant, he stated that support might be given or could be given when the product had been marketed under the provisions of a marketing act. We have that situation in Nova Scotia, with the marketing of

apples under the Nova Scotia marketing board and the marketing act. I would ask the parliamentary assistant if he is prepared to state what assistance the government or his department is prepared to give the Nova Scotia apple growers for the losses sustained during the preceding season.

Mr. McCubbin: No decision has been made on the matter. This is, of course, a matter of government policy over which I have no control.

An hon. Member: Eleven o'clock.

Mr. Nowlan: It is still under consideration?

Mr. McCubbin: That is right.

Mr. McLure: Mr. Chairman, are you going to continue on? You cannot get this item passed tonight, anyway. I move that this item stand over for further consideration. I want to draw to the attention of the chairman that any items passed after eleven o'clock without the full consent of the committee can be reopened by any member afterwards on a question of privilege. Proceedings cannot be carried on without consent.

The Deputy Chairman: I should like to point out to the hon. member that I have asked several times whether it was agreed to carry on after eleven o'clock. I understood that we had the unanimous consent of the committee. Otherwise I would have risen, reported progress and asked leave to sit again.

Mr. McLure: I oppose it.

The Deputy Chairman: If the hon. member wishes to withdraw his consent at this time, I have no alternative but to rise and report progress. Shall I do so? Shall I report progress and ask leave to sit again?

Some hon. Members: No.

An hon. Member: Keep going.

The Deputy Chairman: If I do not have unanimous consent, hon. members will understand that I cannot carry on.

Some hon. Members: Carried.

Mr. McLure: No consent.

Mr. Fournier (Maisonneuve-Rosemont): On division.

The Deputy Chairman: Shall I report progress?

Some hon. Members: Agreed.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow if possible we will take up the remainder of the estimates. At eleven o'clock we will take up national revenue. At two o'clock we will take up the remaining item in external affairs and then fisheries will have priority over the others.

Mr. Fair: What about agriculture?

Mr. Fournier (Hull): I will handle these tomorrow if I have not the parliamentary assistant. I have named three departments. After that I shall do my best to meet the wishes of all hon. members.

Mr. Adamson: Do I understand that the house will meet at two o'clock following the luncheon adjournment tomorrow?

Mr. Fournier (Hull): This evening we did have some discussion with the different parties, and it seemed agreed, and I hope I shall get unanimous consent to sit from eleven to one and take one hour for lunch, and sit from two to six and take an hour for dinner, and then from seven to eleven.

Mr. Adamson: That is fine.

The Acting Speaker (Mr. Beaudoin): Is that procedure agreed for tomorrow?

Some hon. Members: Agreed.

It being twenty-five minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Special—

246. To authorize and provide for additional expenditures under the provisions of section 3 of the Defence Appropriation Act, 1950, in the amount of $61,383,108 and commitments against future years in the amount of $29,720,000, $61,383,108.

General services—

247. Grants to military associations, institutes and others, as detailed in the estimates, $215,925.

248. War museum and erection of headstones in Canada, $61,492.

249. Battlefields memorials, $55,617.

Pensions and other benefits—

250. Civil pensions, as detailed in the estimates, $2,977.

251. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act as amended had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $2,358.

Militia Pension Act—

252. Government's contribution to the permanent forces pension fund, $16,681,239.

Pensions and other benefits—

728. To authorize the governor in council to increase the pension granted to SP 38171 Warrant Officer class I William Edward Tyrell under the Militia Pension Act effective January 25, 1950, by including for purposes of calculation of his pension the amount of dependents allowance which would have been paid to his wife had she not been a member of the Women's Royal Canadian Naval Service during the period July 28, 1945 to October 20, 1945, $1.

729. To authorize payment to Stuart Davis Houston under the Pension Act and the Veterans Affairs Act of such benefits as would be awarded under the said acts if the disabling condition had been incurred by him during service in world war 2, $1,128.

Militia Pension Act—

730. Government's contribution to the permanent forces pension fund—further amount required, $14,030,538.

DEPARTMENT OF PUBLIC WORKS

343. Quebec, $7,968,000.

344. Ottawa, $5,783,000.

345. Ontario (other than Ottawa), $4,625,000.

346. Manitoba, $430,000.

347. Saskatchewan, $1,168,000.

348. Alberta, $1,073,000.

349. British Columbia, $3,294,000.

350. Yukon and Northwest Territories, $200,000.

351. Unforeseen improvements, $2,200,000.

Engineering branch—

352. Branch administration, $399,104.

Engineering services—

353. Salaries, surveys, inspections, test borings, etc., $1,588,512.

354. Construction or acquisition of buildings, works, land and new equipment, $178,500.

Dredging—

355. Maintenance and operation of plant and contract and day labour works, in the amounts by divisions as detailed in the estimates, $3,625,379.

356. New plant, in the amounts by divisions as detailed in the estimates, $749,100.

Graving docks—

357. Maintenance and operation, in the amounts by docks as detailed in the estimates, $324,271.

358. Construction or acquisition of buildings, works, land and new equipment, in the amounts by docks as detailed in the estimates, $44,000.

Locks and dams—

359. Maintenance and operation, $158,054.

360. Construction or acquisition of buildings, works, land and new equipment, $14,845.

Snagboats—

361. Maintenance and operation, $111,976.

Roads and bridges—

362. Maintenance and operation in the amounts by roads and bridges as detailed in the estimates, $278,118.

363. Towards international bridge over the St. Croix river between St. Stephen, N.B., and Calais, Me., the state of Maine to pay a like amount (revote), $10,000.

364. Towards interprovincial bridge over the Ottawa river between Pembroke, Ontario, and Allumette Island, Quebec, the provinces of Ontario and Quebec each to pay one-third of the cost and maintenance thereof, $50,000.

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 upon individual listed projects—

365. Newfoundland, $1,744,200.

366. Nova Scotia, $2,757,000.

367. Prince Edward Island, $1,588,500.

368. New Brunswick, $2,531,500.

369. Quebec, $5,815,900.

370. Ontario, $4,948,000.

371. Manitoba, $234,000.

372. Saskatchewan, Alberta and Northwest Territories, $114,000.

373. British Columbia and Yukon, $4,784,500.

Harbours and rivers generally—

374. Repairs and upkeep for the maintenance of services, including reconstruction and replacements, and to authorize commitments against future years in the total amount of $560,000, as detailed in the estimates, no new works to be undertaken, $2,960,000.

375. Grand river—contribution towards improvements (revote $78,000), $93,750.

376. Fraser river—fifty per cent of the cost of investigations to be carried out by the "Dominion Provincial Board Fraser River Basin," $150,000.

377. Protection works generally—to provide for remedial works where damages are caused by, or endanger, navigation or federal government structures, $200,000.

General—

378. National Gallery of Canada, $285,977.

379. Miscellaneous works not otherwise provided for, not more than $7,000 to be expended upon any one work, $300,000.

380. National capital planning service, $66,344.

381. To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works, $400,000.

382. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1951-52, $250,000.

Architectural branch—

744. Ottawa—Maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, furnishings, heating, etc.—further amount required, $431,794.

745. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc.—further amount required, $180,007.

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—

746. Newfoundland, $142,000.

747. Nova Scotia, $140,000.

748. Prince Edward Island, $12,000.

749. New Brunswick, $21,000.

750. Quebec, $238,000.

751. Ottawa, $30,000.

752. Ontario (other than Ottawa), $267,000.

753. Manitoba, $300,000.

754. Alberta, $100,000.

755. British Columbia, $1.

Engineering branch—

Dredging—

756. Maintenance and operation of plant and contract and day labour works, in the amounts by divisions as detailed in the estimates—further amount required, $125,700.

757. New plant, in the amounts by divisions as detailed in the estimates—further amount required, $16,000.

Locks and dams—

758. Construction or acquisition of buildings, works, land and new equipment—further amount required, $15,000.

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 upon individual listed projects—further amounts required—

759. Newfoundland, $137,600.

760. Nova Scotia, $600,000.

761. Prince Edward Island, $263,000.

762. New Brunswick, $186,000.

763. Quebec, $809,000.

764. Ontario, $990,000.

765. Manitoba, $10,000.

766. Saskatchewan, Alberta and Northwest Territories, $125,000.

767. British Columbia and Yukon, $1,400,000.

Harbours and rivers generally—

768. Repairs and upkeep for the maintenance of services, including reconstruction and replacements as detailed in the estimates, no new works to be undertaken—further amount required, $85,000.

Generally—

769. Protection works generally—To provide for remedial works where damages are caused by, or endanger, navigation or federal government structures—further amount required, $200,000.

General—

770. National Gallery of Canada—further amount required, $10,000.

771. Miscellaneous works not otherwise provided for, not more than $7,000 to be expended upon any one work—further amount required, $50,000.

772. Portrait of the late Sir Charles Fitzpatrick (revote $1,500), $1,700.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

National film board—

253. Administration, production and distribution of films and other visual materials, $2,474,366.

396. Lake of the Woods control board, $13,565.

397. To provide for the expenses incurred under the agreement between Canada, Ontario, and Manitoba, confirmed by the Lac Seul Conservation Act, 1928, moneys expended to be largely reimbursed, $17,750.

398. Engineering and architectural division—administration, operation and maintenance, $368,020.

Projects division—

399. Administration, $40,433.

400. To provide for a contribution by Canada to the improvement and reconstruction of the road between Patricia bay airport, Vancouver island, and the city limits of Victoria, B.C., in accordance with the terms of the agreement between Canada and the province of British Columbia, $200,000.

401. To provide for a contribution to the cost of constructing a dam on the upper Thames river near Fanshawe, Ontario, for the purposes of flood control and conservation, in accordance with the terms of an agreement to be entered into between Canada, the province of Ontario and the upper Thames river conservation authority, $580,000.

402. To provide, subject to allocation by treasury board, for the design and planning of deferrable projects, the acquisition of sites and the initiation of construction, $1,000,000.

Trans-Canada highway division—

403. Administration, operation and maintenance, $353,269.

404. To provide for surveys of the trans-Canada highway through national parks, $12,000.

405. To provide for general investigations by the Northwest Territories power commission of the electric power requirements of settlements and industries in the Northwest Territories and the Yukon territory (revote), $1,000.

406. To recoup the Minister of Finance for advances to be made to the Northwest Territories power commission during the fiscal year 1950-51 for power developments as provided under section 17(2) of the Northwest Territories Power Commission Act, chapter 64, statutes of 1948, $110,000.

Northern administration and lands branch—

407. Branch administration, $16,194.

408. Lands division—administration of territorial and public lands; seed grain collections, $278,883.

Northern administration division—

409. Administration, $266,724.

Northwest territories, including Wood Buffalo park and Eskimo affairs—

410. Operation and maintenance, $976,366.

411. Construction or acquisition of buildings, works, land and new equipment, $237,215.

Forest conservation and wildlife management, including Wood Buffalo park—

412. Operation and maintenance, $276,633.

413. Construction or acquisition of buildings, works, land and new equipment, $64,804.

Yukon territory, including forest conservation—

414. Operation and maintenance, $475,717.

415. Construction or acquisition of buildings, works, land and new equipment, $190,450.

Forestry branch—

416. Branch administration, $81,971.

Forest research division—

417. Operation and maintenance, $842,803.

418. Construction or acquisition of buildings, works, land and new equipment, $53,176.

419. Forestry operations division, including forest insects control board, $63,858.

Forest products division—

420. Operation and maintenance, $500,034.

421. Construction or acquisition of buildings, works, land and new equipment, $35,945.

422. Grant to Canadian Forestry Association, $6,000.

423. Grant to Pulp and Paper Research Institute of Canada, $100,000.

Eastern Rockies forest conservation board—

424. Salaries and expenses of federal members of the board, $16,680.

425. Federal contribution towards annual maintenance, including staff and expenses, $175,000.

Canadian government travel bureau—

426. To assist in promoting the tourist business in Canada, $1,503,197.

567. To provide for advances to the Northwest Territories power commission for the construction on the Mayo river, Yukon Territory, of a storage and hydro-electric development, to serve the Mayo mining district, $1,200,000.

Trans-Canada highway division—

776. Notwithstanding the Trans-Canada Highway Act, to authorize and provide for a payment to the provinces of British Columbia and New Brunswick, which have entered into an agreement with Canada for construction of a part of the trans-Canada highway in respect of construction of the highway carried out between December 10, 1949 and the day on which these provinces respectively signed the agreement with Canada, in accordance with the regulations of the governor in council; the amount paid to each province, however, not to exceed fifty per centum of the cost to the province of the said construction as determined by the governor in council; the maximum amount authorized to be expended by section 7 of the Trans-Canada Highway Act to be decreased to the extent of any amount paid pursuant to this vote, $210,000.

Northern administration and lands branch—

Northern administration division—

777. Administration—further amount required, $7,350.

Northwest Territories including Wood Buffalo park and Eskimo Affairs—

778. Operation and maintenance—further amount required, $22,900.

779. Construction or acquisition of buildings, works, land and new equipment—further amount required, $16,740.

Yukon Territory, including forest conservation—

780. Operation and maintenance—further amount required, $95,300.

781. Construction or acquisition of buildings, works, land and new equipment—further amount required, $35,000.

Forestry branch—

Forestry operations division, including forest insects control board—

782. Administration, operation and maintenance—further amount required, $25,000.

783. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements to be entered into by Canada and the provinces, $1,025,000.

National parks branch—

National parks and historic sites services—

773. Construction or acquisition of buildings, works, land and new equipment—further amount required, $219,000.

Engineering and water resources branch—

Water resources division—

Water resources division, including the administration of the Dominion Water Power and Irrigation Acts—

774. Construction or acquisition of buildings, works, land and new equipment—further amount required, $10,000.

Projects division—

775. To provide for a contribution to the cost of constructing a mining road between Black Bay and Ace Lake in Saskatchewan in accordance with the terms of an agreement to be entered into between Canada and the province of Saskatchewan, $50,000.

Loans, investments and advances—

Central Mortgage and Housing Corporation—

824. To provide for the restoration of the special account in the consolidated revenue fund established by section 35 of the National Housing Act by the amount paid out of the special account in respect of housing projects undertaken jointly with the governments of the provinces during the fiscal year 1950-51, $1,500,000.

National film board—

254. Construction or acquisition of new equipment, $128,300.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

56. Departmental administration, $208,564.

Citizenship—

57. Citizenship registration branch, $202,811.

58. Citizenship branch, $274,388.

Immigration branch—

59. Administration of the Immigration Act, $799,197.

60. Field and inspectional service, Canada—operation and maintenance, $4,351,609.

61. Field and inspectional service, abroad—operation and maintenance, $958,988.

62. To provide for payments to Trans-Canada Air Lines of the difference in cost between air transportation and minimum tourist class ocean transportation for immigrants transported from the United Kingdom by Trans-Canada Air Lines during the months of April and May, 1951, $231,125.

Indian Affairs branch—

63. Branch administration, $297,619.

Supply

ndian agencies—

64. Operation and maintenance, $1,959,846.

65. Construction or acquisition of buildings, works, land and new equipment, $559,034.

Reserves and trusts—

66. Operation and maintenance, $110,513.

67. Acquisition of land, $16,000.

Welfare of Indians—

68. Operation and maintenance, $3,323,954.

69. Construction or acquisition of buildings, works, and and new equipment, $911,570.

70. Grants to agricultural exhibitions and Indian fairs, $7,350.

Education—day and residential schools—

71. Operation and maintenance, $4,917,224.

72. Construction or acquisition of buildings, works, and and new equipment, $2,737,075.

73. Grant to provide additional services to Indians of British Columbia, $100,000.

74. Fur conservation—operation and maintenance, $313,063.

Citizenship—

672. Citizenship branch—further amount required, $24,484.

mmigration branch—

673. Administration of the Immigration Act—further amount required, $50,000.

674. Field and inspectional service abroad—operation and maintenance—further amount required, $366,168.

675. To provide an amount, additional to the sum provided by item 62 of the main estimates, 1951-52, required to extend to December 31, 1951, the period during which payments may be made to Trans-Canada Air Lines of the difference in cost between air transportation and minimum tourist class ocean transportation for immigrants transported from the United Kingdom by Trans-Canada Air Lines during such extended period—further amount required, $955,312.

ndian Affairs branch—
ndian agencies—

676. Construction or acquisition of buildings, works, land and new equipment—further amount required, $105,400.

Education—day and residential schools—

677. Operation and maintenance—further amount required, $485,405.

678. Construction or acquisition of buildings, works, land and new equipment—further amount required, $265,223.

Office of the chief electoral officer—

55. Salaries and expenses of the office, $43,004.

DEPARTMENT OF AGRICULTURE

cience service administration—

651. Construction or acquisition of buildings, works, land and new equipment—further amount required, $536,000.

Animal and poultry pathology—

652. Operation and maintenance—further amount required, $8,500.

653. Construction or acquisition of buildings, works, land and new equipment—further amount required, $83,600.

Botany and plant pathology—

654. Construction or acquisition of buildings, works, land and new equipment—further amount required, $14,300.

Forest entomology—

655. Construction or acquisition of buildings, works, land and new equipment—further amount required, $85,000.

Experimental farms service—

Central experimental farm—

656. Construction or acquisition of buildings, works, land and new equipment—further amount required, $36,300.

Branch farms and stations and illustration stations—

657. Construction or acquisition of buildings, works, land and new equipment—further amount required, $267,210.

Production service—

Health of animals—

658. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act—further amount required, $53,894.

659. To provide for payment of compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates, $5,001.

660. Grants to agricultural organizations, as detailed in the estimates—further amount required, $7,000.

Marketing service—

661. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $88,355.

Terminable services—

662. Freight assistance on western feed grains—further amount required, $10,500,000.

Special—

663. Prairie Farm Rehabilitation Act and Water Storage—further amount required, $65,000.

664. Land protection, reclamation and development in British Columbia under such terms and conditions as may be approved by the governor in council—further amount required, $132,600

665. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council—further amount required, $100,000.

666. Maritime Marshland Rehabilitation Act—further amount required, $408,800.

667. Assiniboine river—surveys, diking and cut-off, $75,000.

HOUSE OF COMMONS

Friday, June 29, 1951

The house met at eleven o'clock.

HOUSE OF COMMONS

REFERENCE TO REMARKS IN DEBATE ON JUNE 28—RULING OF MR. SPEAKER

Mr. Speaker: Yesterday a rather acrimonious debate took place in this house on a subject I do not think I need mention, since I am sure it is still fresh in the minds of many hon. members; and I am hopeful, of course, that it will not be revived today. During the course of the debate the leader of the opposition (Mr. Drew) used the word "cowardly" with respect to the Prime Minister (Mr. St. Laurent), and the Prime Minister demanded that the word should be withdrawn. I ruled that the word was unparliamentary, and that the leader of the opposition must withdraw it.

In reply the leader of the opposition stated that the Prime Minister had charged him with lack of courage. I did not recall having heard the Prime Minister use the words, and accordingly did not order him to withdraw them. The leader of the opposition insisted that the words had been used, and the Prime Minister stated that if he had used the words he would withdraw them. Apparently the house has left it to me to determine whether the words complained of by the leader of the opposition were used by the Prime Minister.

I have read in *Hansard* the record of the proceedings in the house yesterday, and I cannot find that the words referred to by the leader of the opposition were used. Accordingly I rule that the Prime Minister did not use the words "lack of courage", and that a withdrawal is not necessary. I further rule that as the leader of the opposition did use the word "cowardly" it is necessary that he withdraw it. In closing his remarks the leader of the opposition said:

> If the Prime Minister used words different from those which I heard, and which I think I heard correctly, then obviously my remarks were related to words which were not said. *Hansard* will speak for itself.

I draw the attention of hon. members to these words:

> If they were not said, then I withdraw what I said in relation to them.

Accordingly I accept the withdrawal of the leader of the opposition.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I have no intention of reviving the discussion. I would simply point out that if you will check the record carefully you will see that what I referred to was the implication of the words. I also have checked the *Hansard* record; and I need not remind you that an implication has the same result as a direct statement.

Right Hon. L. S. St. Laurent (Prime Minister): I do not wish to revive the debate, either, but I do wish to point out the impression that seems to have been left with objective newspapermen in reporting it. The inference or impression left with reputable newspapermen who were attempting, I think, to give an objective report, is to be found in the report in the Montreal *Gazette* of today, the last part of which is as follows:

> Mr. St. Laurent jumped to his feet.
>
> "Mr. Speaker," he said, "may I through you ask the leader of the opposition if we are to take this merely more or less as a successful attempt to retire behind a smoke screen, or if he does in a manly way take the responsibility of asserting any charge whatsoever on the floor of this house."
>
> Mr. Drew snapped:
>
> "Mr. Speaker, I do not take very kindly to the inference by the Prime Minister that I am not acting with proper courage, but I do not think that my remarks indicate that I am as cowardly as the Prime Minister, acting in the way he has in regard to a minister with the power this minister has."
>
> At that point, Mr. St. Laurent demanded the immediate withdrawal of the word "cowardly."
>
> Speaker Ross Macdonald agreed the word was unparliamentary and ordered Mr. Drew to withdraw.
>
> The Progressive Conservative leader, amid a swelling hubbub, refused to relent unless Mr. St. Laurent withdraw what he understood to be the words "lack of courage."
>
> Mr. St. Laurent said he had not used that phrase; he thought he had used the words "manly course." If the official record proved him wrong, he would withdraw.
>
> Mr. Drew said he, too, would let the record speak for itself, and the matter rested there.

If that is the impression that has been left, the matter cannot rest there. I do not mind what epithets the leader of the opposition may choose to apply to me, or how much vilification he may attempt to heap upon me. But when unparliamentary language is used in this house and the Speaker of the house orders the member using it to withdraw it, it does not matter who he is; whether he is Prime Minister, Leader of the Opposition, or anyone else, he must comply with the order of the Speaker, and the matter cannot rest until he has done

so or has suffered the consequences that are usual in the case of a member defying the orders of the Speaker.

Mr. Drew: Mr. Speaker, as you have indicated, you have accepted my withdrawal. But since the Prime Minister has chosen to reopen this matter, then the matter will not stand there.

An hon. Member: He did not reopen it.

Mr. Drew: The Prime Minister, in relation to remarks that have been made, has used the word "vilification". He follows up with that after the highly improper use of the word "smear", which is an unparliamentary expression and should be withdrawn. I would simply point out that this is just a blind by which the Prime Minister is trying to escape from his responsibility to clean up a situation that should have been cleaned up long ago.

Mr. Speaker: Order. I thought yesterday that the leader of the opposition had withdrawn the words—

Some hon. Members: Oh, no.

Mr. Speaker: Order. As I say, I thought yesterday that the leader of the opposition had withdrawn the word if it was found not to appear in *Hansard*. However, from what he has said this morning, I am not sure that he has withdrawn the word.

Mr. Sinclair: Quite right.

Mr. Speaker: It is necessary that the word should be withdrawn unreservedly.

Some hon. Members: Hear, hear.

Mr. Speaker: If I allow the word to stand, or if there is any uncertainty as to whether or not it stands, where will the Speaker of this house be? Hon. members of this house have given the greatest co-operation to the Speaker during the years that I have been in the house. The leader of the opposition especially has done so during my term of office. In order that there may be no mistake about it, I would ask the hon. member to withdraw the word "cowardly".

Mr. Drew: Mr. Speaker, *Hansard* will show again perfectly clearly that I rose and said that you had accepted my withdrawal, but that the Prime Minister had reopened this discussion by adding to what he had already said, and had used the word "vilification".

Mr. Speaker: Order.

Mr. Drew: You have accepted—

Mr. Speaker: Order. When I completed my remarks, the leader of the opposition rose and he created great doubt in my mind whether or not he had withdrawn the word "cowardly". It is that doubt that I ask him to resolve.

Mr. Drew: Mr. Speaker, there can be no doubt about it. The point is that you would have heard it quite clearly if there had not been the disgraceful noise that is being made by the members who are supporting the Prime Minister in his refusal to deal with this subject.

An hon. Member: Come out from under the car.

Mr. Speaker: Order. I think I should know definitely whether or not the leader of the opposition withdraws the word "cowardly".

Mr. Drew: Mr. Speaker, I said so yesterday and I say so today, and you have that withdrawal. But having said that, I then ask you to consider the appropriateness of the word "smear" which is used by a man in defending an indefensible position.

Mr. Speaker: Order. The word "smear" was used in the debate a few days ago. At that time a withdrawal was not asked for. I do not think that at this late date I should reopen that matter.

Mr. Drew: Mr. Speaker, the word "smear" was used again yesterday, and I did refer to it. Whether you do so now or whether you do so later, I ask you to rule on the use of the words "smear" and "vilification".

Mr. Speaker: When unparliamentary words are used, objection should be taken to them at the time they are used. If the leader of the opposition drew my attention to those words when they were used, I do not recall the incident. I do not recall that the word "vilification" was used.

An hon. Member: This morning.

Mr. Speaker: I recall that the word "smear" was used; and at the time it was used the leader of the opposition himself did not ask that it be withdrawn. I do not think it would serve any useful purpose to reopen the subject at this time.

Mr. Drew: Mr. Speaker, the word "vilification" was used this morning.

Mr. St. Laurent: Yes.

Mr. Drew: The word "smear" was used yesterday, and I did raise the question in regard to it at that time.

Mr. St. Laurent: Mr. Speaker, I do not want to prolong this discussion. If the word "vilification" is unparliamentary, and if the word "smear" is unparliamentary, I withdraw them. But I do say that there has been here an unfortunate tendency to try to besmirch

the reputation of men occupying public office. I think that is unfortunate, because it is already difficult enough to get the right kind of men to assume the burdens of public office when, in addition to their having to bear such burdens, there is this tendency which, in another jurisdiction, has had extremely unfortunate results because of its effect upon the reputation of those who are in public office.

Mr. Drew: Mr. Speaker, I accept the withdrawal of the Prime Minister—

Some hon. Members: Oh, oh.

An hon. Member: Sit down.

Mr. Speaker: Order.

Mr. Drew: —in the spirit in which that withdrawal was offered. I would also point out that there is no principle established under our parliamentary system that, because it may be embarrassing for anyone to bear the consequences of his conduct—if members choose to bring their personal affairs into public office—it should prevent the discussion of those things which would reflect upon public office.

Mr. Howe: Mr. Speaker, that last remark applies to myself. I realize that I am in good company here. The leader of the opposition has applied the same tactics to men with a greater claim than myself to having rendered service to this country, such as Norman Rogers, Layton Ralston, Sir Lyman Duff, and a long list of others. After all this—

Mr. Drew: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Drew: On a question of privilege, Mr. Speaker, may I say that statement in regard to Layton Ralston is absolutely untrue.

Mr. Howe: Mr. Speaker, I seem to remember the Hong Kong investigation. I do not think I need to go further than that. The people in this house have memories. I could give the names of ten or twelve others if it would do any good. But I want to say that if a man can rise to high office in the Conservative party on that kind of record, the party must be proud of him.

Mr. Drew: Mr. Speaker, the Minister of Trade and Commerce, or the Minister of Defence Production (Mr. Howe), has introduced exactly the type of smear tactics that he has been criticizing.

Some hon. Members: Oh, oh.

Some hon. Members: Withdraw.

Mr. Speaker: Order. The hon. member has now used the word "smear", to which he objected as being unparliamentary.

Mr. Drew: In view of your ruling, Mr. Speaker, I withdraw that word. But since the minister has seen fit to adopt tactics that introduced discussion which is in no way related to this present discussion, may I say that I would simply refer back to his remarks yesterday when, with all the claim that he should be exempt from any reference to his family, he used a most despicable expression which was intended to relate to my own.

Some hon. Members: Oh, oh.

PUBLIC ACCOUNTS

Fifth report of standing committee on public accounts.—Mr. Picard.

MING SUNG INDUSTRIAL COMPANY

CORRESPONDENCE WITH GOVERNMENT OF HONG KONG—EXEMPTIONS FROM PROVISIONS OF SHIPPING ACT

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, may I answer the question put to me yesterday by the hon. member for Lake Centre (Mr. Diefenbaker) about the dates of the exemption from certain regulations of the ships of the Ming Sung company. The return to the order shows that the exemption in Canada was made on May 16, and was notified to the trade commissioner on May 16, 1950. The correspondence dealing with that is in the return. I added verbally that doubts had been raised subsequently as to the sufficiency of that exemption, in view of the terms of the shipping regulations of 1899 of the government of Hong Kong, and that, at the request of the Canadian government, the government of the United Kingdom had had exemption under those regulations issued subsequently.

The doubt was first expressed in a confidential letter from a law officer of the government of Hong Kong to our trade commissioner on October 13, 1950. The regulations of Hong Kong were amended either on January 4 or January 5, 1951, and then on January 5, 1951, that exemption from those orders was issued by the Hong Kong administration.

Mr. Diefenbaker: During the period from May 13, 1950, to January 4, 1951, were these ships operating under the exemption made by the cabinet directive of May, 1950?

Mr. St. Laurent: I will not say from what date, but from shortly after May 16 some of them were operating, and there was no exemption other than the Canadian exemption until January 5, 1951.

Mr. Pearkes: Arising out of the Prime Minister's statement about the exemption to

the Ming Sung company, may I ask him if any exemptions have been granted by the Canadian government other than those tabled the other day and dated May 1950?

Mr. St. Laurent: No exemptions of any other nature for these ships. I am not sure whether they have been renewed in the meantime or not, or whether the original exemptions are in force at the present time. There has been no change in the situation, and it may be that to avoid any change there has been some renewal of exemptions which might have expired. I shall endeavour to check and to find out if they have been renewed. I know there is an application pending at the present time for renewal by the Hong Kong government, because its exemption was originally for a period of six months from January 5, 1951.

Mr. Pearkes: No enlargement of the scope of those exemptions has been made?

Mr. St. Laurent: No; the exemptions are those covered by the order in council of May 5, 1950, and those of May 16, 1950, described by the Minister of Transport.

INQUIRY FOR RETURN

CAMPBELLTON, N.B.,-CROSS POINT, QUE., BRIDGE

On the orders of the day:

Mr. A. J. Brooks (Royal): May I ask the Minister of Justice what the situation is regarding the return that I asked for some time ago? I mentioned it yesterday, and the Minister of Public Works said that probably it would be forthcoming.

Hon. Alphonse Fournier (Minister of Public Works): During the day I will try to have that return. I know I initialed the copy yesterday, and I shall do my utmost to have it tabled today.

Mr. Brooks: It has been a long time coming.

Mr. Fournier (Hull): May I correct the statement I made a moment ago in answer to the hon. member for Royal? I did sign a letter to the premier of New Brunswick asking his consent to table documents in this matter.

Mr. Brooks: May I ask when the minister signed the letter, and whether he has heard anything from the premier of the province?

Mr. Fournier (Hull): I sign a good many letters, and I cannot recall whether it was yesterday afternoon or this morning that I signed that special letter.

Mr. Brooks: It was on June 6 that this order for return was made. It seems to me that the request to the premier of New Brunswick yesterday has been very much delayed.

[Mr. Pearkes.]

Mr. Fournier (Hull): I will admit delay, but I have been quite busy during the last few days, as the hon. member knows—and I know, too, that he was busy outside the house for some time.

KOREA

INQUIRY AS TO NEGOTIATIONS FOR CEASE-FIRE AND ARMISTICE

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct a question to the Prime Minister. In view of the fact that we hope this may be the last day of the session, I am wondering whether the Prime Minister feels that it would be in the public interest to bring the house up to date with respect to the proposed negotiations in connection with peace in Korea and the part that Canada is playing in it. I make that suggestion because of the keen interest all hon. members have in this very important matter. I am quite sure that if the Prime Minister has a statement he feels he could make at the moment, the house would be pleased to hear it.

Right Hon. L. S. St. Laurent (Prime Minister): I am sorry; I have no information that has not already been published in the Canadian and United States press. The hon. member and the people of Canada can be assured that Canada will do everything within its power to bring about a cease-fire, for which the Secretary of State for External Affairs (Mr. Pearson) has been working incessantly for many months.

Mr. Graydon: May I ask the Prime Minister one other question relating to the same subject? Who is representing Canada in the negotiations which are in progress at the present time among the other United Nations who are interested in the Korean campaign?

Mr. St. Laurent: It is difficult to give a categorical answer, because there are talks going on in many different places. The Secretary of State for External Affairs himself has been in close touch with the foreign secretary in London, our ambassador in in close touch with the state department at Washington. The Secretary of State for External Affairs, either today or tomorrow, will be proceeding to Oslo, and intends to visit other foreign ministers in western Europe. He had an interview with Mr. Trygve Lie at one of the airports; and the matter is of course being discussed at the headquarters of the United Nations by our acting permanent delegate there at the present time Mr. John Holmes. Herbert Norman also arrived there yesterday, or is arriving there today

The matter is one which is of such interest to all those who have participated in the

United Nations actions in Korea that it is being discussed where any of them can make contacts.

Mr. Graydon: Is there any suggestion that there will be a special meeting of the general assembly of the United Nations to deal with this matter?

Mr. St. Laurent: I have not heard of one being proposed, but I know that the secretary general and the president of the general assembly are quite as hopefully concerned as any of the rest of us can be about the outcome.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—QUESTION AS TO COMMITTEE OF EXPERTS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to ask the Prime Minister if he has any announcement to make with regard to the experts who will be chosen by the government, or provided by the government, to advise on the South Saskatchewan river scheme.

Right Hon. L. S. St. Laurent (Prime Minister): No; I am not in a position to make an announcement. There is active correspondence now with gentlemen whom the government would consider eminently qualified to make a report on that matter. It was felt that no names should be mentioned until acceptance had been obtained, because, if it became impossible for any of these gentlemen to act, we would not like anyone else to feel that he was just second choice and that he was regarded as not as desirable as those with whom we are in correspondence at the present time.

Mr. Coldwell: But the matter is being actively pursued?

Mr. St. Laurent: Yes, it is being actively pursued. We were informed that it was best for us not to press too urgently for an answer, because we know that those whom we have approached are interested; and if they can arrange their commitments in a way such as to be available, they have told us that they would be glad to do it. But they were not in a position to make definite commitments in this respect without rearranging some others.

DROWNING ACCIDENTS

DEVIL'S HOLE ON RIDEAU RIVER—QUESTION AS TO ACTION TO PREVENT FURTHER LOSS OF LIFE

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Public Works, of which I have given oral notice. I realize that to some extent my question will be only by way of notice, but I wished to bring the minister's attention to the matter before the session closes.

As all hon. members are aware, particularly those living in or near Ottawa, a short time ago, at the place known as Devil's Hole, at Hog's Back on the Rideau river, a fine young lad of twenty, Gerald Fink, a superb athlete, lost his life. In view of the fact that there have been other tragedies at that point, I took the matter up and had inquiries made through the municipal council, the federal district commission and the Rideau canal offices of the Department of Transport, as well as at the office of the chief engineer of the Department of Public Works. It seemed impossible to get any definite assurance as to which body has authority, or as to which of those official organizations had control over that particular spot.

After the recent tragedy, the father of the young man, Dr. Fink, seemed mostly concerned about the possibility of the same thing happening to anyone else. With this in our minds I think every effort should be made to bring together the various authorities with a view to seeing whether there is some way of preventing the use of waters in which, as has been demonstrated, it is extremely dangerous to dive or swim.

I bring this matter to the attention of the Minister of Public Works, because his department has control over all navigable waters, and this is part of a navigable stream; therefore there should be some measure of jurisdiction under the Navigable Waters Protection Act. I hope he will take appropriate steps to bring the various authorities together with a view to seeing whether something can be done to prevent swimming at that particular place in the river.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I wish to thank the leader of the opposition for calling me concerning this matter. I welcome his inquiry, and I shall certainly find out who has control over this part of Devil's Hole at Hog's Back. If it is the responsibility of the Department of Public Works, you may be sure that we will attend to it immediately.

Since it is likely that the house will adjourn this evening until the fall, I shall write the hon. member instead of giving an answer in the house.

FREIGHT RATES

QUESTION AS TO VALIDITY OF CANCELLATION OF CERTAIN TARIFFS

On the orders of the day:

Mr. Arthur Laing (Vancouver South): Mr. Speaker, I have a question to ask the parliamentary assistant to the Minister of Transport dealing with Canadian freight association tariff 145, notice of cancellation of which has gone forward. Would he check as to the validity of the notice of the railways pending a ruling of the board of transport commissioners?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, the hon. member spoke to me shortly before I came into the chamber. I will see that an inquiry is made, and will give an answer if possible.

"MUSICOLOGIST"

USE OF WORD IN EXTERNAL AFFAIRS PRESS RELEASE

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I should like to ask a question of the parliamentary assistant to the Secretary of State for External Affairs. What is the meaning of the word "musicologist" which appears in a press release of the Department of External Affairs under today's date? The word is not to be found in either of the two volumes of the Oxford dictionary.

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): Mr. Speaker, I did not see the press release, but I shall have a look at it and later in the day, when the estimates of this department are before the committee, I shall give an answer to the hon. member.

SUPPLY

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

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

309. General administration, $1,936,980.

Hon. J. J. McCann (Minister of National Revenue): Mr. Chairman, the estimates for the customs and excise divisions of the national revenue department are made up of five votes totalling $23,790,574. Of this total amount, salaries for the staff comprise 82·75 per cent. In addition to the main estimates there is a supplementary item of $138,700, vote No. 735.

This division is responsible for the collection of customs and excise duties and taxes.

[Mr. Fournier (Hull).]

These revenues, and the work entailed in collecting them, rose in 1950-51 to $1,256,000,000, exceeding 1949-50 by $203,000,000. The budget speech delivered by my colleague the Minister of Finance forecast customs and excise revenues for 1951-52 of $1,487,000,000, which is an increase of $231,000,000 over last year. The revenues for April and May are running well ahead of last year.

There are many different aspects and functions in the work of the customs and excise divisions. However, perhaps the most significant single yardstick for measuring the volume of work in these divisions is the number of import entries. In 1950-51 this figure rose more than eight per cent over the previous year, and the preliminary reports for the first two months in this fiscal year show an increase in work of more than seventeen per cent over the corresponding months last year.

With regard to tourist traffic, figures for the first five months in 1951 indicate an increase of more than six per cent over last year in the number of automobiles entering Canada, and there is an increase of more than ten per cent in the number of people entering Canada other than by automobile.

All these things mean a greater volume of business, especially at border points. However, I would draw the attention of the house to the fact that despite the increasing work load I have mentioned, the customs-excise estimates for 1951-52, taking all five votes together, provide for practically no increase in staff over the previous year.

Obviously if we are to handle more work with the same staff it is necessary to increase efficiency of operations. One measure has been the merging of primary customs and immigration examination of travellers at frontier points. This program has been in progress for several months, and is being extended as rapidly as possible. We hope that the savings in manpower in my department and the citizenship and immigration department will be significant.

Another efficiency measure has been the improvement of internal procedures in our field offices and at headquarters. Every effort is being made to streamline our procedures and to handle the increased volume of work without adding to the staff.

Finally, I should point out that the maintaining of small customs-excise offices, employing only one or two men, is an expensive business, both in money and in manpower.

The first item to be voted is No. 309, general administration, amounting to $1,936,980. This vote represents the cost of maintaining the headquarters administration of the Customs

Act, the Customs Tariff, the Excise Tax Act, and the Excise Act, together with regulations established under these statutes. In addition to the administering of these statutes, the customs-excise division administers, in part, on behalf of other departments, approximately forty other acts, such as the Animal Contagious Diseases Act, the Canada Shipping Act, the Copyright Act, the Foreign Exchange Control Act, etc., and regulations relating thereto.

Mr. Macdonnell (Greenwood): I should like to raise a general question with regard to administration which is referred to in the public press this morning in connection with a recent judgment of the income tax appeal board.

Mr. McCann: We are dealing now with the customs and excise division, which will be followed by the taxation division. Perhaps the hon. member would defer his remarks until we reach the taxation division.

Mr. Macdonnell (Greenwood): It occurred to me that this was just a general question dealing with the attitude of the officials. I am not entering into any general criticism, and if the minister wishes to have it dealt with later on, that will be all right. Under what item would the minister suggest that I bring up this matter?

Mr. McCann: Item 314 deals with general administration of the taxation division.

Mr. Macdonnell (Greenwood): Perhaps the best item would be 317, which refers to the income tax appeal board.

Mr. Fleming: Last year when we were dealing with a similar item in the minister's estimates I raised a question with regard to the holding of sales in Toronto of goods seized for non-payment of customs and excise duties, and I should like to raise it again today. What I said last year is to be found at page 4300 of *Hansard* of June 28, 1950, where I am reported as follows:

> There is a matter which I should like to bring to the attention of the minister, if indeed it has not already been brought to his attention. It has to do with the customs service for the city of Toronto, and the methods now followed of selling goods that have been placed under seizure. According to my information the methods now being followed are not efficient, and are not yielding the full value that could be realized on the sale of goods. There was a time when goods were sold at auction by true auctioneers who gave adequate publicity to the sale. According to my present information that method was abandoned some time ago as a result of some patronage difficulties that the government encountered, and now the sales are simply carried through by members of the staff of the department who are not qualified as auctioneers.
>
> Here is a situation where more money could be yielded to the public treasury if efficient methods were followed in realizing the utmost possible on goods under seizure. I would ask the minister to look into this matter, and give it his personal attention because, according to the information I have, much more could be realized on the sales if efficient auctioneering methods were followed.

The minister replied as follows:

> I had not any knowledge that the method of disposal of seized goods had been changed. Notice of the auction is given to the public press and the goods are sold by auction. It may well be that there is a difference in the classes of auctioneers. Some auctioneers may be able to get a better price for goods than others, but the best possible price is realized when goods under seizure are disposed of. However I shall be glad to look into the suggestions of the hon. member for Eglinton, and if the method is not up to date we shall bring it up to date.

According to my information, the steps that have been taken to bring the methods up to date and to make them efficient have been entirely inadequate. According to the information which I have, sales which are held under the auspices of the department have been carried on with the minimum of advertising in the press and are not conducted by trained auctioneers. Under such circumstances it is inevitable that much less is realized from the sale of seized goods than might be realized if efficient methods were followed.

Formerly these sales were conducted by auctioneers who did considerable advertising and endeavoured to bid up prices in an effort to realize the utmost possible from the sale of goods. I am told that the government ran into some patronage problems in connection with the auctioneers, and there seemed to be some rivalry for the governmental largesse, so the government decided to dispense with the services of auctioneers. Whatever the government's difficulties may be in distributing its largesse, the fact of the matter is if they are simply going to use the services of people in the department who have no particular training in auctioneering, less is going to be realized on the sale of these goods than could be realized by the use of the services of someone trained in auctioneering goods.

I was given one example of a new article that was sold at a sale in Toronto about a month ago. I am told it was worth approximately $1,800, and on the sale something like $500 was realized. I was told by a person who attended the sale, having seen a little squib of an advertisement in the paper beforehand, or I think the notice at the dominion building in Toronto, that the article was valuable, and that if an attempt had been made to advertise the sale and to use the services of an efficient auctioneer to have the article bid up, a substantially larger sum could have been realized.

Just a few days after that sale I am told that another sale was held in Toronto, the department on that occasion using the services of an auctioneer. If they saw fit in the

case of the latter sale to retain the services of an auctioneer, I am more surprised that they did not on the earlier occasion, because the two occasions were separated by a matter of only a few days, I think less than two weeks; and a substantial loss resulted on the first occasion from inadequate prices realized because of not following efficient methods of sale. I hope that the use of an auctioneer on the occasion of the latter sale marks a departure in policy on the part of the government, and that we may be assured that from this time on steps will be taken to retain the services of efficient auctioneers and to give adequate publicity to the sales so that the best possible prices may be realized on the sale of seized goods.

Mr. McCann: I remember distinctly that the hon. member brought this matter up a year ago, and it was drawn to the attention of the officials of the department. Let me tell him immediately that there is no question of largesse or patronage in connection with it at all. We have felt that when we had an official within the department who could handle this matter it was unnecessary to go to the expense of having a licensed auctioneer. The sales have been advertised, and I think on balance we receive fairly good prices for the national revenue for the articles which are sold. After all, it is not a matter of receiving large prices for the articles that are sold. Our main interest is to recover the revenues that are coming to the department and to the crown by virtue of the duties.

Mr. Fleming: If the objective of the department is so limited, namely, simply to recover the amount of the duties that are owing on the goods, then certainly the duty of the department is to make these sales very widely known so that more than the few who happen to have the information about the sales being held may attend and take advantage of the choice bargains that are being offered.

Mr. Macdonnell (Greenwood): In the first place, it seems to me that what the hon. member for Eglinton has said is true. Second, I infer from what the minister has said that, notwithstanding what the hon. member for Eglinton said a year ago, there has been no disposition to change the procedure in any way but rather merely to justify what is being done. Finally, I find it difficult to understand that the objective should be merely to recover the amount owing. Either you are trying to sell it for what it will bring, or you are not. I certainly feel if all you are trying to do is to recover what may be against the article, it is such an unbusinesslike transaction that I rather think it lends itself to irregularities. I am shocked at that suggestion.

[Mr. Fleming.]

Mr. McCann: It is not unbusinesslike at all. It depends on the volume of goods in the king's warehouse at the time as to whether or not we will employ a licensed auctioneer or whether we will save money for the crown by having one of our own officials conduct the auction. All sales are sufficiently advertised. I think the hon. gentleman will appreciate on balance that the type of goods that are left unclaimed are not as a rule very valuable. We have all kinds of umbrellas, small parcels of clothes, and so on. If the hon. member attended one of the auctions he probably would not invest a nickel in anything they had there unless he was a real gambler.

Mr. Fleming: I simply want to express my opinion that the sales are not sufficiently advertised. If the minister is saying that a little squib about an inch deep lost in the inside pages of a newspaper is a sufficient advertisement, then his idea of advertising and mine are radically different. As to the saving of the fees of auctioneers, on this one article alone to which I have referred the sale realized about $1,300 less than the article was worth, and I think the committee will appreciate that there is enough in that one item alone to have provided the fees of a good many auctioneers on a number of occasions.

Mr. McCann: Would the hon. member give me the details of the specific case in which he thinks we did not get enough money? Our auctioneers and our own officials who carry on auctions have appraisal figures of what they think these articles are worth. We are not giving anything away. When the bidding reaches the point where we feel that sufficient has been offered, that bid is usually accepted; otherwise the bidding is kept open. I have never conducted an auction, although I have been at a few of them; but I think the interests of the crown are well protected by the method we employ. However, we will look into the matter further. I am told by my officials, as I was told after the matter came up last year, that the sales are advertised in the customs building and in the local newspaper.

Mr. Fleming: I should be glad to give the minister the particulars of this particular article that was sold. When he says that notice is given in the customs building, I should like to point out that is where a very small number of people learn of these sales. The advertising in the newspapers is quite inadequate, and the people who are getting notice of these sales at the customs buildings are the very limited number of people who apparently are making these purchases at very low prices.

Mr. McCann: I might explain that there are two methods used. One has to do with articles that are uncalled for, and the other has to do with seized articles, with valuable articles such as jewelry, diamond rings, diamonds, and so on, that are seized. We have an appraisal put on those by competent jewelry firms, and their value is watched when they are put up for tender, not for auction.

Mr. Low: I should like to pass on a suggestion which I think might help the minister to obtain the results he outlined to us, more efficiency and better work from the people in his department. I have occasion to cross and recross the United States boundary at different times in the year, and almost every year. I have noticed that when I come to a port of entry to return to Canada, often the officials are very busy. At times there may be two or three dozen people waiting to make a declaration of articles that they have acquired in the United States. As a rule when busses or cars discharge their passengers at the customs house, they will go to the desk and the officials will quickly distribute the appropriate form; I think it is E-24. The travellers are required to list the articles they have brought across. When they are finished and have signed their declarations, the government official has to pick up the forms, and in many instances I have noticed that he has to go back and classify the articles that have been declared. That takes a good deal of his time and holds up the whole crowd.

I have wondered if a suggestion of this kind could not be carried out; it would not cost very much, and I feel that it would help both the customs officials and the travelling public. You might print right on the face of the form the various headings under which the customs officer reports back to headquarters. For instance, the first heading I have noticed is automobile accessories; then automobile tires and tubes; then shoes, ladies', gentlemen's and children's; then clothing, ladies', gentlemen's and children's. It seems to me it would be quite simple to have these classifications printed on the forms. Then when the officials handed them out to the travelling public they would see at once that the articles were supposed to be declared in that order and would do so, and in that way save a good deal of time. For what the suggestion is worth I am bringing it to the attention of the minister.

Mr. McCann: I thank the hon. member for his suggestion. The reason they are assorted in this way is that at any important port there are different assessors. You would not expect an appraiser of automotive goods to be able to put a value on shoes; so they will move around. One appraiser may have three or four divisions, and that is why it takes a little time to allocate them to the proper person. However, the suggestion will be taken into consideration.

Mr. Low: Even where you have different appraisers I should think if the person bringing back the articles would fill in the form under some such classification as I have suggested, all they would have to do would be to hand the form on from one appraiser to the other, who could quickly make the appraisal.

Mr. Macdonnell (Greenwood): I want to ask one question concerning a remark made by the minister, that the department had some forty other acts to administer; I think those were his words. When we were dealing with public accounts yesterday it became clear at a certain stage that in respect of the national capital planning service there was a kind of parallel procedure and that the Department of Public Works was not in complete control. I think that is a fair inference from what the Minister of Public Works said—that there was not a clear chain of authority or responsibility. Would the minister give us one or two illustrations of the most important of these acts his department has to administer, so we may see how it works out there? And would he say whether or not there is any difficulty in respect to the chain of responsibility, as there clearly was with respect to the national capital planning service?

Mr. McCann: What I did say was that we had the administration in part of a great many other acts. I can give an illustration by reference to foreign exchange control. Instead of the board having to set up an administration of their own at border points we were asked to undertake and did undertake to do that work through our customs officers. I think that was a good move from the standpoint of both economy and efficiency. In the same way we have to do with the administration of many other acts. Another illustration is the Animal Contagious Diseases Act. If animals are shipped across the border they are held at customs, instead of the Department of Agriculture having officers of their own at all the ports. We notify them that a dog belonging to so-and-so is held at the customs point at Niagara Falls, and their officers clear whether or not that animal can enter this country. That is the type of work to which I had reference.

Mr. Macdonnell (Greenwood): In the case of the foreign exchange control board, where I understood clearly what the minister meant,

when officers of his department exercise the functions they do exercise at border points do their instructions come directly through this department or directly from the foreign exchange control board?

Mr. McCann: They come from the board through the department.

Item agreed to.

Customs and excise divisions—

311. Operation and maintenance, $18,244,353.

Mr. Applewhaite: This item deals with administration, and I should like to take a moment to outline to the committee and the minister a situation existing in one community of my district, which I think points a moral.

In the community of Atlin in northern British Columbia, entirely by their own efforts an airport was constructed at which for some years foreign aircraft might land and be cleared. According to my information the clearing was done by the postmaster, under some special arrangement, and his fee was a percentage of the fee he collected from those operating the planes. In other words if no planes landed there was no expense to the department. That permission was withdrawn in 1947, effective in 1948. We have no objection to the curtailment of service in the interests of economy, but in this case I submit there was no practical economy. Neither would we have any particular objection in that part of the country to a curtailment of service in the interests of security in time of war, when to have foreign planes landing at isolated places might not be a good idea. But I respectfully submit that in the years since world war II no question of security has been involved, and, so far as I am able to ascertain, no question of economy is involved.

The moral which I think this points, and which I would seriously submit not only to the minister but to the government as a whole, is that where departments of this kind, which I would call service departments as distinct from such departments as public works which are spending departments, can assist the smaller and more isolated communities to develop, even if only in a small way, at practically no expense to the government, very serious consideration should be given to extending that assistance, even though at times it may involve a slight departure from normal routine in the department.

Mr. Macdonnell (Greenwood): I want to ask one question which has come up on other occasions. Will the minister give us the total number of employees last year and this year, and will he specify particularly the number of temporary employees last year and this year, and indicate what is the position with regard to temporaries for the future?

Mr. McCann: The total number of employees in the customs and excise divisions at the end of May was 6,454. At the moment I am not able to give the division as between permanent and temporary, but the percentage of permanent employees would be pretty high, because this is an old department and people are being made permanent. It is true that in the summer months we do take on a number of temporary, part-time employees at the border points to handle the tourist business.

Item agreed to.

Taxation division—

314. General administration, $1,530,206.

Mr. Knowles: This is the first item in the taxation division—

Mr. McCann: Mr. Chairman, I should like to make a statement.

Mr. Knowles: Does the minister wish to make a statement first?

Mr. McCann: Yes. It has been my practice, in presenting to the house the estimates of the taxation division of the Department of National Revenue, to make a brief statement regarding some of the more important aspects of the division's operations.

On page 41 of the estimates will be found the items comprising the requirements of the division. It will be noted that with respect to the administration of the division itself, the estimates have been reduced by $3,816,000 as compared with the estimates for the fiscal year ending March, 1951, and that there is a reduction of $10,000 in respect of the estimates for the income tax appeal board.

At pages 321 to 326 inclusive will be found the details of the various items.

Of the total amount of $25,472,294 requested by the department, some $22,040,694 represents salaries. This compares with a figure of $25,330,550 in the estimates for the previous fiscal year.

When I last reported to the house, I stated that the staff of the department at the end of May, 1950, consisted of 10,477 persons. At that time I indicated that there would be a continuing shrinkage. At the end of May, 1951, the staff had come down to 6,944 people. This, I believe, represents substantially the minimum number that can efficiently maintain the operations. There may be some further reductions due to the release of unsuitable people, but it is my expectation that the total staff will not be less than at

present and may in fact tend to be slightly higher as and when suitable applicants for employment are available.

I should probably repeat that the introduction of new methods and procedures and the bringing of the work to a current basis have been mainly responsible for the material reductions which have been effected. It may interest hon. members to learn that as of the 31st May, 1950, the average monthly salary for the division was $190, whereas at 31st May, 1951, the average monthly salary was $245. This change is partly due to the salary increases recently put into effect, and partly due to the fact that the staff generally is more highly trained and tends to consist of persons in the higher grades. Obviously the reduction in dollar amount on a strictly comparable basis would be substantially greater if the salary scales in effect at present were those in effect in the year ending March, 1950.

At this point I should make brief reference to the volume of work. At the end of May, 1950, there was an inventory of individual returns of 745,868. At the end of May, 1951, this figure was 375,983, although the returns received in the three months ending May 31, 1950 and 1951, were respectively 3,121,800 and 3,314,288.

In respect of corporation returns, the figures are equally interesting. At the end of May, 1950, there were 26,723 returns in hand, whereas at the end of May, 1951, there were 18,887.

From my personal observations, I think it has been generally acknowledged that the public are receiving satisfactory service from the department's officers throughout the country.

The second largest item in the estimates represents printing, stationery, supplies and equipment. These total $1,253,500, compared with $1,605,000 in the estimates of last year. The actual expenditures last year were some $932,000, which represents a substantial reduction. The costs of these materials are continuing to rise, but every effort is being made to effect the most extensive economies possible in the production and distribution of forms.

Unfortunately it is not possible, apparently, to eliminate large waste in the forms supplied to the public through the district offices and the local post offices. The division has made efforts to persuade taxpayers to take only enough forms to serve their individual requirements but, for one reason or another, the consumption appears to represent more than double the theoretical need.

The next large item is travelling expenses. In the estimates this year, this amounts to $792,000 compared with $900,000 in the previous year. The actual expenditures were $620,000. The administration of the taxing legislation requires a great deal of travelling to be done in the field. The expenses themselves are checked with the greatest care by the department and by officers of the treasury. I am satisfied that only necessary travelling is being done and that it is being done at minimum cost.

Postage at $650,000 compares with $700,000 in the estimates for last year, and actual expenditure of some $515,797. This represents the postage account of the district offices only. Mail originating from head office at Ottawa is carried without charge to the department.

Law costs is the only item in respect of which the division is asking for an increased appropriation. This item for 1951-52 is $253,000, compared with $200,000 in the previous year. The greatly increased number of appeals since the creation of the income tax appeal board and the stepping up of the division's collection program were primarily responsible for the increase in legal costs.

I might comment briefly on some of the other larger items. Telephone and telegraph at $117,000 is substantially the same as last year at $120,000. Advertising is down from $60,000 to $27,000. This covers only the annual "file early" campaign conducted at the beginning of each year for the purpose of advising the public of the filing dates and the accessibility of the necessary forms, and the advantages of getting returns prepared and filed on time.

Bank charges at $57,000 compare with $60,000 last year and represent the payments to the bank in connection with the handling of ownership certificates.

Sundries at $196,700 are slightly down, from $222,000. This covers freight, express, cartage, armoured-car service, overtime meals, distribution of forms, etc.

With respect to the income tax appeal board, there is no important change in the appropriations required. The Hon. Mr. Justice Graham retired as chairman of the board at 31st December, 1950, and was subsequently replaced by Mr. Fabio Monet, K. C., of Montreal. Mr. R. S. W. Fordham, K. C., was added to the board as of April 1, 1951. The board has received since its inception some 750 appeals and has heard 335. Judgments in most of these have been rendered.

I should like to refer briefly to the collection program which I mentioned in my remarks last year. This program was undertaken to collect all 1949 and prior years' taxes by the end of March, 1951. As of the 15th April, 1951, there was outstanding, over 60 days old, some $11,500,000 in respect of which the division had not been able to effect or arrange for collection, out of a total amount outstanding at that time in respect of assessed returns of $72,600,000.

At the present time, the division is in a position to deal with delinquent taxpayers immediately an assessment has been issued, and it is expected that collections each year will henceforth be maintained on a current basis. Hon. members, I am sure, will agree that this is a highly desirable objective.

In speaking of collection action, I think it is appropriate to mention that overpayments of tax are being refunded to the public with great promptitude. In fact, as of this date, practically all refunds arising out of the filing of 1950 returns have already been made. There are some minor exceptions where the returns themselves could not be accepted, but generally speaking, all refunds, especially to the wage and salary group, are given first priority and are issued with the greatest dispatch. I mentioned this before in dealing with a point that arose when the house was in committee on the 1951 income tax legislation.

Last year I referred to the fact that the department still had on hand some 76,000 cheques payable to individual taxpayers covering refundable savings. At the end of April, 1951, there were still on hand some 67,655 cheques. Every possible effort has been made to find the payees. It is intended to turn the balance of these cheques back to the treasury this month.

Before closing, I should like to deal with three points which may be of interest to the house. First, the hon. member for Middlesex East made reference in the house recently to some difficulty that had arisen in his constituency regarding the basic herd. This problem was dealt with by the department in 1947 and 1948 and, after lengthy discussions with representatives of the farming groups, certain rules were drawn up which seem to be acceptable to and understood by those concerned. These rules were not intended in any way to change the law in the matter, but were prepared to enable farmers to understand where they stood and to help them take the necessary steps to establish their position.

The rules have been published in the *Farmer's Guide,* issued by the Department of National Revenue, during each of the last three or four years. They have also been set out in many farm journals and have been most widely circulated. The publication of these rules was done to help the farmer. They in no way add to or take away from his legal rights.

Second, it is my intention this year to institute a more vigorous campaign against tax evasion. The department has been successful in uncovering tax dodgers and has collected very large sums of money as a result of its efforts. It is intended to intensify these efforts, and I should like to take this opportunity to warn those persons who have guilty consciences to come forward while they can and straighten out their affairs.

In this regard I should like to direct a particular warning to those who collaborate with tax evaders and who actively assist in the carrying out of schemes of tax fraud. There are few instances in which an important tax fraud can be committed by a taxpayer without the advice and assistance of somebody else. This is a very serious matter, and I am sure the committee will agree with me that every effort should be made to root out those persons and to deal with them vigorously.

Third, the sub-offices at Victoria, British Columbia, Kitchener, Windsor and St. Catharines, Ontario, have been or are being converted into full district offices. At Sudbury suitable space has been acquired, and steps are being taken now to open a sub-office of the Ottawa district office in Sudbury. It is hoped that it will be possible to convert this into a full district office some time next year.

The opening of these offices should prove of great practical value to the communities which they serve. There are other points in the country which will be considered in due course, but difficulties of staff and space preclude any further expansions at the present time.

The explanations I have given are to assist hon. members in considering the estimates. I shall be glad, of course, to give any further information that may be required.

Mr. Coldwell: How many field investigators has the minister checking on possible fraud or evasion? Can he give us a break-down by provinces as to where they are operating?

Mr. McCann: All told we have 2,000 assessors from one end of the country to the other, from the Yukon to St. John's, Newfoundland. Upon the volume of work and size of the office will depend the number of assessors, but all these 2,000 assessors will

be engaged this present year or next year in tracking down evaders, in addition to their ordinary work of assessing.

Mr. Coldwell: What I meant was those who are out in the country investigating individuals. Can the minister tell us how many he has engaged in that particular work, and where they are located by provinces?

Mr. McCann: I am sorry, but I cannot give numbers. It is not a complete answer, but the answer is: a sufficient number to do the work. It depends on the volume and the type of work in the different places. For instance, we often move assessors into head office here, not so much to do a particular job, but as part of their training.

Mr. Coldwell: I must be frank with the minister—

Mr. McCann: I can give the hon. member the total number of staff in each district, but a break-down of the assessors, tax collectors and so on, is a little difficult.

Mr. Coldwell: What I really want to find out is whether there are more investigators in some provinces than in others on a population basis, because in some instances I think it is extraordinary that investigators seem to be quite active—I am not objecting to their activities—in some provinces, and collections from people engaged in the same industries in other provinces seem to be so much less.

Mr. McCann: I will give the hon. member an idea of the whole field. For instance, in the Halifax office there are 192 people; in the Quebec office, 282; in Montreal, which is by far the largest, 1,278; Ottawa, 430; Toronto, 916. Now, the west: In Regina, 214; Saskatoon, 173; Calgary, 240; Edmonton, 214. That is the number of employees in the offices, and we have a relative number in each collection division and assessing division of the total number in the office. I think I get the point that the hon. gentleman is trying to make. It is that we concentrate on some provinces more than on others in the matter of investigation.

Mr. Coldwell: That is it.

Mr. McCann: Let me disabuse his mind entirely of that. That is guided by the number of cases that we have under review and under examination.

Mr. Coldwell: I was expressing views that had been expressed to me, and I wanted to give the minister a chance to clear it up.

Mr. McCann: No discrimination at all.

Mr. Coldwell: I want to give the minister a chance to clear up these suspicions that are pretty widespread in some parts of Canada.

Mr. Cardiff: Why does the department insist on changing the income tax forms each year when they are used for the same purpose? I have reference to farm income tax. Each year the form is changed in some shape or form to collect the same kind of tax, only that it is set out in a different way.

I should like to draw the minister's attention to this. While it may be very easy for those who prepare these forms, it is rather difficult for a lot of farmers who have not very much education. They get accustomed to making out the income tax form one year, and the next year the form comes out in a different way, and they have difficulty in arriving at the answer. It is detrimental to the department itself. While perhaps some may make mistakes, although not intentional, it is a bad idea for the department to change the forms every year—and they have been changed every year for the last five or six years.

Mr. McCann: I am sure that if the hon. gentleman thinks over the matter he will realize that of necessity there are changes according to the changes in the statutes from year to year; but there have been no material changes in the forms of 1949, 1950 and 1951.

Mr. Cardiff: I realize that some changes are necessary.

Mr. McCann: The work was done and I think it is generally agreed that the short form and the larger form that we have now are much better forms. The only difference in the form is that the taxpayer, instead of having to make out three copies, makes one for himself and one which he puts in. Our constant aim is to improve the form, to have it simplified so that it will make less work. I feel we have accomplished that to a certain extent.

Mr. Cardiff: That may be true, but in addition changes have been made, but for the same purpose, that of collecting the same tax from the same source. The form is different, and many misunderstand it when they come to make it out, and find it awkward to arrive at the same answer. I know the law has changed in some respects, but this has nothing to do with that part of it. I do not complain about that.

Mr. Johnston: It has been stated in the press that corporations in Quebec will be allowed to deduct the education tax for income tax purposes. Does that apply to other provinces, and to individuals as well?

Mr. McCann: That judgment was given only yesterday by the income tax appeal

board. It refers to the province of Quebec, because, so far as I know, it is the only province with a special tax on corporations for educational purposes.

Mr. Johnston: But they will be allowed to make the deduction on their federal tax?

Mr. McCann: That is the decision of the income tax appeal board. If that decision stands, or is not further appealed to the exchequer court or the supreme court, it will be the law.

Mr. Knowles: Unless the law is changed.

Mr. Johnston: Then it will be applicable right across the country?

Mr. McCann: There is no tax known as a special education tax on corporations in provinces other than Quebec.

Mr. Diefenbaker: Just a passing reference to the appeal board about which mention has been made. I think it has done a remarkably good job, and has filled a need regarding which there had been complaints over the years with respect to arbitrary rulings. It was pointed out that there could be no appeal, except after an advance of a large amount of costs in the exchequer court. The board is performing its task fairly and expeditiously.

I rose to continue the discussion of the point raised by the hon. member for Rosetown-Biggar. I am particularly interested in the amount paid by farmers across this country by way of income tax. I should like to have the information by provinces. The statistics are available, and I should like to have it presented in that way. Then I should like to know the number of enforcement officers who are visiting the farmers. I do not think they are called enforcement officers, but have a high-sounding title.

Mr. Knowles: Assessors?

Mr. Diefenbaker: Oh, no.

Mr. McCann: Intelligence officers.

Mr. Diefenbaker: Intelligence officers; that is right. I knew they had a name of their own. Would the minister give me the number of them by provinces? Then would he tell me the amounts, by provinces, recovered last year by way of special assessments in connection with alleged frauds committed against the department? I understand the aggregate amount was considerable. I read about it in one of the national magazines some time ago; apparently, therefore, the information is available.

I should like to know also whether there have been any retirements among the high officials in any of the provinces, particularly in Winnipeg. Has there been a retirement at that point of an official some eleven or twelve years younger than the ordinary retirement age? I do not want to mention any names, but I should like to have the circumstances under which that retirement took place. This official received a salary of $8,000 a year, and I should like to know whether upon retirement he is on pension, and if so, the amount of the pension. I shall not ask the reason for the retirement, unless the minister wishes to give it. However, the matter has excited considerable interest—that this gentleman should have retired at an age far below the normal retirement age, particularly when apparently he was performing his duties with ability and efficiency. I do not think the minister will have any difficulty in knowing to whom I refer.

Mr. McCann: Mr. Chairman, the information I have is not broken down for farmers only. We do have one classification including farmers and fishermen. There would of course be no fishermen in Saskatchewan.

Mr. Diefenbaker: I thought there was some division, because there was reference in a national magazine to the distribution.

Mr. McCann: The amount collected in 1948 was $20,589,000, and in 1949 $19,198,000. Is there any district in particular the hon. member has in mind?

Mr. Diefenbaker: What was the amount by provinces?

Mr. McCann: We do not keep the information by provinces; it is kept by districts.

Mr. Diefenbaker: Would the minister give it for districts?

Mr. McCann: For instance, in Saskatoon the amount for 1948 was $2,200,000.

Mr. Diefenbaker: What is the figure for Regina?

Mr. McCann: In 1949 it was $3,614,000 for Regina, $3,030,000 for Saskatoon, $6,160,000 for Calgary and $997,000 for Edmonton.

Mr. Diefenbaker: No fishermen around there.

Mr. McCann: No. The hon. member will understand why it is not possible to have the information by provinces. For instance, the office in Ottawa would take in the area across the river, in Quebec.

Mr. Diefenbaker: Perhaps the minister would give the information for the districts.

Mr. McCann: The next question was as to the amount of money in the last year by reason of tax evasions.

Mr. Diefenbaker: But the minister has not completed the answer. The total was over $19 million, and he has accounted for only $13 million.

Mr. McCann: The $19 million is for all of Canada.

Mr. Diefenbaker: So far the minister has shown only Alberta and Saskatchewan, and he gives a total of about $13 million.

Mr. McCann: Here are the figures by districts:

St. John's, Newfoundland	$ 2,000
Halifax	46,000
Saint John	98,000
Charlottetown	6,000
Quebec	2,000
Montreal	47,000
Sherbrooke	1,000
Ottawa	37,000
Kingston	25,000
Belleville	29,000
Toronto	335,000
Hamilton	576,000
London	841,000
Fort William	164,000
Winnipeg	1,586,000
Regina	3,614,000
Saskatoon	3,030,000
Calgary	6,160,000
Edmonton	997,000
Vancouver	1,602,000

Mr. Fair: I would suggest that you transfer inspectors from the west to the east and some from the east to the west.

Mr. McCann: I realize the criticism that is being made, that not as much income tax is paid by farmers in Ontario and Quebec as is paid by farmers in the western provinces. But it must be remembered that it is a different operation. You have a commercial industrial type of farming in the wheat growing districts in western Canada, but in the province of Quebec it is more a way of life. The income is smaller and the exemptions are larger because of the big families. Mixed farming is carried on where the returns probably are not as high.

Mr. Coldwell: I think what the minister says is true to a degree, but I believe there is another reason. Farmers in the west deliver all their grain to the elevators, and every penny they get is known because a careful check is made by the department. But when I drive through eastern Canada I see large barns, fine dairy herds and so on, and I find it difficult to understand why the farmers are not making enough to pay income tax. Not only does it puzzle me; it puzzles everybody who drives through the country. I am not criticizing the individual farmer, but it requires more explanation than I can give when I am asked questions. I represent a rural constituency, and when figures of this kind are published, invariably some of my supporters want to know why it is that farmers in Saskatchewan and Alberta pay such large amounts in income tax, while the farmers in the east, with their fine barns and all the rest of it, do not pay anything like the same amount.

Mr. McCann: I assure the committee that there is absolutely no discrimination with reference to the application of the law. I have wondered the same thing myself. In the vicinity of Montreal there are many beautiful farms with large barns, but many of them are hobby farms. Previously the owners were permitted to write off their losses on the farm against their other businesses, but that has been changed and this year they are allowed only a maximum of $5,000. That picture will be changed.

Mr. Diefenbaker: How many of those hobby farmers were there?

Mr. McCann: I have not counted them.

Mr. Diefenbaker: How many intelligence officers are there? This is something the farmers in the west find difficult to understand, because when estates are wound up they seem to be quite small. Apparently they have paid it all out in income tax.

Mr. McCann: The total number of intelligence officers is 83, divided up as follows:

Head office	10
Halifax	1
Saint John	1
Quebec	5
Montreal	35
Sherbrooke	1
Ottawa	5
Belleville	1
Toronto	7
Hamilton	2
London	4
Fort William	1
Winnipeg	2
Regina	2
Saskatoon	1
Calgary	1
Edmonton	1
Vancouver	3

Forty per cent of the total are in Montreal.

Mr. Diefenbaker: Are these gentlemen with the euphonious name those who look after farm income tax matters?

Mr. McCann: No.

Mr. Diefenbaker: I know in my own constituency there are individuals who seem to be engaged in agricultural checking.

Mr. Knowles: Very efficient.

Mr. Diefenbaker: I am not criticizing their efficiency; I am thinking of the number that seem to be on the march. It is for that reason that I should like to know how many there are of these people who go round from farm

to farm. The figures given by the minister would indicate that there are only three in Saskatchewan.

Mr. McCann: What the hon. member is referring to is the assessor who goes out and does the work. Much of this information was given in answer to a question asked by the hon. member for Assiniboia and reported on page 662 of *Hansard* of February 26, 1951. The hon. member asked these questions:

What amount of income tax was paid by farmers in each province for each year from 1940 to 1949 both inclusive?

How many income tax inspectors dealing with farm income tax were employed in each province for each of the above years?

Mr. Diefenbaker: What is the total?

Mr. McCann: 322.

Mr. Diefenbaker: How many in Saskatchewan?

Mr. McCann: 74.

Mr. Diefenbaker: We certainly have a good proportion.

Mr. Harkness: If I heard the minister correctly, I believe he said the amount collected in Calgary was some $6,100,000 and in Edmonton, $900,000 odd, or less than one-sixth. Where is the division line between Calgary and Edmonton? How can the minister explain that great disparity? I think anyone who came from around Edmonton would contend that their farm land was better than the farm land around Calgary, although I do not say I agree with that. I just cannot understand this great disparity.

Mr. McCann: Experience has shown that there are a greater number of small farms around Edmonton and the revenue is less.

Mr. Harkness: Where is the dividing line—at Red Deer?

Mr. McCann: About Red Deer.

Mr. Harkness: It is inconceivable that there should be between six and seven times as much collected from Red Deer south as there is collected from Red Deer north; it just does not add up.

Mr. McCann: It might be of interest to note that there are almost twice as many taxable farm returns in Calgary as in Edmonton, 10,930 as against 5,070. The total filing returns in Calgary was 22,800, and in Edmonton 23,750. There were very nearly the same number of returns filed in each of those two offices, but when it came to the matter of income it was found that there were almost twice as many taxable in Calgary as there were in Edmonton. They may have a lot of side investments in the new oil developments around Calgary.

Mr. Diefenbaker: Would the minister give the record of the number of farmers returns throughout Canada by districts?

Mr. McCann: Yes. The latest figures are for 1949, and the number of returns filed by farmers is as follows: St. John's, 140; Charlottetown, 3,410; Sydney, 420; Halifax, 4,320; Saint John, N.B., 31,270; Quebec, 2,630; Sherbrooke, 1,520; Montreal, 1,550; Ottawa, 5,320; Kingston, 3,200; Belleville, 5,200; Toronto, 5,760; Hamilton, 11,190; London, 17,850; Fort William, 950; Winnipeg, 26,270; Regina, 31,450; Saskatoon, 22,160; Calgary, 22,800; Edmonton, 23,750, and Vancouver, 15,500.

Mr. Gauthier (Portneuf): Every session the question arises here about the difference between the income tax paid by the farmers of Quebec and the farmers of other provinces. I have a proposal to make to my friends from the west or from Ontario. Why do you not come and visit us? Our homes are open to you. Come and spend a week or so with us. We will show you around. Many of our farmers speak and understand English, and if they do not, we will try to be honest interpreters. You will see what is going on, and you will understand far better than you do now.

Mr. Diefenbaker: I have had that privilege, and I never found any more hospitable people anywhere.

Mr. Gauthier (Portneuf): Come again.

Mr. Diefenbaker: I shall be glad to come again. I was not dealing with that. I am dealing with the fact that the farmers of Saskatchewan seem to be the ones most sought out. That is what I am speaking about. According to the figures that I took down, 53,610 farmers in Saskatchewan made returns last year, and even in the face of such returns we are placed in the position of having in that province the largest number of enforcement officers with one exception. As a matter of fact the farmers of Saskatchewan say that we have got so many of them going around that they have to wear some form of identification so that one will not be after the other. I mention that situation not because, as the minister says, there is any discrimination, but because it is very difficult to understand why that should be so. Yet when these farmers come to the end of their lives and their estates are wound up, there are very small estates in that province.

Mr. Coldwell: We are constantly being asked questions about this matter. I know I am, and it is and will be difficult to explain why there are 74 of these investigators or assessors in Saskatchewan and, for example,

92 in Ontario, Alberta has 51, with a smaller area to cover and a smaller number of farmers; but when you look at the other provinces it is difficult for a member of parliament to explain this matter. After all, while we are not members on the government side of the house, we are often expected to give answers to questions dealing with government administration. I agree with the hon. member for Lake Centre that it seems that in Saskatchewan there is more activity in this regard than anywhere else in the dominion.

Mr. McCann: One of the reasons for that is that there appears to be a little more difficulty in getting the necessary information in Saskatchewan.

Mr. Coldwell: No.

Mr. McCann: That is the experience. If the returns were complete they would not need to go to the farms at all, but by reason of incomplete returns, by reason of lack of information, it is necessary, and it is more economical and produces better results, for the assessor, instead of sitting behind a desk in the office and waiting for all the information to come in by mail, to go out and visit the farmer.

Mr. Coldwell: It seems strange to me that the Saskatchewan farmer is less able to make out his income tax return than other farmers, particularly when all the facts are available. He delivers practically everything he produces to the elevators, and it is inconceivable that it would be more difficult for him.

Mr. McCann: The elevator does not fix the amount of his claimed expenses.

Mr. Coldwell: No, but on the other hand other people have expenses and claims, and one cannot say that they find it difficult to make out their income tax returns.

Mr. Cruickshank: I am sure the hon. member for Lake Centre and the hon. member for Rosetown-Biggar do not want to imply that because of the beautiful barns the dairymen should be paying more. The reason the dairy farmer has not made as extensive returns is that he has not had the returns. I am sure the hon. member for Rosetown-Biggar and the hon. member for Lake Centre would like to see the dairyman get his fair share, but he does not; therefore he is not in a position to make these returns. I accept the hospitality of my friend from Quebec, and I would invite these hon. members to come to Fraser Valley. They will see beautiful barns there, but they all belong to doctors or lawyers who have hobby farms. They are not dairymen. When I heard that there have been 15,550 returns from the small agricultural district in British Columbia, then I think that Saskatchewan has been exceedingly lucky.

I do not want the impression to get out that the farmers of the Fraser valley and the province of British Columbia have not been paying their fair share just as much as the farmers of Saskatchewan. One difference in British Columbia, and particularly in the Fraser valley, is that we are home—

Mr. Knowles: Is there anything else in British Columbia besides the Fraser valley?

Mr. Cruickshank: —to make out our income tax forms. We are not like the wheat growers. We are not able to go to Florida or California. We are home to make out our returns.

Mr. Coldwell: That is a legend.

Mr. Cruickshank: Do not leave the impression that the dairy farmer of British Columbia is not paying his fair share.

Mr. Macdonnell (Greenwood): Do I understand that the hon. member for Fraser Valley, whom I have always regarded as the great representative of the dairy industry, has now told us that he represents hobby farmers?

Mr. Cruickshank: I must admit that in our province one accepts the responsibility when elected of representing the actual farmers and those of the trust companies who come to British Columbia to retire.

Item stands.

At one o'clock the committee took recess.

The committee resumed at two o'clock.

DEPARTMENT OF EXTERNAL AFFAIRS

Department and missions abroad—

84. Departmental administration, $2,272,597.

Mr. Pearkes: Has the Prime Minister any further statement to make regarding the Ming Sung episode, for which reason this item was allowed to stand when it was first called?

Mr. St. Laurent: On June 15, on the suggestion of the leader of the opposition, this item was allowed to stand pending such further information as might be obtained from Hong Kong. Information has been obtained from our trade commissioner in Hong Kong that immediately upon receipt of our inquiry he made a preliminary investigation; that he had read the guild's letter and had communicated with the "Ming Sung Industrial Company Limited (H.K.)"—which

I take it means a company having a Hong Kong charter—as well as with various Hong Kong government officials by telephone, explaining the matter to them and asking for preliminary comment.

The trade commissioner informs us that each of the government officials gave an immediate opinion that so far as he was concerned the charges in the guild's letter seemed fantastic. For example, the director of marine denied absolutely that the vessels were contravening any regulations within his purview. Indeed he said that so far as he was concerned the vessels were the best operated of any based on the harbour, and that there was certainly bias in the opinion expressed by the guild. The personal assistant (trade) to the director of commerce and industry stated that he had never seen any reason to suspect the ships of smuggling gold or anything else, and that to his knowledge the Ming Sung Industrial Company had never been charged with carrying strategic materials whose export was prohibited, or any item for which an export licence had not been issued by the department. Of course the Ming Sung company itself scouted the idea that there was any wrongdoing by their ships.

Then he made inquiries about this so-called Russian captain. There is a captain Peter Francis Hanisch master of the *Yen Men*. He ascertained that this man was born of mixed parentage in Ningpo, Chekiang province, in 1886, his mother being a Chinese woman and his father a British subject named Joseph Hanisch, employed in the Chinese maritime customs. Both parents are dead, and it is now difficult to get positive verification of these details, but Hanisch had shown our trade commissioner a photostat of his certificate of Chinese naturalization dated April, 1947, issued under the Republic of China Citizenship Act, and the commissioner was quite satisfied that he is a Chinese. He says there is no other person associated with the operation of these ships whom the guild could have had in mind as possibly being a Russian.

With respect to the charges of gold speculation, it may very well be that, as happens very frequently, passengers have been charged with individual smuggling, but there was nothing attributable to the operation of the ships themselves. He examined a recent cargo manifest and found nothing on it that was on the list of the Hong Kong authorities as strategic materials. There were some items for which we require export permits from Canada, but none that was not in the categories that were being traded out of Hong Kong. He states that of course there the situation was rather difficult—balancing the warehousing trade of the crown colony, which is its means of existence, and the desirability of keeping possible strategic materials away from the Chinese communists. He pointed out what we already knew, that their list of strategic materials was not as extensive as ours and was not as extensive as the United States list, and, as a matter of fact, that the Americans wanted to interrupt all trade of any kind with Hong Kong.

Mr. Diefenbaker: Will the Prime Minister allow a question?

Mr. St. Laurent: Yes.

Mr. Diefenbaker: What were the items that would be permitted under the Hong Kong regulation but would have been denied export under Canadian export authority, and were being carried in these ships?

Mr. St. Laurent: I do not know that I could give a full list of the things that are prohibited under the Hong Kong regulation.

Mr. Diefenbaker: Generally speaking, what were they?

Mr. St. Laurent: He did point out that he had found many materials that had been carried and that would be on our strategic materials list and not on the Hong Kong materials list. There are the following:

Used trucks, 16; tires, 80; galvanized iron piping, 10,800 feet; radio receiving tubes, 1,600; condensers, 650; microscopes, 35; loud-speakers, 200.

The following quantities of tons: tinplate waste, 8; paraffin wax, 134; scrap metals, 50; zinc sheets, 32; bleached or bleaching powder, 20; emery grains, 2½; asphalt, 9; iron bars, 20.

Mr. Diefenbaker: Those are tons?

Mr. St. Laurent: Yes. Caustic soda, 15; iron strapping, 3½; brass rods, 1; used copper tubing, 6½. In his opinion these quantities themselves were not unreasonable.

Mr. Diefenbaker: That is the entire list?

Mr. St. Laurent: That is the entire list we got from him. He claimed that he had checked all the manifests for the period in question. Then he pointed out that they were tightening up the lists there. I understand that since June 25 the amendments made there make their list practically the same as ours.

Mr. Diefenbaker: That was the announcement by Sir Hartley Shawcross.

Mr. St. Laurent: Yes. I think that is the only information I can give.

Information has already been given in the house about the way in which the ships were operating. Two of them are on regular scheduled service. If it is desired that I put

on the record the information, here it is. Present routes of the seven vessels are as follows:

S. S. *Hu Men* and S. S. *Yu Men* are laid up. S. S. *Yen Men* laid up since September 15, 1949. Canadian registration effective on June 13, 1950. First operation, March 20, 1951 and resumed service on June 17, 1951, carrying cargo between Hong Kong and Canton. M. V. *Lung Men,* Hong Kong, Macao and Canton. Run every Monday, Wednesday and Friday. M. V. *Chien Men* occasionally Hong Kong and Canton run. M. V. *Shih Men* and M. V. *Chi Men* as reserve, occasionally for Hong Kong and Canton run.

I think I mentioned yesterday, in answer to a question by the hon. member for Lake Centre, that our information was that something over thirty ships of British registry had exemption from this requirement of British subjects only being used as officers.

Mr. Diefenbaker: Will the Prime Minister allow a question there?

Mr. St. Laurent: Yes.

Mr. Diefenbaker: Would those thirty ships' exemptions include the entire crew, or just one or more members of the crew?

Mr. St. Laurent: That I do not know. I can put on the record, as I have it here, the way the information was given to us. I will have to paraphrase this because it came in cipher. It refers to a telegram about ship exemptions, and to about thirty British ships based on Hong Kong, being small coasting steamers and sea-going tugs, operating without British officers because of lack of such British officers. There is no specific information as to whether it applies to the whole crew or just to individual members or individual officers.

Mr. Diefenbaker: But these are just small tugs and coasting vessels?

Mr. St. Laurent: Small coasting steamers and sea-going tugs.

On the whole, I must repeat that, from the very inception of this matter, I have been greatly concerned about it. I have used all possible means to secure information. There may be diverging views as to the propriety of allowing to be performed the operations that were allowed by the crown colony of Hong Kong. There may be those who believe that the policy the United States recommended would have been the preferable policy, namely, to break off trade entirely. But that was not the view we took. We took the view that the United Kingdom authorities, with their long experience in oriental foreign policy, were certainly as well informed as we could be about the situation, and certainly as careful as we ourselves would be about the security and success of their men and ours operating in Korea, and that there was no requirement that we should attempt to assert that our wisdom and our consideration for the proper safety of our men was greater than theirs.

Mr. Pearkes: I appreciate the endeavours the government has made to obtain the additional information on this question which was raised some two weeks ago. I also appreciate the difficulties which exist in obtaining information from Hong Kong. Correspondence takes many weeks to come in the ordinary course of events, and even an air mail letter takes four or five days to come from Hong Kong to Ottawa. Since this question was raised I have received cables, letters, press reports and photographs from Hong Kong, from sources which I have every reason to believe are thoroughly reliable. So far as I know, some of them have no connection whatever with the China coast guild.

Regarding that organization, the Secretary of State for External Affairs on June 15, when this matter was under discussion, asked whether I associated myself with the accuracy of those statements, or their inaccuracy, as he said. I have taken every means at my disposal to find out the degree of reliability and responsibility that might be placed upon the organization known as the China coast guild of navigating and engineer officers. I am pleased to associate myself with that organization to the extent that I believe they are composed of thoroughly responsible officers. They are officers of the merchant marine, and I have no reason whatever to believe that they would attempt to give information which was not to the best of their knowledge absolutely correct. Much of that information has been supported by letters that I have received from other people.

In his remarks the Secretary of State for External Affairs said that I—referring to myself—would not be so happy about the sources of my information when additional information was received by the government. I must take exception to that remark, because the source of my information was in the main the China coast guild, an organization, as I say, of responsible officers of the merchant navy. I would call the attention of the committee to the fact that only a few years ago, during the second war, we were referring to the merchant navy as the fourth arm of the service, and I cannot help thinking that to cast any sort of doubt on the reliability of that organization is an insult to the men who played such a gallant part in the last war.

As I say, I have taken every step that was possible and open to me, short of going to Hong Kong, which was not practicable, to verify the correctness of their statements. The first statement made in the letter was a description of the routes which were being travelled by these seven ships of the Ming Sung company. The Prime Minister and the Minister of Transport gave that information. The Minister of Transport on June 21, at page 4412 of *Hansard*, said:

> I have been informed that two vessels, the *Lung Men* and the *Chien Men*, are operating between Hong Kong and Macao; two vessels, the *Hu Men* and *Yu Men* are laid up at Hong Kong and have been laid up there for the past ten days.

It is quite reasonable to expect that. One must remember that these vessels were originally built for the river trade. The fact that for months they have been trading in the open sea would naturally result in the slackening of their bottoms, which would require extensive repairs. Then he goes on to say:

> I am further informed that three vessels, the *Shih Men*, the *Chi Men* and the *Yen Men*, are operating between Hong Kong and Canton but not on a regular service.

That is a little difficult to relate to the statements which appeared in the journal of the Department of Trade and Commerce called *Foreign Affairs*, where under date of June 1 we are told:

> The steamship *Chien Men*, the Canadian-built river vessel belonging to the Ming Sung Industrial Company, departed on the first trip signalling the resumption of regular passenger service between Hong Kong and Canton. Although the Ming Sung vessels have been running a weekly service to Canton via Macao and ferrying Malayan-Chinese repatriates to the mainland, for several months, this sailing of *Chien Men* marked the first resumption of direct scheduled Hong Kong-Canton service since the latter port was occupied by the Chinese communists almost two years ago. The new service will operate three times a week, leaving Hong Kong every Monday, Wednesday and Friday.

According to the exemptions dated May 9, contained in sessional paper 124-B and tabled on Wednesday, June 20 of this year, the relaxation is granted to these ships, ships permitted to clear for voyages between Hong Kong and Macao. I call attention to the fact that there is no mention whatever of any relaxation being granted to these ships to trade direct from Hong Kong to Canton. That was the reason I asked the Prime Minister this morning whether there was any further exemption or extension of exemption which would permit the vessels to clear from Hong Kong direct to Canton.

On June 15 the hon. member for Leeds asked the Secretary of State for External Affairs if there were ships flying the flags of other nations of United Nations plying on this triangular route. I presume that that meant of course the Hong Kong-Macao-Canton route. The Secretary of State for External Affairs said, at page 4198 of *Hansard*:

> To the best of my knowledge there are a great many ships still engaged in the China trade.

The hon. member for Leeds said:

> I refer particularly to ships flying the stars and stripes or flags of the commonwealth or of France.

As I say, the Secretary of State for External Affairs in his reply said:

> To the best of my knowledge there are a great many ships still engaged in the China trade.

I have made every inquiry that I can, and to the best of my knowledge there are no British ships or United States ships plying into Canton under their own flags. There may be Chinese vessels plying between Hong Kong and Canton, but so far as I can find out—and I have checked with official sources—there are no British or United States vessels flying those flags trading between Hong Kong and Canton. I think that is quite reasonable to assume, because there is an embargo so far as the United States is concerned, and if these vessels did enter a communist port the chances are that they would be seized. I mention that merely to emphasize the uncertainty and difficulty that there sometimes is in getting accurate information.

In pre-war days British-owned vessels did carry passengers and cargo from Hong Kong direct to Canton. As I have said, so far as I know there are no British or United States vessels entering Canton now. The advice I received from Hong Kong is that if they attempted to do so they would be shot at from that point. Therefore all evacuees and cargo going direct from Hong Kong to Canton, such as evacuees or repatriates from Malaya, Singapore and Indonesia, would have to travel on these *Men* vessels, if they went direct from Hong Kong to Canton. As we have been told in the official report of the Department of Trade and Commerce, this repatriation is going on.

I now come to the question of crews. Exemption was granted to this company to employ ships' officers of other than Canadian or British nationality. There was some question about one of those officers, and the information I had concerning one Hanisch corresponds very much with the remarks of the Prime Minister today. He is of mixed parentage, his mother being a Chinese woman. My advice was that his father was an Austrian, while the Prime Minister's advice was that he was a British subject. That is immaterial. He has been a nationalist Chinese. One point which must be noted at this time is that the company has never

stated that these Chinese officers and crews are nationalist Chinese. I suppose that is probably because if they were nationalists they would be arrested on the very next trip they took into Canton. I do not think there is much doubt about that. The only reasonable assumption that can be made is that for purposes of their own safety, these men have acknowledged themselves to be communists in order that they might trade into these communist ports. To suggest otherwise I think would be to avoid facing up to the reality of the situation. In present-day China any resident or inhabitant who is not a communist—well, there is no question about it; it is just a case of being a communist, or else.

The report of May 9 gives as the reason for the exemption that there were no British subjects with certificates of competency available for employment as masters and ships' officers. That is so. But it is rather contradictory, I suggest, to state that we must consider the evidence given by the China coast guild as being biased, presumably because their members want to get those jobs. British or Canadian officers are either available or not available. And if there are no members of the guild available to take over those duties, I do not see why the evidence of the guild should be considered biased.

Now we come to the question of cargo. The Prime Minister has read out a list of certain articles, which corresponds in a general way with some of the information I have. I have information to the effect that steel plate, railway material, ship repairs and lumber have been shipped in pretty considerable quantities. To give a specific example, I understand that on or about June 14 this year, the date on which this question was raised in the house, sixty tons of steel wire was shipped on one of these vessels out of Hong Kong to Canton.

The Prime Minister is reported in the Ottawa *Journal* as having admitted that limited supplies of scrap iron and rubber tires were shipped from Hong Kong to Red China. I think the information that has been given already this afternoon supports that. I suggest that while it may be possible for a reasonable check to be made on shipments direct from Hong Kong to Canton, no such check can be made on shipments from Macao to Canton. So far as I know, there is no Canadian or even British ambassador or trade commissioner in Macao. The means of checking those shipments would be extremely difficult, and one would have to rely entirely upon Portuguese officials.

Mr. St. Laurent: And upon the manifests that the Chinese officers of the ships would have.

Mr. Pearkes: I will come to the question of manifests. No doubt shipments which were consigned to Macao in the first place might be reconsigned to Canton without even being unloaded at Macao. To indicate the extent of the trade that there is in commodities which we must say are of essential value, and possibly of considerable strategic value to China, I would quote briefly from a Hong Kong paper this United Press dispatch dated at Macao June 23, under the heading "Frantic rush to beat export ban":

> Large amounts of strategic materials are being rushed here from Hong Kong in a last-minute bid to beat the June 25 deadline when the Hong Kong export ban comes into force.
>
> Regular steamers from the British colony are calling here with crammed holds. Cargo space on Macao-bound sailings are fully booked through Sunday and frantic merchants are chartering junks in order to clear out their stocks from Hong Kong before Monday.
>
> The main items involved are machine and automobile spare parts, steel plates, rods and wire.

It will be recalled that in the local papers there was an announcement of a junk having been seized immediately after that. One will note that since that question was raised in the house the British government has seen fit to tighten its regulations regarding exports of materials from Hong Kong. Starting on Tuesday—I believe that was the 25th—there was to be a complete embargo of strategic goods coming out from Hong Kong to China. The Hong Kong government was being requested to set up an import licensing system which would keep out war materials from non-British sources intended for re-export to the Chinese communists.

There is every indication that this unfortunate trade has been going on. While it may be desirable to maintain trade with China, undoubtedly certain sources have abused that privilege, or stretched it to the very limit, and have been sending out materials which are considered of strategic value. I suggest that, while it may be extremely difficult to obtain precise information, a check of the import and export manifests would possibly disclose some of the articles that are being sent. They should disclose all, but the run between Macao and Canton will probably be retained with offices at either Macao or Canton, and it might not be difficult for manifests to disappear, or even for false stamps to be obtained.

I am sure that our trade commissioner in Hong Kong will do his utmost to check and supervise this trade. He is a young man known to me, and I cast no reflections upon his ability. He is in his early thirties, and

had a distinguished record in the last war. He joined the trade commissioner's branch, I think in 1949, but despite his ability and energy undoubtedly he will be lacking in some of the experience necessary to cope with the numerous ramifications of oriental negotiations.

We have had little information about the financial side of the deal. We are told that there are three Canadian banks involved, and that payments are being made now.

I come now to what may be described as the personal side of this unhappy controversy. It will be recalled that the Secretary of State for External Affairs made the statement when replying to me that I should be sorry for having raised this problem.

Mr. St. Laurent: I think if the Secretary of State for External Affairs were here he would say that he was sorry that the debate had taken that turn. I am sure that all hon. members realize that the hon. member for Nanaimo has been attempting to get as accurate information as he can, and I hope he will realize that we on our side have been doing likewise. We may draw different conclusions from the information we get, but I am sure that the Secretary of State for External Affairs would wish to state publicly that he felt that the hon. member for Nanaimo was doing his best to serve the interests of all Canadians, particularly those Canadians who are serving so gallantly on the peninsula of Korea.

Mr. Pearkes: I thank the Prime Minister for that statement, because I was going to ask him to express similar sentiments to the end that I should not be expected to feel sorry for having attempted to do my duty in bringing before this house a most serious situation.

Mr. St. Laurent: I made the statement because I am sure, from my knowledge of the Secretary of State for External Affairs, that that is the kind of statement he would have been most happy to make.

Mr. Pearkes: I am pleased to accept that statement, which I think will close the personal side of this matter. I can only express the hope that now that so much information has been placed at the disposal of the government, the government will pursue the investigation with energy. If it is considered necessary to make further investigation, or possibly to restrict further exports or conveyance of materials to the enemy, I hope that that will be done.

Mr. St. Laurent: I think probably we all feel that since the statement of Sir Hartley Shawcross in the House of Commons we are now seeing pretty much eye to eye with the British authorities. Their experience will be of assistance to the good will and natural capabilities of our young trade commissioner who is on the spot.

Mr. Fulford: I should like to explain to the hon. member for Nanaimo why I asked the Secretary of State for External Affairs if there were not other ships of countries of the United Nations and the British commonwealth sailing from Hong Kong to Macao and Canton. A friend of mine and his wife are at present waiting in Shanghai to be repatriated. They are unable to leave directly from Shanghai due to the blockade by the nationalist government of the mouth of the Whangpoo river. They have two alternatives. They can go overland by way of Nanking, Peking and Tientsin, and take a British ship from there. As an alternative they can go to Canton and be repatriated from Canton to Hong Kong. Under the circumstances it may be a good thing that there are Canadian ships that will be able to repatriate, not only Canadian citizens and British subjects, but other nationals who have been unfortunate enough to be caught in communist China.

Mr. Adamson: I have one brief suggestion to make to the Prime Minister. At the present time we have no minister or chargé d'affaires in Austria, and I should like the Prime Minister to give this some consideration. There is no country in Europe that offers such extraordinarily valuable grounds for the supply of information, and this is particularly true of Vienna. I realize that we have not signed a formal peace treaty with Austria when we have done so with western Germany, and there are probably difficulties in the way, but I do believe it would be worth while for Canada to be represented there.

The Chairman: It was agreed that this item would stand in order to discuss the Ming Sung affair only.

Mr. St. Laurent: Notwithstanding the agreement, may I say that the matter is receiving and will continue to receive careful attention. We hope that there will be developments in a relatively short time in the theoretical state of war which still exists. The United Kingdom, the United States, France, ourselves and others are discussing how to do that and what will be the opportune moment.

Mr. Diefenbaker: It was well for the Prime Minister to pay a tribute to the hon. member for Nanaimo for having brought up this matter, and it seems more than a coincidence that since it was brought up an announcement has been made by Sir Hartley

Shawcross respecting the denial of further exports of a strategic nature to Canton from Hong Kong. However, one other matter which was mentioned by the hon. member for Nanaimo deserves attention. In this issue of *Foreign Trade* appears an item which refers to the fact that on May 21 the S. S. *Chien Men* resumed passenger service between Hong Kong and Canton. Then it goes on to say that Ming Sung vessels have been running a weekly service to Canton and ferrying Malayan-Chinese repatriates to the mainland. Certainly those who are being repatriated in those ships flying the Canadian ensign with the maple leaf on it are in fact communists returning to communist China; otherwise they would not be repatriated. I should like to ask the Prime Minister what is going to be done with a view to ensuring that ships flying the Canadian flag will not in fact be used to carry communists back to communist China.

There is something mysterious about the two other ships. The other day the parliamentary assistant stated that there were nine ships altogether comprising the ships built in Canadian yards and turned over to China. Two disappeared under communist control. Five are carrying the Canadian ensign, and we have never been able to find out, or at least it has not been clearly stated, what has happened to the other two.

Mr. St. Laurent: Only seven were transferred to Canadian registry. There are two of them that have constantly been laid up in the harbour. They have not been put into operation. Since the transfer to British registry it is our information that they have remained inactive and that they are in the port of Hong Kong.

Mr. Diefenbaker: What about the other two?

Mr. St. Laurent: There are two about which we know nothing.

Mr. Diefenbaker: They are actually missing?

Mr. St. Laurent: They are missing, probably like the ships that pass in the night. So far as our knowledge is concerned, they have passed into the night. With respect to the other matter, the trade commissioner is being supplied with reports of everything that has been discussed here, and I suppose from time to time we will get further information from him because he is being informed of all that has been the subject of controversy here, and has been asked to get us all possible information.

Mr. Diefenbaker: Can parliament and the Canadian people be assured that, having regard to what has been brought up here and the investigation that has taken place since, what was taking place before the hon. member for Nanaimo brought the matter to the attention of the house will not be permitted to continue?

Mr. St. Laurent: I should not like to give any undertaking as broad as that. These refugees from Malaya may be what are called, in the information we get, passengers travelling from Hong Kong to Canton. I would imagine that some might be inclined to say they are refugees being repatriated to the mainland of China.

Mr. Diefenbaker: That is what they were called in the press dispatch.

Mr. St. Laurent: Yes, and that is quite possible. I am not discrediting the press dispatch, but my hon. friend knows as well as I do that when newspapermen have not accurate information as to the reasons or explanations for things, they find explanations of their own. The newspaper *Le Droit* had a very curious explanation the other day of the fact that we were having a caucus.

Mr. Diefenbaker: I am not going to enter into controversy with the Prime Minister on this matter, but this is not a newspaper report. This is a report of the foreign trade service of Canada from Hong Kong in which it is stated that the Ming Sung vessels have been running a weekly service ferrying Malayan-Chinese repatriates to the mainland. That was not just speculation. That was in the monthly issue of the publication *Foreign Trade,* issued by the Department of Trade and Commerce under the name of the Minister of Trade and Commerce. It is for that reason I point out that it is stated therein that these ships were being used for that purpose. I ask the Prime Minister whether he has any information as to the numbers who have been repatriated through this service since May 16, 1950.

Mr. St. Laurent: No, we have not. All I can say is that we are having every angle of that trade investigated, and that we are most anxious that there shall be nothing improper done while ships are carrying the Canadian flag. I think I can add, without betraying anything that I should not because of oaths of office, that before we heard anything at all about the kind of trade that was being carried on by these ships we were already worried over the fact that they might get into trouble, and that it might get us into an embarrassing position because of the fact that it would be reported that the trouble concerned a ship

having Canadian registry. We are worried about these different aspects, but so far it has been felt that we have received no information that requires us to withdraw the Canadian registration, and that, although the financial consequences should not be the first consideration, they have to be a consideration in view of the amount involved.

Mr. Diefenbaker: Had the Prime Minister and the government considered this information as to the possibly perilous situation that might be created by ships flying the Canadian flag plying in such waters prior to the receipt of that letter from the guild?

Mr. St. Laurent: Yes, weeks before that. Here is the way in which it presented itself to us. If these ships were fired on, or if anything was done to them by the Chinese government and it was reported that armed forces of the People's Republic of China had committed aggression against a ship flying the Canadian flag, that might involve embarrassing complications because of the form in which it might be broadcast throughout the world.

Mr. Diefenbaker: There was some question as to whether there was default by the Ming Sung Industrial Company in respect of the $12 million owing to the shipbuilding company or to the bankers and guaranteed by the government. I have not been able to look over the mass of information brought down in the returns asked for by myself, but even a casual perusal seems to indicate that some hundreds of thousands of dollars of the indebtedness was cancelled within the last year. Is that correct?

Mr. St. Laurent: No, that is not correct. There was an amount cancelled in the advances to the builders. They got into difficulties because of the rapid increase in the cost of materials, labour, and so forth, and because of what they considered to be the very stringent requirements of the owners. The contracts were drawn with certain clauses that they were to do such and such according to the requirements of the owners. The builders claimed that the owners were going much further than owners normally go in asserting rights under clauses of that kind. The situation was that some of those builders were going broke and would not have been able to finish the ships. Then the guarantee of the government would have become exigible for the very substantial portions already expended, and there would have been hulks not fitted for anything but this Chinese trade, which might have had little more than scrap value.

[Mr. St. Laurent.]

I do not remember the exact details, but the matter was gone into very carefully. Certain increases were agreed to by the owners, and there was a certain remission by the government of advances made on the cost of building the ships. A comptroller was put in one of the yards, and the department made advances to carry the job to completion. A mortgage was taken on the yard, and I know that in making the settlement there was a remission of a part of what had been thus expended, which was considered not to be substantial in view of what would have been the responsibility under the export insurance policy if the ships had not been completed. My information from the Department of Finance is that their information from the banks is that there has been no default on the terms under which the money was advanced by the banks.

Mr. Diefenbaker: The security for payment of the $12 million was nine ships. The Prime Minister says two of the ships have passed in the night, no one knows where.

Mr. St. Laurent: I do not say no one knows. We do not know.

Mr. Diefenbaker: Very well; these two ships passed out of sight, and no one knows where they are. Therefore my submission, by way of a suggestion to the Prime Minister, is that once the security was reduced to the extent of two of the nine ships, there was then actually such a default as would permit the seizure of those ships when in the port of Hong Kong. Aside from carrying communists and potential war materials to China, the Prime Minister admits that these ships are being used in a way which might put Canada in a very difficult position internationally if they were fired upon. That being so, I suggest to the Prime Minister that when these ships come into the port of Hong Kong, there having been, as between the Ming Sung company and the other party to the contract, the government of Canada, such a default as would permit seizure, that seizure should be carried out. After all, the security was nine ships. Today it is seven. No one knows where the other two are. Certainly such seizure could not possibly cause any international repercussions that could be foreseen at the moment, for after all the Ming Sung company specifically asked that its ships should fly the Canadian flag.

Mr. St. Laurent: I do not want to get into any discussion with my hon. and learned friend on a matter of law, but there is the practical consideration that if these ships are not used in the trade for which

they were built there is practically no other kind of trade for which they could be used. At least that was the impression gained before this matter was gone into fully in the house on April 7, 1949. It was felt that if the Chinese owners did not take them they would be of very little value as marketable articles, and I would assume that would be so even if we were to seize and take possession of the seven whose whereabouts are known to us.

Mr. Diefenbaker: Had the two ships disappeared by 1949?

Mr. St. Laurent: I would not like to answer that question.

Mr. Diefenbaker: After all, the money consideration is small compared to the national interest.

Mr. St. Laurent: Evidently the two ships had disappeared before May, 1950, because in that month we were dealing with only seven, and there were only seven for which a change of registry was being sought by the owners.

Mr. Graydon: It may be that, as the Prime Minister says, the ships could not be used for any other kind of trade; but it would seem to me that the amount involved is not worth the risk this government is taking of running into trouble in the Far East. I hope the Prime Minister and the government are seriously considering that point. If as the hon. member for Lake Centre, with his wide knowledge of the law, indicates, these ships are in the position that default has occurred, giving the government the right of seizure, then it would seem to me the government is taking a pretty serious responsibility by continuing to permit these ships to ply their trade between these ports.

Mr. St. Laurent: I do not want to get into any legal argument, but I point out to the hon. member for Peel and the hon. member for Lake Centre that in May, 1950, a new debtor was substituted for the former debtor, and that new debtor assumed the debt with the transfer to it of seven ships, not nine. So the matter would have to be looked at from many angles. I can assure the hon. member for Peel that the question of whether the amount involved is worth the risk, not of becoming involved internationally but of being looked upon in the international press as having been involved, has been carefully considered and will not be lost sight of. The hon. member for Peel knows how careful the Secretary of State for External Affairs is about these matters, and I can assure him that this is by no means a closed book.

Mr. Graydon: I do not mind telling the Prime Minister this thing worries me. I am concerned about it, and I imagine that concern is shared by pretty well all hon. members of the house. I am raising the question for no other reason than that. It does seem to me the risk is rather great, and I feel the government should take what steps it can, as quickly as possible, to see that the risk is reduced.

Mr. Diefenbaker: I have one other question arising out of a news item appearing in *The Ensign*. My distinguished fellow townsman, Hon. T. C. Davis, the ambassador to Germany, returned to Canada a week or so ago, and this magazine refers to the fact that he went to Montreal in order to consult with the Canadian members of the Ming Sung company. Can the Prime Minister say whether or not he did so with the knowledge of the government, and whether or not he had any official status in any communications he may have had with the Canadian members of that company?

Mr. St. Laurent: None whatsoever to my knowledge, Mr. Chairman. I am afraid that *The Ensign* is sometimes speculative in its stories. I have not seen the last issue, but I was told that it contained a story about an interview with me by a delegation from Montreal which, if the story is as it was reported to me, does not look very much like what actually took place. I heard that Mr. T. C. Davis had come back to Canada on personal business. I do not know whether he was here in Ottawa. I think he went direct from Montreal to the west.

Mr. Casselman: He was here.

Mr. St. Laurent: I did not see him; but, as a matter of fact, I was told by my son, who happened to meet him at the airport and who had some conversation with him there, that he said he was back here on personal business and that he was going right out to the west.

Item agreed to.

Terminable services—

688. To provide for the purchase and transportation to Yugoslavia of relief supplies, $45,000.

Mr. Lesage: This morning the hon. member for Queens asked me a question about musicology. The word is in the dictionary. It may be found in the second volume of Webster's new international dictionary of the English language, second edition, unabridged, 1946. Musicology is there defined as follows:

Musicology: music as a branch of knowledge or field of investigation, especially historical study of musical documents. Investigation of sources, gathering and organization of neglected data, etc.

I would say that my friend the hon. member for Queens could be classified as a musician but not as a musicologist. He could be classified as a musician because of his musical voice.

Mr. Graydon: The hon. member does not know whether he is a musicologist or not. He might be.

Item agreed to.

The Chairman: Item 322.

Mr. Fleming: Mr. Chairman, it was my understanding that, following the conclusion of the estimates of the Department of External Affairs, we were going back directly to those of the Department of National Revenue, the discussion of which was interrupted at one o'clock.

The Chairman: These are the estimates of the Prime Minister's office, and as the Prime Minister was here I thought we might take them.

Mr. St. Laurent: I do not want to have any priority over anyone nor to interfere in any way with what may have been the implied arrangement about the order of procedure.

Mr. Lesage: There was no such arrangement.

Mr. St. Laurent: I think that at this stage we should deal with matters still to be dealt with in the order which may be most convenient to hon. gentlemen on the other side of the house. I am going to be here as long as the House of Commons is sitting, and I will be available at any time that it suits the convenience of hon. members.

Mr. Lesage: Mr. Chairman, in view of the fact that the Prime Minister is here, I believe that it would be convenient—

Mr. St. Laurent: Oh, no. I would suggest that the committee go on with the things that it was arranged should be discussed now. There may be some matters about which hon. members want quite a lot of information, and it may be that they do not feel they will require much information about my items; they will probably be better pleased to deal now with those matters with which the committee was dealing at one o'clock.

The Chairman: I was not here at one o'clock.

Mr. St. Laurent: I think, Mr. Chairman, that you had better treat all the items concerning the Prime Minister's office as standing, and that the committee should deal with such other matters as are of interest to hon. members.

[Mr. Lesage.]

DEPARTMENT OF NATIONAL REVENUE

Taxation division—

314. General administration, $1,530,206.

Mr. Nowlan: When the committee rose at one o'clock we were dealing with the item of administration in respect of the taxation division; and I think various members were competing for the honour of having income tax inspectors visit rural constituencies. In order that there may be no misunderstanding, may I say that there are relatively as many income tax inspectors visiting in the east as in the west. I know that in my own constituency we would feel that we have a monopoly in that regard. But that is not the matter that I wish to bring to the minister's attention. There are two matters that I should like to draw to his attention. One of them is more or less national in scope, covering various parts of Canada, and one is something which I presume is simply local affecting my own constituency.

In December of last year, according to returns filed, the pay and allowances of the armed forces were increased. As to pay, of course no question can be raised. However, as to the increased allowances, I understand the matter is dealt with in two ways. Those members of the armed forces who were living in private homes—in other words, who were living away from the stations or the bases—received the allowances in cash. Those who were living on the bases, in homes which have been built by the Department of National Defence, did not receive the increased cash allowances. Their rentals or charges—call them what you will—for those homes were increased by the exact amount of the increase in their allowances. The net result was this. I have the table, but it is already on *Hansard*, and we will not take time to put it on record again. If a man received an increase in allowances of $10, a corresponding charge was made against him for rental. The net result was that he of course received no additional money whatsoever. Yet the Department of National Revenue has assessed him for income tax on this increased allowance. The net result, of course, is that there are thousands of members of the armed forces resident in Canada who, from a financial standpoint, are worse off after they received the allowance than they were before. What I mean is that the allowance was taken by the Department of National Defence as rental and yet the Department of National Revenue charged them income tax on those allowances.

The theory, of course, was that possibly private rentals were going up and if the man was living in a private home for which he had

been paying rent, he would have to use that increased allowance to pay the rent. That may have been true in some cases but as a matter of fact, I know of cases in my own constituency where we happen to have based the army, the air force and the navy, where men of all three arms of the service were paying less rental privately than they were being charged on the base or in the camp, as the case might be, and having received the allowance, they made by it; whereas many in the camp or the base have had their rentals increased and they were charged income tax thereon. I would not say that I have received protests from members of the armed forces because, of course, members of the armed forces are not in touch with members of parliament, and should not be. Nevertheless, I think it is a fair statement to make that the members of the armed forces feel that this action has been rather unfair in that there has been publicity given to the fact that their allowances have been increased whereas, as a matter of fact, they are worse off financially now than they were before. I do not know whether this matter has been brought to the attention of the minister previously, but I would suggest that he should give it careful consideration, and that where these increased charges are made for homes, deductions should not be made at the same time for income tax purposes.

The other matter to which I wish to draw the minister's attention is probably a purely local one, because it probably does not apply in other constituencies in Canada. As hon. members of the committee know—and as a matter of fact, there is an item in the estimates for it—this government and other governments have made payments for the pulling out of apple trees owned by fruit growers in the Annapolis valley. I have not checked these facts myself, and I am speaking now entirely from hearsay. The other matter to which I directed the minister's attention I have knowledge of because I have checked the records. I am informed that farmers in the valley have been assessed tax on moneys received for the pulling out of these trees; in other words, it has been treated as income. Well, I am quite sure that it has never been brought to the minister's attention, but I cannot believe that any responsible officer here would treat money received for the pulling of fruit trees as income, when, as a matter of fact, it is a very small compensation for the loss these farmers have suffered through having to destroy these trees. If you own mining stock, or even Canadian Pacific Railway stock, you are allowed depreciation. You are allowed depreciation on all sorts of assets. Here are farmers whose whole orchards have been destroyed, have been pulled out. I am told by responsible farmers, and I believe it, that local officials of the department have been treating this money as income. I simply bring it to the minister's attention. I do not expect that he can deal with it definitely this afternoon; but I am stating that as a matter of elementary law, in no way, shape or form can that money be considered as income. I am quite certain that, having brought it to the attention of the department, they will see that in future no further assessments are made in that particular form with respect to money which is simply a small capital payment which goes toward recompensing these farmers for capital assets that have been destroyed.

Mr. McCann: With respect to the two questions raised by the hon. member for Annapolis-Kings, while I am not familiar with the details—one is a local question and the other is a general one—the general practice with reference to pay and allowances is that a man in the defence forces is assessed as having received two-thirds of the benefits which he has actually received. The other question is more a question of law than of policy. If a farmer, for the purpose of replenishing, we might say, his orchards, gets the benefit with reference to the number of trees that are pulled out, that is on the credit side of his account; but he is able to deduct from that whatever expenses there would be in connection with the planting of those trees.

Mr. Nowlan: Well—

Mr. McCann: However, I may say that I confess it is a matter that I am not entirely familiar with. It will be investigated and brought to the attention of the officials in the district in which it is operating.

Mr. Nowlan: The cases which I have brought to the minister's attention have been brought to my attention, and they were balance sheet cases where the cash received for them was considered assets, but no allowance has been made or any deductions whatsoever. I am sure if it were investigated the minister would agree with me.

Mr. Diefenbaker: Before the noon adjournment I asked a question which had to do with an official of the department who received a salary of $8,000 a year, I think, and who retired at an early age. The question I asked was: How many years has he been in the service? What is his age? What pension is he going to receive as a result of his retirement?

Mr. McCann: The gentleman in question is aged 52 years; he has been in the service 19 years and 3 months. He was retired at his own request on the abolition of his position, and his pension is $2,027.27 a year.

Mr. Diefenbaker: I am interested in asking this question. Is it customary for a person under 65 to be able to retire and receive so substantial a pension? Is that a customary performance, or was this an unusual one?

Mr. McCann: It is provided for under the law. I would not say it is usual, but when one makes a request to retire and wants to go into another line of business and the position is abolished, what other course is the department to take?

Mr. Diefenbaker: A very easy way out.

Mr. Gillis: I want to get something straightened out in my own mind. In listening to the discussion this morning on this difference between the number of assessors in Saskatchewan as against Quebec—74 in Saskatchewan and only 23 in Quebec—this thought came to my mind. Anyone reading the record would assume that there is discrimination somewhere. I want to ask this question. Does the fact that Quebec is a large industrial province, in which a great percentage of the tax is deducted at the source, mean that in that province it is not necessary to appoint the same number of assessors as in a province where the tax is not deducted at the source and the assessor must go out to assess? The same is true of Ontario. Can the minister put on the record on a percentage basis the tax deducted at the source as between province and province? I mean now the income tax on salaries, employees and so forth. I believe if that were put on the record it would explain the reason why a province that is straight rural, where it is necessary to go out and make the assessment, requires a larger number of assessors than a province that is practically wholly industrial and where the tax is deducted at the source, which means it is not necessary to have assessors in the field.

Mr. McCann: The figures that I gave this morning were in connection with farm assessments. The number of assessors in any district bears a relationship to the work that has to be done, and we base the work that has to be done pretty much upon the revenues of that particular district office. For instance, the revenue at Toronto last year was $386 million, Montreal a little greater, $388 million, Calgary, $42 million, and so on all down the line.

Mr. Coldwell: Did the minister say that the number of assessors was based on the revenue of the office?

Mr. McCann: No; it is based upon the work that is done; but a fair indication of the work to be done is the amount of money that is collected.

Mr. Coldwell: Can the minister tell us how many farmers there are in Quebec and how many in Saskatchewan?

Mr. McCann: Farm population?

Mr. Coldwell: Yes.

Mr. McCann: That would be in the census returns. I suppose the hon. member for Cape Breton South would be interested in this. In Halifax last year the collections were $25,086,212, but his point is well taken.

Mr. Coldwell: How many farmers are there in the two provinces?

Mr. McCann: Where?

Mr. Coldwell: Quebec and Saskatchewan.

Mr. McCann: I do not know. I have not a record of the number of farmers. We can give you the record, and I read it this morning, of the number of farm returns and the number of assessable returns, but I cannot tell you what the farm population of each province is.

Mr. Diefenbaker: I can understand the difference, and I am not here to help out the minister, although he is being more than fair and very reasonable. I can understand that in Ontario and Quebec with the smaller farms and the larger farms in the west there would be a difference. I am not dealing with it on that basis. I am not dealing with it on the basis of one province or another, but I ask why it is that we in Saskatchewan are singled out for such special meticulously careful examination of our farms? They are receiving attention that indicates that it is not merely an involuntary movement. The minister has stated that great numbers of our farmers in Saskatchewan make mistakes in their returns. That surprises me, because we do feel that in our province—and I am speaking as the representative of an agricultural constituency—more than our share of examination is being made. As the hon. member for Rosetown-Biggar pointed out, it is easy to find the farm income in Saskatchewan. With the exception of a small area, cattle production is small. Our production is of wheat, oats and barley, and our farmers cannot sell a bushel without accounting for it.

Government inspectors go to the wheat board. They go to the grain companies. They say, "Let us have your records." That being so, instead of their requiring more inspectors and more intelligence officers I should think they would not require such a large number. I am not interested in what happens in this

respect in the other provinces. I can understand that the circumstances are different; but it is difficult for our farmers in the western provinces to understand why, if the figures are as the minister has given them, we in the three western provinces are paying $16 million out of $19 million paid for farm income. That looks as if we are receiving just a little bit more attention than we feel we deserve.

Mr. McCann: The hon. member should correct that figure. He has made a mistake when he says that those provinces are paying $16 million out of $19 million. The figure is $6 million.

Mr. Diefenbaker: I did not hear that.

Mr. McCann: The figure I gave this morning was that you are paying $6 million out of $19 million.

Mr. Diefenbaker: In which province?

Mr. McCann: Saskatchewan.

Mr. Diefenbaker: The minister told us that $6 million was being paid in Calgary. He told us this morning that $6 million of the $19 million was being paid in Calgary.

Mr. McCann: That is right.

Mr. Diefenbaker: Now he says—

Mr. McCann: In Saskatoon it is $3 million.

Mr. Diefenbaker: In Saskatoon $3 million; that makes $9 million.

Mr. McCann: Regina, $3 million.

Mr. Diefenbaker: That is $12 million. What about Winnipeg?

Mr. McCann: We were in Saskatchewan.

Mr. Diefenbaker: No, we were taking the three western provinces. I mentioned that.

Mr. McCann: Winnipeg was $1,933,000.

Mr. Diefenbaker: All right. I gave the figure roughly at $16 million. If I am in error, it is just an error in totalling. Certainly it is far more than $6 million, because the minister told us $6 million came out of Calgary alone.

Mr. McCann: I thought you were referring to Calgary.

Mr. Diefenbaker: That is just the point. We do not mind paying income tax, nor do the farmers mind doing it; but they would like to know why farm income in Saskatchewan, Alberta and Manitoba is paying a disproportionate amount. If one takes the total farm income in Ontario, and the income tax thereon, and then takes the farm income of Saskatchewan and puts alongside it the income tax, one will see that it is not fair. All our farmers ask is that there be complete fairness. They find it difficult to understand why they are paying as much as they do, and still enjoy the luxury of such an excessive number of intelligence officers. That is what we cannot understand and why I asked the minister the question this morning.

Mr. Coldwell: Why do we "enjoy" such a large number of intelligence officers. There are 322 of those officers in the country, and half of them, or 161, are in the three prairie provinces.

Mr. McCann: No, not intelligence officers—farm assessors. I gave the intelligence officers for the whole country, and pointed out that there were 75 of them, with 35 in Montreal. I also gave the number of farm assessors.

Then, in answer to what was said by the hon. member for Lake Centre: I have heard it stated so often as to what a great province Saskatchewan is in the export of hogs and in the manufacture of butter and cheese. The only place where we are able to get exact returns is from the wheat board in connection with wheat, oats and barley.

Mr. Diefenbaker: That is right, because that is the major portion of our production.

Mr. McCann: The great part of it—but not all of it.

Mr. Fair: Perhaps this is an indication of what is going on in the other provinces where their production is not being sold through boards. It is being sold locally, perhaps from neighbour to neighbour, and for that reason the government is not collecting the tax to which it is entitled. The result is that they are imposing upon those from whom they can collect the tax every cent they can collect.

Then I suggest consideration should be given to easing the tax burden on farmers. If that were done I believe there would be higher production. If a low rate of taxation were levied I believe the government would collect just as much, and perhaps more, while at the same time it would increase production.

In one of the latter war years Canada exported to Great Britain over 700 million pounds of bacon. The farmers were subjected to heavy taxation from July 1, 1942, but they were not aware of that taxation until after the war was over, in January, 1946. Had the farmers known that they were to be taxed on the production of 1941 or 1942 I think they would not have produced as much. The result was that they had to turn thousands and thousands of dollars over to the government after the war was over, moneys which should have been collected during the war years.

The result is that many of them have decided they are not going to work overtime and give the profits to the government. Then the wheat steal is another matter of government policy which must be changed. The payment of $65 million has been misrepresented, and I believe the people will have to get wise to the fact that the farmers of western Canada are still millions and millions of dollars out of pocket.

Mr. McCann: Just to put the record straight, and to set out a figure which should be placed alongside what has been said by the hon. member: Out of a total collection of taxes of $1,537 million in 1950-51, 11·10 per cent came from the provinces of Manitoba, Saskatchewan and Alberta.

Mr. Coldwell: The corporations are in Toronto and they pay taxes there on money they collect from everybody else.

Mr. Fair: The figures given by the minister represent only the direct taxation. If we had the figure for indirect taxation as it affects the farmers of the three prairie provinces we would have an entirely different picture. It is too bad we cannot have the facts concerning our whole taxation program.

Mr. White (Middlesex East): There seems to be an air of mystery as to why Ontario farmers sometimes do not pay as much taxation as those in the western provinces. The truth of the matter is that by the time the eastern farmer pays for prairie farm rehabilitation and prairie farm assistance, which is made necessary if it is too wet or too dry or something else, away goes his money. What I rose to say was that if we pay out $65 million or $165 million the government just takes it away again and they do not need to feel sad over it.

I should like to raise the question of basic herds. One reason why the Ontario farmer is not able to pay income tax is that every once in a while the government makes a levy on the farmer when he has a sale and the result is that he is not in position very often to pay income tax. A farmer and his wife will work for many years and decide to sell out. The government says arbitrarily that one-third or one-half of their herd of dairy cows which produced the milk they sold is income and not a return of capital. They would not have been able to produce butter or cheese or milk for the city unless they had their dairy cows. That was their capital.

It may be different with the beef producer on the western plains, but that is the condition facing the dairy producer in eastern Canada. The regulations provide that thirty days prior to a sale he must have established the fact that he had a basic herd. Not all farmers having sales are aware of that and sometimes they are penalized quite heavily. I think it would be just as easy to establish this at the time of the sale. It could be decided how many head of dairy cows a farmer had in any one of five years because there would be records of his sales of milk or cheese or whatever it might be. I mentioned this before and I hope the minister is going to correct this situation. At that time I termed it a legal form of robbery, and that is all it is.

Mr. McCann: Probably the hon. member for Middlesex East was not in the chamber this morning when I made my opening statement because I made reference to the matter he brings up. If he reads my statement he will see that an attempt was made to answer the question but his further remarks will be given consideration.

Mr. Fair: The hon. member for Middlesex East has referred to the fact that the Ontario farmer has had to help pay for the rehabilitation program in the west and this gives me an opportunity to tell him that we have already paid the farmers who do not grow grain something like $165 million by way of subsidies. We have supplied them with cheap feed from which they can make larger profits on the hogs and cattle they market.

Mr. Cardiff: I had no intention of getting into an argument between farmers in one section of the country and farmers in another section, but I do want to tell the minister that if he continues to impose income taxes upon the farmers the people in the cities are going to starve to death. They are not going to get the food they need if our farmers are assessed income tax on a basis of a ten, twelve or sometimes fifteen hour day instead of on the basis of an eight hour day. I ran a dairy farm for twelve years and I never was in bed after five in the morning and I never stayed out of bed after ten o'clock at night. If you are going to assess the farmers with income tax on the basis of these long hours you are going to decrease production to the point where the people in the city are going to be starved out. They will have to go back to the farms again.

Mr. Coldwell: Just a word or two in this connection—

Mr. McCann: On a point of order. This discussion is not in order. I suggest that if the farmers of Canada want to get anywhere they had better stick together instead of starting to fight. This department is purely administrative. Any representations with reference to policy had better be made

to the Department of Finance at the time the budget is being presented. We are simply trying to do a job honestly and faithfully without discrimination as between the different parts of the country.

Mr. Coldwell: I think that is true. This is an administrative department but it can make recommendations to the Department of Finance in an effort to have the administration carried out more fairly. One reason why the farmer's income is not enough is that it is the income of a family rather than the income of an individual and some allowance should be made.

Mr. Blackmore: I should like to associate myself with those who have expressed disapproval of the income tax policy with respect to farmers. It is very easy to go too far and kill the goose that lays the golden egg. Apparently that thought has not dawned on the proper people. I do not know whether it is the Minister of National Revenue and his department, or some other department that should be told this, but I think the minister is just about as good a man as any to be told what is happening. If they go on disregarding the farmer they will find that they have destroyed the people who produce the bread and butter. That is what will happen if you destroy morale and the desire to do this hard work from five o'clock in the morning until ten o'clock at night. Once that is destroyed you have destroyed something that cannot be restored.

I hope the minister will report this with solemn emphasis to the members of the cabinet before it is too late. I received a letter today from a man in Lincoln county, Ontario, indicating the damage which has been done by the income tax and other measures of this government. The result has been to seriously impair the morale of our farmers and their desire to stay on the land. They are beginning to say, "What is the use? Let us go to the city and have a good time with the rest of the folk." Once that attitude develops among our farmers and their children the results will not be good for this country.

Item agreed to.

Income tax appeal board—

317. Administration expenses, $62,286.

Mr. Macdonnell (Greenwood): I should like to draw to the minister's attention certain comments in a recent judgment of the income tax appeal board. This case was heard in camera and is referred to as No. 18. It is interesting to note that the appellant, who is a woman, appeared for herself after finding unexpectedly at the last moment that an accountant who was to be there to help her plead her case was not available. She seems to have done a good job for herself. Let me associate myself with what has been said about the excellent work done in the department. I noted with interest what the minister said about the efficient way in which taxes are being collected, and we all approve of that but there is another side to this. Sometimes diligent but not too discriminatory officials may, unintentionally no doubt, cause an injustice. I should like to read briefly from the dissenting judgment of Mr. Fisher. The fact that it is a dissenting judgment I submit does not affect the value of what Mr. Fisher had to say about the way in which this particular case was handled by the officials. I quote from his judgment as follows:

> It has been stated publicly in the past, and I have no doubt it is still the policy of the department, that the taxation division has no desire to collect one cent of income tax which is not justly due under the terms of the taxing act; on the other hand, it does intend to collect every dollar of tax which is justly due in accordance with the provisions of the legislation as enacted by parliament. Believing that this is still the policy of the taxation officials, it would appear that more care should be taken in the investigations made by the district offices in connection with the surrounding facts when an appeal is lodged by a taxpayer than would appear to have been the case in the present appeal.

Then I read from the previous part of the judgment as follows:

> . . . surely when an appeal is filed by a taxpayer, the facts in connection with the taxpayer's circumstances and all the facts in connection with the subject matter under appeal should have been investigated by the district office. I am quite certain that this was not done in this case; and probably, if it had been done, the minister or his officials would have adjusted the assessment appealed against, not only with regard to the appellant's claim for a $1,500 exemption, but also with respect to the inclusion of the $240 as part of her taxable income.

The comment I wish to add is that a statement of this kind coming from a responsible judicial official is, I think, something that should not be disregarded. We are well aware that a very large percentage of the tax-paying public are not ready to undertake appeals. This woman must have been a rather unusual woman to press the matter as she did. I would be interested to hear what the minister has to say.

Mr. McCann: I do not know that I am any more enlightened about the case than the hon. member for Greenwood, and perhaps not as well. I have not seen the decision. I think it was a question as to whether the taxpayer or the officials in the district office were right, and for that reason it went to the appeal board. That is one reason for which the appeal board is set up. Far be it from me to attempt to comment

at this stage upon the judgment or upon the views of the member of the board who dissented from that judgment. It is a matter that we will have to study, but to my mind it shows one of the very important uses of the income tax appeal board, that the taxpayer has the right, where there is a difference of opinion between him and the officers in the district or head office, to make an appeal to an impartial board.

Mr. Macdonnell (Greenwood): I agree with that, of course, and I do not want to go into the merits of the case. I took pains to point out that there had been a dissenting opinion, but what I draw the minister's attention to has nothing to do with legal points, and I will read it again. What Mr. Fisher says is:

> . . . all the facts in connection with the subject matter under appeal should have been investigated by the district office.

Then he adds:

> I am quite certain that this was not done in this case.

In other words, what he is saying is that if enough trouble had been taken at the lower level the matter probably would not have had to go higher. I think there is this to be said, that the mere fact there is an appeal board should not in any way lessen the sense of responsibility of the officials to get all the information which, according to the statement in this case, they did not get.

Mr. McCann: I think the hon. member should bear in mind that is the judgment of one man, and it is the dissenting judgment.

Mr. Macdonnell (Greenwood): No, it is not.

Mr. McCann: It is not the dissenting opinion?

Mr. Macdonnell (Greenwood): No, it is not, of course not. I would not read the dissenting opinion.

Mr. McCann: What I meant to say was that there is a dissenting opinion, that it was not a unanimous opinion.

Mr. Macdonnell (Greenwood): That is true enough. All I am referring to is this opinion, and I do not think you will find anything in the dissenting judgment, which is on a question of law, that affects the statement I have read.

Mr. Hatfield: I should like to ask the minister whether there is a regulation that after the assessment is made a person has to pay the full tax before he can make an appeal. Is there any regulation to that effect?

[Mr. McCann.]

Mr. McCann: The answer is that the fact that there is an appeal does not mean that he does not have to pay the tax, but if he wins the appeal he immediately gets a refund.

Mr. Hatfield: Why does he have to pay the full assessment before he can make an appeal? When a man is sentenced to hang and appeals his case you do not hang him first before you hear the appeal.

Mr. McCann: It is quite true that would not work very well, but it so happens that this is in the Income Tax Act.

Mr. Hatfield: It works the same way.

Mr. Graydon: With respect to the income tax appeal board, what is the policy governing the board's operations so far as making public in their judgments the names of those who have appealed is concerned? I ask that question because some time ago we had certain experiences with Mr. A, Mr. B, and Mr. X. What governs the board with respect to the A's, the B's and the X's? I think some people would rather like to be in the favoured categories of A's, B's or X's. Some of them do not seem to have the same privilege. I am only curious about it. I am not being particularly critical, but it seems to me that under our law everybody is the same, and I do not know that there is any special reason why people should go under other than their own names. It looks like a policy of aliases. If publicity is going to be given to judgments of the board, I think everybody ought to be treated equally, whether he happens to be a judge or a farmer. I do not think that makes any difference. If one were going to make a choice, I think perhaps one might be justified in giving the farmer the advantage of being called Mr. A, B, or X.

Mr. McCann: I would refer the hon. member, who is a lawyer, to section 82 (2) of the Income Tax Act which reads:

> An appeal may, in the discretion of the board, the chairman, the assistant chairman or hearing officer, as the case may be, be heard in camera or in public unless the appellant requests that it be heard in camera in which case it shall be so heard.

These cases are held in camera at the request of the appellant or at the discretion of the chairman, and it is usually at the request of the appellant.

Mr. Graydon: In other words, the appellant can always ask the board to be heard in camera.

Mr. McCann: Yes.

Mr. Graydon: And in that event his name does not appear in the press and is not referred to in the judgment?

Mr. McCann: That is right.

Mr. Graydon: Does the board caution appellants with respect to that matter when they come before it? I fancy there would not be a single person who would choose to be heard in public. I am just wondering why there is so much publicity if that choice is made known to the appellant.

Mr. McCann: Most appellants are represented by counsel, and prior to coming before the appeal board they make themselves acquainted with the law.

Item agreed to.

Canadian Broadcasting Corporation—

International shortwave broadcasting station—

53. Maintenance and operation including authority to credit to the appropriation revenue from rental of facilities in Radio Canada building to an amount of $100,000 and to re-expend it for the purposes of the international service, $1,709,675.

Mr. Fleming: There are five items in the estimates relating to the Canadian Broadcasting Corporation. Items 53, 54 and 671 relate to the international shortwave service. Item 564 is the item of $1,500,000 to assist in the development of television, and item 670 is also an item of $1,500,000 constituting a grant to the Canadian Broadcasting Corporation. I suggest that it will assist—

The Chairman: They will be called one after the other.

Mr. Fleming: I was going to suggest that it would save time if in our discussion we might deal with the Canadian Broadcasting Corporation in general, without being held down to one item at a time. I think we will avoid duplication of discussion in that way.

The Chairman: Is that satisfactory?

Mr. Fournier (Hull): Does that mean we are taking the five items at the same time, and the general discussion will be on all five?

Mr. Fleming: I think if the discussion is on the first item called, which is item 53, it will relate to the C.B.C. international shortwave service; but if we may touch upon the other items we will shorten the discussion. Otherwise there will be a great deal of overlapping and duplication of discussion.

Mr. Fournier (Hull): Agreed.

Mr. Fleming: I make this suggestion in the hope of expediting the discussion.

Mr. McCann: Agreed.

Mr. Fleming: There are some aspects of several of these items that are normal in character, though questions will be asked in regard to the amounts requested; but with respect to at least one, if not two, of these items there are questions of departure from the principles that have been in effect hitherto governing the provision by parliament of moneys for the Canadian Broadcasting Corporation. Two of these items are to be found in the supplementary estimates, 670 and 671. Item 671 is simply an addition to the provision made for the international shortwave broadcasting station, but item 670 raises important questions of a rather novel nature. That is the item which comes to us following the announcement by the Prime Minister in the house ten days ago that out of the report of the Massey royal commission on arts, letters and sciences, the government proposes to deal with two matters at the present session. This is one of those two matters. May I say at once that with respect to the other matter arising out of the commission report, namely assistance to the universities of this country, I am sure there will be unanimous support in this house.

Item 670 presents this difficulty. The report of the Massey commission is a document of very great importance, and I do not think we will do justice to the importance of that report or of the field assigned to that royal commission for study if an attempt is made to break it up for study piecemeal. I submit there should be an attempt on the part of parliament to view the report as a whole; and at an appropriate stage of the proceedings in the fall session I should think the government would make provision for a debate on the report in general. That in turn, in my submission, should be followed as far as the chapters of the report concerning radio broadcasting and television are concerned by a reference of those chapters to a special committee on radio broadcasting.

In my view it is regrettable that on this final day of this part of the session we should be asked to provide a sum of money which raises some of the fundamental questions dealt with in the report of the royal commission, in effect compelling us to take out some of the chapters of that report and deal with them in piecemeal fashion. Indeed, Mr. Chairman, even those chapters are not before us in their entirety. This item purports to chop off a portion of the recommendations of the royal commission even out of those special chapters to which I have referred. I cannot imagine a more unsatisfactory way of approaching consideration of the important and far-reaching report of the Massey commission. I do not think this method does justice to the report or to the labours of the commissioners.

I said a question of principle was raised here. That question involves policy on the part of parliament and its relations with the Canadian Broadcasting Corporation. I believe

the special committee on radio broadcasting should be set up at the earliest possible date in the fall session, and I suggest to the minister that an item such as 670 could well wait until the fall and until a special committee has been appointed, has studied the report and heard representations concerning it.

It must be borne in mind that the royal commission was not unanimous in its recommendations with respect to the control and operation of radio broadcasting and television. A very weighty minority report was submitted by a distinguished member of the royal commission, Dr. Arthur Surveyer of Montreal, and I should think a parliamentary committee would wish to study the reasons which impelled Dr. Surveyer to write that report. I should think also that such a committee would wish also to hear the views of those likely to be affected by any course which will be involved in the implementation of the recommendations of the majority of that commission.

In that connection we should bear in mind that the last time we had a special committee of this house on radio broadcasting was during the regular session of 1950, and that in turn was the first since 1947. The 1950 committee did not attempt a complete and comprehensive survey of the field of broadcasting. At that time the Massey commission was sitting, and it was felt by all members of the committee that at that stage there was no point in undertaking to duplicate the work of the commission, and, therefore, that the sensible course was to await the report of the commission. Then presumably the committee would be reappointed and invited to study the recommendations contained in the report, and to hear those who wished to make representations in regard thereto. At that time also it was expected that the report of the royal commission would be received very shortly. As a matter of fact during the last debate on radio broadcasting in this house, held on June 28, 1950, at page 4319 of *Hansard* for that date the Minister of National Revenue said: "I feel that sometime this fall the commission will bring in a report." Therefore the special committee did not attempt to study the system of control and regulation in the field of broadcasting.

The items under discussion, principally 670, do not raise questions as to all the recommendations contained in the report of the royal commission. Nevertheless it seems to me this vote goes to the root of some of the most important recommendations, and I urge the minister that this item should not be proceeded with now but might very well wait until the fall, when there will be opportunity for a committee to sit and review the recommendations contained in the report. Those who will be affected by many of those recommendations, namely the operators of private broadcasting stations, have not been heard by a committee of the house since 1947. They were not invited to come before the 1950 committee because the committee decided to keep out of that field and narrow its studies down to some other matters principally affecting the immediate financial problem of the Canadian Broadcasting Corporation. So much, sir, for questions of policy involved in a vote on these items, principally No. 670. I think that kind of decision should be postponed, and that we should not be biting this off piecemeal.

I now turn to the question of finance, and I am trying to make my remarks brief, having regard to the fact that we are all under some pressure at this late stage of the session. The amount that is mentioned in item No. 670, and which is very briefly described, is the sum of $1,500,000 to provide for an interim grant to the Canadian Broadcasting Corporation pending amendment of the Canadian Broadcasting Act. Presumably that refers to an amendment that is to come before the fall session of the house; and in providing this sum in contemplation of an amendment that we do not know anything about as yet—and there is not a member of the house apart from the government who knows what is to be the principle or the effect of that amendment—it seems to me that we are being invited as a house to commit ourselves in advance to a principle, and are being invited to take a leap in the dark.

I would ask you to note, sir, if you will, that this item uses the expression "interim grant". I ask you to note particularly the word "grant". This is a new departure. Hitherto the funds placed by parliament at the disposal of the Canadian Broadcasting Corporation for capital purposes have been by way of loan. Section 17 of the Canadian Broadcasting Act so stipulates. That rule has been followed for years. Now, in the dark, we are being invited to make a grant. It is no longer a loan, but is a grant. We are being invited to make an outright grant of $1,500,000. We are invited to commit ourselves in that way to a departure in principle from the scheme that has prevailed hitherto under the Canadian Broadcasting Act. I submit, sir, that if there is to be a departure of that kind it should be taken only after parliament has had the fullest opportunity of seeing the problem as a whole and of weighing all aspects of it, and after a special committee of

the house has made a detailed study of the problem, and has heard any who may wish to make submissions to it.

Presumably this grant is to be made to provide against the possibility of a deficit in the current operations of the Canadian Broadcasting Corporation. Lacking any statement in the item itself we can only come to that conclusion. In passing, I must express my protest against items being put before parliament in this sketchy and nebulous form. We are simply left to guess at what is to be the purpose of the vote in the form of a grant of $1,500,000. Why does the item not spell out the particular purpose to which the money is to be devoted? Here we are being invited to legislate. This is one of those items which, in effect, put parliament in a position of legislating, notwithstanding the provisions of statutes and, in particular, section 17 of the Canadian Broadcasting Act.

Mr. Macdonnell (Greenwood): That is what the Prime Minister said he would put a stop to.

Mr. Fleming: We thought an end had been put to that. That is what we hoped last year. But there is nothing in this item which stipulates the purpose for which the money is to be used. I can only conclude, Mr. Chairman —basing my conclusion on facts quite outside the terms of the estimates—that it is to assist the corporation in meeting a deficit in this year's operations. On that assumption—and on that assumption alone—may I offer a word or two concerning the financial position of the Canadian Broadcasting Corporation.

I am sure that all hon. members of the committee are aware of the difficulties that the corporation has faced. Its costs have been rising. They have been rising quite rapidly, as was inevitable. The officials of the corporation told the committee that sat at the 1950 session that it was faced with the choice of making a curtailment in services or seeking new sources of revenue. In the fiscal year 1948-49 the corporation sustained a deficit of $43,000. That was not a cash deficit, because there is provision set up for depreciation in the balance sheet of the corporation. In the fiscal year 1949-50 the deficit was $243,000. As to the following fiscal year, we were told a year ago that the deficit was estimated at $962,000 at the beginning of the fiscal year. What we did last year, on the motion of the government, was to vote $650,000 as an advance to the corporation. I would ask that it be borne in mind that that was not a grant; it was an advance to the corporation which was designed to provide for the entire estimated deficit of the corporation for the fiscal year 1950-51, less the sum set up in the balance sheet for depreciation.

That was the first time that parliament had made a direct advance to meet a deficit on current operations. Up till that time the sums provided by parliament by way of loans had been available for capital purposes. If the Canadian Broadcasting Corporation is to face deficits, how are those deficits to be met? That, sir, is a question of great importance. In the light of the recommendations of the Massey royal commission it is a question that is worthy of the best attention of parliament, and it is certainly worthy of the most intensive study on the part of a special committee of parliament. But we are being invited now to vote $1,500,000 for what purpose we know not.

We have had this year, in the house, no review of the finances of the corporation. We have had no review of its operations. We have not had any budget of the corporation laid before us. The report of the corporation for the fiscal year ended March 31, 1951, is not before us. It has not been received. I made inquiry at the distribution office as late as noon today to see if, by any chance, the report had been received there. But the report has not been received. The last report that the house has on the operations of the corporation is that for the fiscal year ended March 31, 1950—in other words, fifteen months ago. The report is normally dated about the middle of June, and I can only assume that printing has delayed the submission of the report to the house. But I emphasize again, sir, that in dealing with an important question, a substantial item involving departures from the principles that have been in effect hitherto, the committee has nothing before it of a budget for the corporation and has not before it any report for any period beyond a date fifteen months ago. I wish it to be noted that, in saying that, I am not being critical of the corporation, sir. Let me make that point quite clear. But I am citing these facts as reasons why parliament should not be asked, in these dying minutes of this session, to vote this sum involving, as it does, departures from the principles that have been in effect hitherto. This matter can be just as well dealt with in the fall. The vote of money can be provided then by parliament after it has made a thorough and comprehensive study of the whole matter.

As to ways in which any deficit of the C.B.C. is to be financed, might I make just this comment. I do not wish to launch into a debate on the report of the Massey commission for I do not think this is the time

for it. But may I point out that the commission rejects one of the suggestions that the corporation made to it as to a way in which the deficit could be met. Mr. Dunton made it quite clear to the special committee that sat in the 1950 session that this was not necessarily the only means to which the corporation was committing itself in making the suggestion to the royal commission. It was a way indicated by him in giving testimony on behalf of the corporation before the royal commission as to the manner by which the deficit could be met, namely, by increasing the licence fee from $2.50 to $5. That has been wisely rejected, but I remind hon. members that in the estimates of the Department of Transport the house is already making a substantial contribution, in excess of $600,000, to the corporation by the expedient of collecting, without charge to the corporation, the present $2.50 licence fee.

The cost of that collection is, as I have said, over $600,000. The cost of collecting the fees actually is over 12 per cent on the average of the fees. This very high percentage of cost has been commented on more than once. It is also referred to in the report of the Massey royal commission at page 294.

One other item here is deserving of special mention, namely, item 564, a sum of $1,500,000 which is, you will notice, set out in some degree of detail, and in that respect provides a striking contrast with the nebulous and terse treatment of item 670. Here we have a lengthy description of the purpose to which the loan of $1,500,000 to the corporation is put. It reads:

> Loans to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the governor in council on such terms and conditions as the governor in council may determine and to be applied in payment of expenditures to cover capital costs of television installations and to support the development of the service. Such loans, with interest, shall be a charge on the revenues of the Canadian Broadcasting Corporation next after the charge imposed under the provisions of section 17 of the Canadian Broadcasting Act, 1936.

There, sir, you have a clear statement as to the purposes to which this sum of $1,500,000 may be devoted. You have limits fixed as to the use to which this money can be put and you have also the clear proof that it is no departure in principle, but rather a recognition of the fact that it is to be subject to the provisions of section 17 of the act.

This subject of television, sir, is an important subject in itself. Last year the house provided a loan of $4,500,000 to the corporation to permit it to embark upon extensive expenditures on installations of television stations, two in Montreal and one in Toronto, and at these stations to provide facilities for broadcasting television programs.

[Mr. Fleming.]

This subject of television is increasing in importance all the time, sir. The Massey royal commission estimated when it wrote its report that there are 25,000 television sets in Canada, and the prodigious rate of increase is reflected in statements issued by the dominion bureau of statistics in recent months as to sales. The daily bulletin of the dominion bureau of statistics of June 19 says this with respect to sales in the month of March of this year:

> Producers' sales of television sets in the month totalled 5,428, more than five times as large as last year's March sales of 926, and the value at list prices rose to $3,250,663 from $391,735. In the January-March period, 13,757 units were sold at a value of $7,593,953 as compared with 2,445 at $1,009,104 in the same months last year.

Sir, these figures indicate the immensity of the problem and the prodigious rate at which the field of television is opening up in Canada. Here again, sir, in the report of the Massey commission we have an important and weighty minority report written by Dr. Arthur Surveyer. It seems to me, Mr. Chairman, that this vote of $1,500,000 is not so urgent that it could not wait until the fall session, until there has been an opportunity to review the whole subject and deal with it in a comprehensive and not just a piecemeal manner.

True, this item, 564, was inserted in the main estimates before the report of the Massey commission was received, but, sir, it seems to me that the terms of the report make it evident now that if we are to do justice to that report, and the important recommendations that it contains, this item ought, like the other item to which I have referred, No. 670, to await that comprehensive study which is not possible at this session, but will be possible, we trust, at the fall session of the house. In the meantime, this additional vote of $1,500,000 is simply apparently to be a further endorsement of the type of operation that the corporation announced previously.

We thought we were going to have actual Canadian television programs by September 1 of this year. Reports now indicate that there have been delays, and the corporation will not be able to commence its operation until probably as late as next spring. In the meantime, private applicants for channels for the purpose of television broadcasting are simply being left in the air. These applications have been left in a frozen condition for the last 2½ years. Action is required, Mr. Chairman, but action after we have seen the problem whole, and the committee is the only body that can do that. In the meantime we are committing ourselves in effect to the expansion of the Canadian Broadcasting Corporation

television program and we have no opportunity now of reviewing the whole report of the commission and of dealing with these other important aspects of the control and operation of television in Canada that are urgently crying for study and action. In that respect I refer particularly to these applications on the part of private applicants who have been waiting for 2½ years for an opportunity to risk their own money in providing television in Canada, and have been delayed in doing so by the paternalistic attitude on the part of the corporation.

In conclusion, let me say again that departures in principle are involved in vote 670. A new path is being followed, and in advance of our having given in this house even superficial study to the report of the Massey royal commission. There is nothing so urgent about the item that it could not wait until the fall. Parliament can provide whatever moncy parliament at that time thinks it necessary to provide for the needs of the corporation during the whole fiscal year, because the fiscal year runs until March 31, 1952. Nobody is going to be prejudiced, I submit, Mr. Chairman, by allowing this matter to stand until parliament can deal with it in a proper, comprehensive and statesmanlike manner.

The Chairman: Shall the item carry?

Mr. Macdonnell (Greenwood): No. Is no answer going to be made to what the hon. member for Eglinton said? Was there no substance of any kind in it? Was there no argument contained in it? Was it all unreasonable?

Mr. McCann: I am giving the hon. gentleman or any other hon. members an opportunity to present their case rather than answer them separately. Whatever is the will of the committee I am quite prepared to do. As a matter of fact, the hon. member for Eglinton was in such a hurry to start the debate that I did not have the opportunity of making any statement with reference to the matters that would come under discussion.

Mr. Macdonnell (Greenwood): Just a minute; I wish to make this comment, that if I had not stood up, it would have been passed, because the chairman was saying "carried".

Mr. McCann: I am willing to follow the wish of the house in this connection.

The Chairman: When no one rises I must say that it is carried.

Mr. Macdonnell (Greenwood): I am pointing out that the minister was not on his feet. It was I who was on my feet, and it would have been carried if I had not risen.

Mr. Fleming: And when the minister says that I was in a great rush to have the floor, I would not have spoken first if he had risen to do so.

Mr. McCann: I repudiate that suggestion entirely. It is too important a matter to be carried without discussion. There are many points we should discuss, and I am sorry it is so late in the session that it may not be possible to have as long a discussion as we might otherwise have. However, that is not my fault.

The hon. member for Eglinton has pointed out that this debate resolves itself pretty much into a matter of dealing with the C.B.C. national service, with the international service, and with television. As all hon. members are aware, this whole matter of broadcasting, whether it be sound broadcasting or video, has been the subject of debate, representations and a report by the Massey commission. That report was received only within the last ten days or two weeks. The hon. member for Eglinton has placed special stress on that report. I am sorry he saw fit to base his whole argument upon the minority report.

May I review briefly the subject matters he has taken up. I shall start with the national service, and the $1,500,000 by way of an interim grant to the Canadian Broadcasting Corporation, pending an amendment to the act. This is entirely an interim measure, and it is to enable the C.B.C. to meet its bills, pending decision in the fall with respect to legislation regarding revised revenue arrangements for the corporation. We understand that it is entirely different from a loan.

Let me say here that this is the first time in the history of the Canadian Broadcasting Corporation when it has asked for a grant rather than for a loan. All financing of the C.B.C. has been done on the basis of loans which have been or will be repayable. The C.B.C. is the property of the radio listeners and licence payers of the Dominion of Canada rather than of the government of Canada; and it is for that purpose that the C.B.C. is responsible to parliament rather than to the government.

As hon. members understand, it is run entirely by a commission or a corporation which is independent of the government, and my position is that I report from the corporation to parliament and to the government. At the present time the corporation is in a strained financial position. This situation arises from the general increase in cost levels in Canada over the last twelve years. The corporation has been caught by these rising costs, while the basis of its revenue has remained unchanged.

The main part of the revenue of the corporation comes from receiver licence fees. The level has been, as hon. members know, $2.50; and that has not been changed since 1938. Meantime, as everyone knows, costs of operation of all kinds in Canada have risen greatly. It has been estimated that costs of the corporation have more than doubled in the last twelve years. At the same time the rates on its main revenue have remained the same. Obviously no organization can continue to function with rising levels of expenditures and a stationary rate of income.

The C.B.C. has made its position clear on a number of occasions, particularly to parliamentary committees, and to the royal commission on national development in the arts, letters and sciences.

The hon. member for Eglinton complained that there has not been a meeting of the parliamentary committee on the C.B.C. for a long time. That is explained by the fact that this commission was sitting.

Mr. Fleming: I did not complain of that.

Mr. McCann: The hon. member made that observation. He was within his rights, of course, in making it. I am simply repeating what he said. Until we received the report there did not appear to be anything gained by having the parliamentary committee.

Mr. Fleming: Quite right.

Mr. McCann: I think that is a fair statement of the position.

Mr. Fleming: Quite right.

Mr. McCann: But let us not forget that the C.B.C. and representatives of the Canadian Association of Broadcasters, otherwise known as C.A.B., as well as the public generally from one end of Canada to the other, had the opportunity and did make representation as to their ideas with reference to broadcasting in general.

The government has been aware for some time of the need for some revised income arrangement for the corporation. Of course it wished to have the report of the royal commission first. We had hoped it might be possible to consider the matter and to put the new measures into effect so as to apply throughout the whole of this fiscal year, but that has not been possible.

The situation however is such that the corporation just has to have some additional funds to carry on during the coming months. The annual report of the corporation for the year 1950-51 is not yet available. I may say it has been submitted to the Auditor General, but has not yet received his signature, which it must receive before it goes into the hands of the printer. Preliminary figures indicate however that the over-all deficit for last year will be something in the neighbourhood of $1,272,000 after depreciation.

Mr. Macdonnell (Greenwood): Is that the calendar year or the government year?

Mr. McCann: That is the fiscal year, and that is after depreciation. The over-all operating deficit before depreciation, in the national sound service, without taking into account preliminary current expenditures on television, will be $913,000. Of this amount $650,000 was covered by a loan to the corporation approved by parliament last year. The remainder comes out of C.B.C. resources, thus further reducing the working capital.

During the year the corporation operated on the principle of maintaining services at current levels, and carrying out its commitments, but not of introducing extensions or improvements involving increased expenditures. That practice was laid down at the last meeting of the parliamentary committee. That last meeting examined the position with reference to finances, and recommended specifically that, pending consideration of a new revenue basis for the system, the corporation should be enabled to maintain its present standard of services. That was the recommendation of the committee.

The government extended a year ago a $650,000 loan based upon that recommendation to meet the deficit for the year ending 1951. The chief addition to the coverage of the system during the year was a station at Windsor, and that had been started some time previously.

Arrangements were also made for relay transmitters in points in northwestern Ontario and British Columbia where service was badly needed. Increasing costs to maintain services and meet commitments, however, led to the deficit I have mentioned.

This year the corporation again faces still higher costs with little expectation for higher revenues on the present basis. It has estimated that the gap between revenues on the current rate and expenditures necessary to maintain present services will be over $2 million. It would have been possible in theory to have met the situation by a reduction in its services. The reductions, however, would have been such that they would have changed the whole national broadcasting service as we know it now. It should be pointed out however that this is the first time that a straight grant of funds has been requested for the C.B.C. Up until last year the C.B.C. had met any deficit it had out of its own resources. Last year assistance was provided by means of a loan, which is still an obligation on the corporation. I think

it should be pointed out that under the broadcasting act the C.B.C. has been expected to build up its capital assets out of its surplus revenues. It has in fact operated up to this time on that basis.

I think hon. members will agree that in principle it is undesirable to make grants to the C.B.C. for operating expenditures. I agree with them. There should be laid down a system of revenue for the corporation adequate for it to carry on a proper national broadcasting service in Canada under existing economic conditions. Just as with any other well-run enterprise the corporation should then have the responsibility of carrying out its task with the maximum efficiency within the limits of the revenue provided.

This vote asked for today is to prevent wholesale dislocation of the broadcasting services pending a full consideration of the royal commission report and possible legislation. At the fall session of parliament the house may wish to examine this whole question of financial provision for the national broadcasting system.

Frankly I admit that the government has not had time or the opportunity to give the study to the Massey report that we wish to give it, and we have not had time to formulate a policy or legislation based upon the report if we should accept it. I think it is quite likely the report will be accepted. I have made some study of it and I think it is a splendid report. I am not going to go into the details with reference to the arguments on that report. We had on that commission some of the most learned gentlemen in Canada and as a result of great study and the representations which have been made to them they have seen fit to make recommendations with reference to the future conduct and carrying on of the system.

Let me turn for a moment to the loan of $1,500,000 for television. This is a further loan to the C.B.C. for the development of television. At the end of 1949 parliament approved a loan of $4,500,000 to the corporation to enable it to establish television production centres in Montreal and Toronto. I think hon. gentlemen will remember that at that time I told the house that further loans would be necessary, probably up to $10 million. I realized fully at that time that the introduction of television into Canada was going to be a far more costly proposition than was generally regarded in this country. There was a demand for it and in order to keep up with the developments throughout the world and on this continent it was thought fit that we should proceed with the development of television on a fairly restricted basis.

The first loan covered the capital costs of the two centres. This new loan of $1,500,000 will cover mainly preliminary work and current costs during the first months of operations. It is really an operational loan rather than a loan for capital expenditures, but in that would be included some capital equipment.

The corporation had planned to have these centres in both cities operating in September of this year. However, unforeseen difficulties have been encountered. Delays in obtaining some construction materials are holding back the studio and transmitter building in Toronto. In addition, word has recently been received that there will be a delay of some months in delivery of television studio equipment on order from Great Britain because of defence pressures there. Orders totalling about $1 million were given for equipment to the Marconi people. We were pressed in this house to give that order to Britain so that they might have Canadian and United States dollars with which to make purchases of food in this country. As a consequence of the delays that have occurred it does not appear as though the Toronto centre could be operating before late winter of 1952. The actual date still depends on deliveries of construction materials and equipment from Great Britain.

The situation in Montreal is that the studio building is well advanced but there has been a considerable delay in starting the transmitter building and tower on Mount Royal. This was due to lack of permission to go ahead on the Mount Royal site. The necessary approval has been given recently and work has begun. It is expected that it should take about a year to complete the transmitter and the tower installations on Mount Royal.

These two centres have been planned as the first keystones of a Canadian national television system. It is planned that programs from them would be transmitted, not only directly in the Montreal and Toronto areas but also later over stations to be developed in other areas. Programs would be supplied to stations in other parts of Canada, for some time at least, by means of kinescope recordings.

In the fall, following consideration of the Massey report, decisions can be taken regarding revenue arrangements for the television system and plans for its extension in other parts of the country. I recommend again the Massey report and particularly that section of it which deals with television. Applications have been made by private

companies to get television airways and allocations. The report recommends that they be not proceeded with until our own two stations reach a further stage of development.

Let me say a word with reference to the international service, and I am not going to be much longer. This service continues its work, the main purpose of which is the projection of a clear picture of the life of Canada and a definite attempt to combat in every way possible communistic ideology. During the past three years many changes have come about in the policy or controlling philosophy of the international service.

It continues to speak to many countries where the battle for men's minds is not carried on with intensity and in a friendly manner. This is true, for instance, of the broadcasts to the United Kingdom, other commonwealth countries, the Latin American countries and the Scandinavian countries. But where the conflict of ideologies is really sharp and dangerous to the cause of freedom as we understand it, as in Italy, Germany, Czechoslovakia and Russia, the "Voice of Canada" has played a very definite combative role through its transmissions. May I quote a passage from an article by H. B. Hodson which appeared in a recent issue of the *BBC Quarterly,* where he says:

> The problem of propaganda by radio is highly controversial, and I do not propose to embark on it here, beyond asserting three propositions.

He then goes on to detail the influence of propaganda. The international service has continued to expand and consolidate its transmissions. In February, 1951, broadcasts to Russia were inaugurated. These broadcasts are daily, two in number of one-half hour each. The Italian service has been consolidated and is now meeting with great success. In fact, for the first three months of 1951 the mail from Italian listeners was larger than the mail from any other European country to which we broadcast. The actual number of letters received in three months was 4,075. We now have a weekly program to Finland and this has met with a surprisingly successful response.

The policy governing the C.B.C. international service continues to be worked out through careful consultation and co-operation between the responsible officials of the international service and the Department of External Affairs.

There are many arguments for further expansion of the service. Pressure has been exerted in favour of our embarking on broadcasts to Russia in Ukrainian, to Czechoslovakia with more extensive use of Slovak, to Poland, to Yugoslavia, to Hungary, etc. Forceful reasons are advanced in favour of all these proposed extensions. At the present time, however, the facilities provided for the C.B.C. international service are taxed to their capacity. In other words, all the available good listening time for European transmissions is occupied at present and no expansion such as has been suggested can be undertaken without serious curtailment of the present service. Two additional transmitters would be needed for further additions to European services.

The general response to the international service continues to be very good. During the year 1950 the total number of letters received from listeners in all parts of the world was 41,147. I am not going to bore the committee with details of all that has been done by the international service. We have copies of many of the letters written by people who express great satisfaction at having heard the C.B.C. signal.

In spite of the fact that additional European services in Russian and Finnish have been developed the operating budget of the C.B.C. international service remains at approximately the same level at which it was a year ago. This fact will necessitate the most stringent economy in many aspects of the service, notably in its publications and in keeping adequate personnel which is necessary if the service is to maintain the position it has built up.

The greatest vindication that there could be of the policies that have been in operation over the past ten or twelve years so far as the C.B.C. is concerned is found, in my opinion, in the Massey report. At this time I am not going to attempt to make an analysis or deal critically with the minority report. However, I say, after having looked over it, that the Massey commission, which had the opportunity and the time to hear representations from all classes and kinds of people and organizations in Canada, has embodied in their written report vindication of the policies that the Canadian Broadcasting Corporation has developed and put into effect ever since its inception.

Mr. McIvor: I should like to pay my tribute to the officials responsible for giving us the programs throughout the years. We get up in the morning and we hear the news without having to use our glasses to read. We hear the news at noon and again at night without any trouble. As one old gentleman on the old age pension said to me: "I hear the hockey games all winter and it is worth the fee of $2.50 when you can sit there and hear the whole thing." We get athletics in the summer. At different times there are dramatic presentations. As one young man said, who is fond of music: "You turn on

your radio and you get outstanding programs of music just for listening." At certain times we can hear our party leaders who can spread themselves without being troubled by those who sit on the opposite side. At special seasons such as Christmas and New Year's there is special music which is worth all it costs. We have morning devotions and our Sunday radio which is a great blessing to Canada. I take this opportunity to pay my tribute to the officials of the C.B.C. I hope they will not let any pin pricks bother them throughout the year but will carry on happily.

Mr. Fleming: When I spoke earlier I indicated the difficulties that the Canadian Broadcasting Corporation is facing as the result of rising costs. Of course to maintain its services, let alone expand them, it has to have adequate revenue. That is self-evident. The whole question that presents itself at this stage is where that additional revenue is coming from and on what terms. Hitherto the revenue has consisted of the $2.50 licence fee, and last year some $650,000 advanced by way of a loan.

The minister has said quite frankly that the government has not yet had time to study the Massey report nor, as he put it, time to formulate a policy. Those are words of the highest significance for the purposes of this debate and certainly with relation to the argument I have put before the committee. My whole submission today is based upon the fact that nobody in this house has yet had an opportunity to formulate his ideas on policy adequately after sufficient study of this report. The government is no exception to that rule. The minister has said that the government has not had time to formulate a policy. Yet in the face of that admission the government is asking the house to approve a departure from the policy that has prevailed from the time of the inception of the Canadian Broadcasting Corporation right down to this minute.

The minister referred to that in his opening remarks and said that the funds that the Canadian Broadcasting Corporation had received from parliament had always been received by way of loans. Quite so, Mr. Chairman. That is why when one comes to examine an item like No. 670 one is struck at once by the fact that here is involved a complete departure from that principle which is written into the terms of section 17 of the Canadian Broadcasting Act, and has been faithfully followed from the time this corporation came into existence, as I have said, right down to this minute. Notwithstanding that fact, notwithstanding also the fact that the minister admits that the government has not had time to study this report and has not had time to formulate a policy, the government is asking the house to take a jump in the dark and to depart from that recognized, established, statutory policy.

If I needed any further vindication of the submission I have made to the committee this afternoon, it is contained abundantly in the statement the minister has made today. I urge the committee to give the Massey commission report the thorough study it deserves, not to take a superficial glance at it and then some slapdash ill-considered action following submission of the report, or to make a departure in policy without a comprehensive study of the whole situation. What I am asking now is that this item should be allowed to stand until the kind of study that the importance of this report justifies and demands is given to it, and that no departure from established and statutory policy should be made until the house has studied the report, and until a committee of the house has gone exhaustively into all aspects of the report in relation to broadcasting and television.

No harm will come to the corporation by deferring the voting of these sums until the fall, because we will be able in the fall to do everything that is required in the way of voting money to provide whatever assistance the corporation needs during the fiscal year, which will run until the 31st March next. We will be able to do it then with all the knowledge that ought to be possessed and which is not, in my submission, in the minds of the government, in the mind of the minister, or in the minds of members sitting in this committee today. It seems to me only simple common sense that we should defer action until we study this question, that we should not make an important departure from established policy in the face of the inadequate consideration that has been given hitherto. No harm would come to the C.B.C. by waiting until the fall session for that necessary study. This means of making a grant to the C.B.C. may not be the means that parliament will decide is proper to provide the needed revenues for the corporation to avoid deficits.

There is nothing that the minister has said today that commits him or commits the government to the acceptance of that method as the method by which deficits on the part of C.B.C. are to be met in the future with the nuisance $2.50 licence fee continuing. Therefore I say that we are not doing justice to the report of the Massey commission, we are not doing justice to the importance of this problem, we are not doing justice to our own

claim to common sense by proceeding today to vote these sums involving a new departure in policy and based on the most superficial consideration of a problem of the highest importance for all Canada.

Mr. Stewart (Winnipeg North): Mr. Chairman, I cannot for the life of me see where we are doing an injustice to the Massey report by agreeing to provide an interim grant to the Canadian Broadcasting Corporation. Nor do I see why a particular brand of common sense demands that this item should be deferred until the fall. Surely the situation is that the Canadian Broadcasting Corporation has been running deficits for some years, and it has again this year. If the corporation is on its toes, as we expect it to be, it must be planning its winter programs now, and it cannot plan them very successfully if it knows it is not going to have any money to carry out those programs. Therefore if we expect the sort of programming from the C.B.C. that we have had in the past it has got to be certain it will have some interim grant such as this. So I differ with the hon. member for Eglinton; I say it is common sense to let the corporation know that part of the money is available to it now.

I agree with the hon. member that it would be a good idea to have a special committee on broadcasting in the fall. We had such a committee last year. For once the Canadian Association of Broadcasters was not represented, so we could spend all our time examining thoroughly and meticulously what the Canadian Broadcasting Corporation was doing and what it was hoping to do. We investigated it to the exclusion of all other agencies. We investigated charges of extravagance, incompetence and loose management, and the corporation came out of that investigation very well indeed. I do not think the fact that the royal commission was sitting at the time hindered any member of that committee or prevented him asking the questions he had in mind. That fact may have had some effect upon the report finally submitted, but beyond that I will disagree with my hon. friend. At that time the C.B.C. got the sort of going over it should get more frequently. In the past I think at times the committees may have wasted time listening to the complaints of the Canadian Association of Broadcasters. However, if they wish to appear when the next committee is set up no one will welcome their appearance more than I. Of this I am certain; the C.A.B. certainly will not completely adopt the minority recommendations in the Massey report. Indeed, if there is one thing of which I hold the C.B.C. culpable it is that it has not lived up to its own regulations. If we had this independent authority which has been asked for over both the C.B.C. and the C.A.B., I think the private broadcasters in this country would get the shock of their lives. If there is to be a committee set up in the fall I want it to be told that the C.B.C. has lived up to the regulations concerning private radio stations more than has been the case in the past. I have no objection to private radio stations; I think they have an invaluable part to play as community stations; but we must not forget that the Canadian Broadcasting Corporation is a national institution, and I hope the government will see its way clear to implement the recommendations of the Massey commission and give the C.B.C. the funds it needs to do the job we expect from it.

Mr. Hansell: I do not think this day should go by or this item should pass without saying a word or two on it, as the expression of my own mind after giving these matters a good deal of thought. I am going to follow the same tack I have followed a good many times before; perhaps hon. members know what that is.

I am still not satisfied that the Canadian Broadcasting Corporation, in its talks department, is being operated in the interests of the Canadian people and our concept of our free way of life. I know that the very moment one speaks in that vein the cry goes up that one is attempting to break down public confidence in this great national institution. I have no desire to do that, but when I have a conviction I am not going to remain silent. If I have to choose between warning of what I believe to be the dangers on the path along which I think we are being very subtly led, and taking a chance on being branded as one who is destroying public confidence in the C.B.C., then I am afraid I shall have to choose the latter and take that chance. I would not say this if I had not listened to these talks occasionally; and of course it may be said that I just happened to listen to the wrong talks. No citizen sits with his ear glued to the radio from early morning until late at night and takes in every talk that goes over the air. I am not a radio fiend; I do not do that. It is impossible for me to say that I have listened to every talk on the C.B.C. programs. I have not. But I have received a number of complaints from people who think as I do. I do not mean to say they think as I do about the C.B.C., but think as I do about life, as I think in respect to the enemy of our democracy that is out to destroy us if possible, and

as I think along certain Christian lines. I have had these complaints verbally and by correspondence.

I know what the answer is. The answer is: Well, we have our talks department and we attempt to call in speakers who will give us a broad range of views. These men hold different views concerning this matter and that, and we believe in free speech. That is the cry. When the corporation is asked about that very often they will say this is a principle that has been adopted and favoured by parliamentary committees that have sat in the past. Of course that statement contains only an element of truth. If it comes to a question of free speech what parliamentary committee will not say it is in agreement with that principle? Of course it will. We are all in favour of free speech. But let me say that we do not have free speech when we have a talks department responsible for choosing the people who use the national network to put over their views. You cannot have free speech by that process. The only way you can have free speech is to have the air open to everyone. I realize that is neither practical nor possible, but let us not put up the cry that we are in favour of free speech and are doing our best to give the people every possible view of a situation. I say that when we take that attitude we are taking the attitude that the people are incapable of making up their own minds. It is all very well to say: We have our publications, we have our newspapers; would you say the same thing about them? Any newspaper or any periodical that wishes to express its views is welcome to do so. Any individual in the country who wishes to express his view is welcome to do so. But when we are using the taxpayers' money for the purpose of a talks department which chooses the speakers, I say we have no right to do that. That is my conviction.

In pursuing my argument, I would ask this question: As to the news of the day, the news of the week or the happenings in any part of the world, is it necessary to have that news pre-digested by half a dozen, a dozen, or a hundred people and then to have it expounded over the air to be redigested by the people? Is that necessary? I say it is not. I say that it is not a healthy procedure. For instance, such topics as the MacArthur incident have been commented on. Broadcasts have been given on it. Speakers have been chosen to express their views. I say I do not agree that anyone else should use this publicly-owned institution to pre-digest that news and put it over the air—excuse the expression "put it over"; I do not mean it in any derogatory sense—or expounded over the air with their own particular mental slant upon it.

An hon. Member: Why not?

Mr. Hansell: Someone asks: Why not? It is all right if a person wants to do it himself but not at the taxpayers' expense. That is what I say. That is why not. I do not believe that that is a healthy state of affairs. The recognition of China is another subject which I do not believe has to be digested by commentators in order afterwards to expect the radio audience to digest that which has been pre-digested. There can be no purpose in talks over the radio except the influence of public opinion. What other purpose could there be?

Mr. Blackmore: Subtle indoctrination.

Mr. Hansell: I am glad the hon. member for Lethbridge made that interjection. I believe that is exactly what it is.

The one thing that is now on the front pages of the papers and is of world-wide interest is the Iranian oil situation. I say that we will safeguard the interests of our people if we let them read the news. I am quite agreeable that the Canadian Broadcasting Corporation should go ahead with their news program. Let the people read the news. Let them hear the news. Let them make up their own minds concerning it.

Mr. Blackmore: Let them form their own prejudices.

Mr. Hansell: What I believe, Mr. Chairman, is that the talks department of the Canadian Broadcasting Corporation is becoming a propaganda panel and is being used to condition the mentality of our people to accept, at least without great protest, a way of life that is contrary to that which we hold dear and which would otherwise lead us on to the destiny which free peoples have envisioned. That is my honest conviction.

I know that fine speakers have been heard over the air. I am not saying that it is all bad. You do not have to have the thing all bad. As a matter of fact, even though there is an occasional speaker or an exceptional one propounding our conception of our particular way of life—even though there is the occasional speaker doing that—it might very well become a sort of argument that therefore we are expressing every view. I agree that there have been some excellent speakers. I know that someone will say: Oh yes, the excellent speakers are those who agree with you. I know that is something that will be said. It is not a matter of agreeing with me. These things cannot always be

determined simply by reading on the surface of the words that are published or spoken. Many of these things are sensed, and they are sensed by those who have a real conviction of that which is right.

The corporation is asking for money. I am not going to say that they should not be given assistance when they need it. But here is one place where they could cut down a little on expenses. I do not believe it would hurt this country one tiny, little bit if they simply cut out completely their talks department. As a matter of fact, I believe that the country would be better off for it.

An hon. Member: Nonsense.

Mr. Hansell: One or two hon. members say "nonsense". I assess the value of that remark having regard to the source from which it comes.

I do not think I shall have anything more to say at this time, Mr. Chairman; but I do say that this is one place where we could cut expenses, and I believe the country would be better off for it.

Mr. Adamson: I should like to agree with what the hon. member has just said. Unfortunately I see—and records have been kept—that there is a continuous emission of leftist propaganda, to give it its true name, over the talks department. There may be a very proper reason for these talks. But I think that if the record is studied of the political slant of all these talks that go over this series, you will find that they are weighted preponderantly to the left. I wish to agree with what the hon. member has said in this regard.

Mr. MacInnis: Mr. Chairman, I would think it would be regrettable if the Canadian Broadcasting Corporation were to eliminate or, to use another phrase, to cut out these talks by various speakers who represent all schools of thought, as far as I am able to find out or ascertain by listening to them over the air. And I have had an opportunity these past few months to listen to them a very great deal, because part of the time I was not able to get out. It is the easiest thing in the world to denounce a thing—I was going to use the word that has been mentioned here for the last two days—to smear a thing that you do not like, to call it propaganda. I presume that the thing you like is education, and the thing that you do not like is propaganda. Well, until we are mature enough to listen to the things we do not like and to understand that there are people who like them and who agree with them, we are too immature to make a decision as to what should be said over radio broadcasts.

The hon. member for Macleod says: "Leave these matters to newspapers."

Mr. Hansell: I did not say that.

Mr. MacInnis: I take it back. I sincerely believe that the hon. member did say that. Let me mention the way it started. He referred to the Iranian oil situation and to the comments made over the broadcast on that. He said: "We can very well leave that to our newspapers."

Mr. Hansell: I did not say that.

Mr. MacInnis: If he has not said that, then he would not want it referred to in the broadcast talks, and he would not want it referred to in the newspapers. How are we to be informed on the subject? In my opinion newspapers are not necessarily free agents, neither are they imbued with the single-mindedness of informing the public on these matters that are of public importance, from an unbiased point of view. Material was put on the record here the other evening to show that that was so. I will say this: If it were not for the radio, as far as the newspapers are concerned in my city, I would hardly have got to the public at all in the last general election. Thank God we did have the radio and we did get some opportunity to get our views over to the public.

Mr. Diefenbaker: Over private stations.

Mr. MacInnis: Private stations and C.B.C. as well. Private stations sold the time, and then there was free time on the C.B.C.

Mr. Diefenbaker: That is right.

Mr. MacInnis: In a party such as ours, where we have not the financial assistance of particular interests, this free time is very important to us. Let me give you one instance of what happened in one of the Vancouver constituencies. The Liberal candidate invited the Conservative candidate to a debate on housing, but the Conservative candidate did not accept the invitation. The C.C.F. candidate said: "Since the Conservative candidate has turned you down I will be glad to debate the question of housing with you." There was a debate. I did not attend it, but I am told that at least the C.C.F. candidate did not have the worst of the debate; but when the *Sun* newspaper came out with the report of the meeting, there was a report only of what the Liberal candidate had said. There was not a word about what the C.C.F. candidate had said.

Mr. Cardiff: They had him bought over.

Mr. MacInnis: Suppose a boxing match was reported in the same way, a fight between Walcott and Louis. Suppose all that appeared in the papers were the uppercuts and the jabs

of Walcott and nothing about the punches that Louis gave. What would your readers say?

Mr. Casselman: A poor fight.

Mr. MacInnis: They would say that it was a poor fight, and that is exactly what was intended in the way that the report was made. I am mentioning that in order to show that without the facilities of the C.B.C. a great many people in this country would not get their views heard at all.

Mr. Cardiff: It may be just as well, perhaps.

Mr. MacInnis: It may be just as well, but who is to decide—

Mr. Coldwell: Whose views should be expressed?

Mr. MacInnis: Who is going to decide what views are to be expressed?

Mr. Cardiff: That is the point, exactly.

Mr. MacInnis: The government of Canada, in its wisdom, decided to set up the Canadian Broadcasting Corporation, and it has appointed people to decide who is going to do these things. Unless it can be demonstrated that certain views are not given expression to on the C.B.C.—

Mr. Cardiff: Who are they to decide?

Mr. MacInnis: You might as well say: who is the government of Canada to decide what should be done here? First of all the government of Canada was elected by the people of Canada. The corporation was set up. The board of directors was chosen by the government. Surely that is democracy in action, is it not? Whom would you leave it to? The people who can afford to do it because they have the economic means? That is not the trend of the times, because when that was the situation only the favoured few had an opportunity to put their views before the public and that day I hope is gone forever.

Mr. Macdonnell (Greenwood): I just want to add a word to what has been said. I do not find myself in full agreement with the hon. member for Macleod nor with my colleague from York West, though I sympathize up to a point. I feel it would be a pity to do away with the talks, because I do think we have got to face the expression of different views; we have to act our age, and we have got to presume that in democracy we have enough discrimination through broad education so that we can distinguish the good from the bad. But I make this qualification. There was a time, I confess, when I was inclined to say: Let everybody express their views regardless of what they may be. I was slow to believe what I now believe, namely, that there are those living among us who enjoy the freedoms that our way of life provides, and yet who are utterly disloyal to our way of life. In other words, they are enemies of the state. While it is an extremely difficult choice to make, I do think that is the responsibility which has to be taken by those who are making the selection. Happily we have a great many things where we agree that there should be wide expression of views. For instance we have our weekly broadcasts in which the various party leaders express their views. We all agree with that. There are various other things which I think are free from abuse. On the other hand there is always this to be borne in mind, that the disloyal citizen, the person who is an enemy of the state, can often appear a most reasonable person. He may often conduct himself so that it would appear as if he actually shared the views respecting liberty that we all share. Therefore while I cannot find myself in agreement with the suggestion that we should do away with these talks—because that seems to be just shutting the doors and windows to keep out the light—nevertheless I do feel that those who are responsible must keep in mind that we find in strange places people who prove to be enemies of the state.

Often in this chamber we have heard quotations from a book called "The God That Failed". It is an extraordinary book, because it is the confession of six distinguished people who went a long way on the road to communism, but who came back. There are others who are distinguished, who go on the road to communism but do not come back. For them we have to be on the lookout.

Mr. Coldwell: Mr. Chairman, to a great extent I find myself in agreement with the hon. member for Greenwood. I think there is a distinction between those who are enemies of the state and who are willing to foment sedition and to undermine our institutions, and those whose minds are progressive and who indulge in what is legitimate criticism of the evils of our society. The latter may try to give an objective view of events throughout the world.

When I have the opportunity of listening to the radio I must confess that it is confined pretty much to stations of the Canadian Broadcasting Corporation, because they are devoid of so much of the objectionable advertising that comes over the private stations. I had the opportunity last autumn, while I was at the meeting of the United Nations, over week ends and at other times, to address some of the university people in the United States not so far from our Canadian border. It was interesting to note that almost

invariably—I was going to say invariably, because I believe that is so—persons who were teaching in those institutions mentioned the Canadian Broadcasting Corporation, and how they listened to the objective presentation of the news over the C.B.C. I found that quite a large number listened to the ten o'clock broadcast at night.

I think all hon. members will agree that that is usually an objective presentation of the news of the day, both national and international. There are times when perhaps those of us who are interested in what happens in this house may feel that there are some deficiencies in the news. We regret that. But, on the whole, I think it can be said that news broadcasts over the corporation stations are, as a rule, objective. It is also noteworthy that the commentaries made over the Canadian Broadcasting Corporation have won high praise, perhaps not necessarily from those organizations that may be considered to the left or to the right, but from university groups and others who make an appraisal of broadcasting in both the United States and Canada.

Though at times I find myself in sharp disagreement with some views expressed, I must say that on the whole the talks are objective and give various sides in respect of those questions before the public that are under discussion.

Coming down to the item of $1,500,000 suggested as a grant to the C.B.C., my view is that the House of Commons would be warranted in adopting the proposal and supporting the granting of this amount to the corporation. Those of us who were on the radio committee in former years—I was not on the last one, but I believe I served on all the others since radio committees have been set up by parliament—realize that the C.B.C. has been crippled through lack of funds. We realize, too, that the fee has remained the same—and I think it must remain the same—while costs in every respect have risen sharply. We realize that revenues must come from somewhere, if the service of the corporation is to be maintained in a satisfactory manner.

Programs depend very largely upon revenue, and the manner in which programs have been built up out of the revenue the corporation has had in the past is, I think, remarkable. I am not going into all the phases of the Massey report; but anyone who reads it will see at once that while there are some criticisms of the corporation, there is a great deal of praise for much that it has done. It has brought good music, good opera and good drama into the homes of the Canadian people. Its literary critics have recommended good books and good reading to the people of Canada. I believe the C.B.C has done perhaps more than any other institution we have to raise the cultural tastes—and I shall not use the expression "cultural level", because I do not like it—of the Canadian people in regard to some of the good things in literature, in music, in drama and, to a limited extent, in art.

I should hope that in the fall the house would provide adequately for the corporation, and for its television. I am glad the Massey commission has recommended the kind of experiment in television that it has recommended. Some of us in this chamber now were in New York at the meeting of the United Nations last autumn, at which time we installed a television set in our delegation lounge, with the thought that we and our staff would enjoy it. I think the consensus however was that the sponsored programs we were seeing were, in the main, below the level we would expect from this great new organ of public entertainment and information. With the exception of the sports events and a few other programs, they were of a low level. And as for their drama, well, I have seen classes of Sunday school children who could perform more acceptably than some of the performances that were given—mixed up as they nearly all were with the advertising of beer, liquor and a good many other commodities whose makers were paying for the television in that country.

I say: Heaven defend us from the kind of television they have in the United States. Let us do all we can to build up in this country something that will be a credit to Canada and to the corporation.

Mr. Diefenbaker: Mr. Chairman, I think it is unfortunate that a matter as important as this should have been left to the dying days of the session. There is no matter more important to be brought before parliament, so far as the country as a whole is concerned, than matters connected with the Canadian Broadcasting Corporation and, in fact, the whole question of broadcasting.

I was on the committee last year that dealt with broadcasting, and our report was hampered and confined by the fact that we did not wish to make any decision or come to any final determination of many of the questions connected with this problem, because the Massey commission was sitting, and we felt that the report of that commission deserved to be considered before any final decision was made in respect of various controversial matters that came before the committee.

I listened with a great deal of interest to the hon. member for Rosetown-Biggar. I am

in agreement with much of what he said with regard to the objectivity of news broadcasts, but I disagree with him on the question of television. I think we would have been advanced more materially along the road to television had the decision been made by parliament that private corporations as well as the C.B.C. might engage in that field. The hon. member for Rosetown-Biggar spoke of the degrading of television in the United States by advertising, but that difficulty could easily be met by proper controls, and those proper controls could be achieved by setting up a semi-judicial board to decide on such questions. It is because we believe in the need of such a board that we of the Progressive Conservative party have supported the transfer of the judicial functions and the determination of disputes as between the Canadian Broadcasting Corporation and private broadcasters to such a board as the transport board which today exercises similar functions in connection with television. I feel that we in Canada will continue to be far behind in the development of television so long as television remains the exclusive function of the Canadian Broadcasting Corporation.

The question as to whether $1,500,000 should be voted for the Canadian Broadcasting Corporation depends in large measure on how the revenues of the corporation are to be raised. It was generally understood, and that was the attitude of the minister at the time, that at no time would advertising be allowed to contribute more than approximately $500,000 to the revenues of the Canadian Broadcasting Corporation. Today that amount has been tripled and quadrupled and in my opinion the national programs of the C.B.C. are too greatly dependent on advertising. That is a matter of personal opinion. I realize that if advertising is taken away parliament will have to contribute more or the licence fee will have to be so greatly increased as to deny many people the right of possessing a radio.

Generally speaking the Canadian people are opposed to any increase in the licence fee. I think that is almost without exception. Some months ago the question was raised that possibly $5 would be a fair fee. That was more or less a feeler sent out from official quarters to ascertain public opinion. Public opinion was ascertained very quickly by general resentment being expressed to that course being followed. If the amount of advertising is not to be increased—as I see it, it should be materially decreased—then parliament will have to vote a large sum of money to the Canadian Broadcasting Corporation.

Before that is done I feel that the radio committee should be set up and this whole question submitted to that committee. However desirous the committee may be today to debate this important question, it cannot receive the consideration it could in the matter of an hour or an hour and a half. A request from the C.B.C. for $1,500,000 to tide it over constitutes an outstanding change in the financing of the C.B.C. by parliament and the Canadian people. I believe that assistance must be given but I feel that parliament has the right to the assurance that the amount of time taken up by advertising will be materially reduced. One hears many programs from the United States that obviously originate in the United States and which are put out over Canadian stations.

Mr. McCann: They pay for that if it goes out over our network.

Mr. Diefenbaker: I appreciate that they pay for it. But reference to the Stars and Stripes and United States institutions on a program going out over Canadian C.B.C. stations is something that I feel should not be permitted, whether they pay for it or not. There should be an agreement with United States corporations that in their international advertising nothing shall be said indicative of the United States system of government being preferable to our own, and in particular there should be no reference as part of the program to the constitution of the United States as though it were ours. Such references should not be made during the course of a broadcast, but I have heard them on several occasions.

Mr. McCann: Do you think that those restrictions would promote good relations between the countries?

Mr. Diefenbaker: It is not a question of good relations. I believe in good relations, but I ask my hon. friend how long the United States would stand for broadcasts from Canadian stations dealing with purely Canadian matters and from the point of view of British connections over United States stations. I believe that everything should be done to bring about good relations, but I do not believe that advertisers should be allowed to use the facilities of the C.B.C. to broadcast purely United States programs, the only justification being that it is a matter of advertising.

I shall say no more as far as news items are concerned. As far as talks are concerned, I presume that all of us enjoy things with which we agree and dislike things with which we disagree.

Mr. MacInnis: We listen for comfort, not for information.

Mr. Diefenbaker: After all we do not want to spoonfeed our people with the things that some board or group decides is good for the Canadian people. So long as it is not a matter of disloyalty, so long as it does not constitute sedition or is not contrary to good taste I can see no reason why various viewpoints should not be expressed. Indeed I can see no reason why any government board or any other board should be able to determine that only certain types of broadcasts along certain constituted lines shall be permitted over the C.B.C. I believe that out of a community of viewpoints will come, under a democracy, advance and sound decision and sound conclusion.

I certainly would not want to see the C.B.C. throttled by decisions made by persons in authority as to what I ought to be permitted to hear regardless of whether I agree or disagree with what is being said, provided what is being said constitutes no offence and is within the limits of good taste.

Mr. Hansell: I will only take a moment, but I believe the hon. member for Vancouver East and the hon. member for Rosetown-Biggar have been inclined to place an emphasis on my remarks that is not justified. I did not say that we should leave expression of opinion to the press.

Mr. Ferrie: Oh, oh.

Mr. Hansell: I wish my hon. friend would not interrupt the way he does. I always feel like pulling my dagger out. He is a likable fellow, and I do not like to do it. What I said was that if newspapers want to comment editorially about news that is of some prominence or if any individual wants to comment over the radio on the same thing that is their business, and it is all right, but I do not agree that the taxpayers' money to the amount of millions of dollars should be used in order that a panel of men should choose speakers to mould the thinking of our people along certain lines by choosing a dozen or so men to do it. That was what I said. I should like to ask the minister one question. I have to use a supposition to bring out my point. Suppose the government should feel that a certain thing should be done in respect of broadcasting. If I may use a tangible illustration, suppose the government should agree that it would be wise to cut out the talks department, and they passed on that recommendation to the C.B.C.: would the C.B.C. feel in duty bound to comply with that recommendation? I should like to know what the relationship is between the government and the C.B.C. with respect to a policy such as I have illustrated.

[Mr. MacInnis.]

Mr. McCann: To answer the hon. member's question, I have been connected more or less with the C.B.C. for a number of years, first of all as a member of the committee, and for the past six or eight years I have been responsible for it in the house. At no time have I known of the government directing the C.B.C. with reference to what their policy should be.

Mr. Hansell: I agree with the minister. I do not think they have. I am not suggesting they do. I drew a supposition and asked the minister what the relationship was between the two. My purpose in asking the question was this. Are we voting money to a corporation with no strings attached to it whatsoever? Are we voting the taxpayers' money to a corporation without having the government responsible for saying how it should be spent? There is a principle involved there, and that is really my question.

Mr. McCann: We are voting money to a corporation which is responsible to parliament. The vote is made by parliament, and the corporation is responsible to parliament and not to the government.

Mr. Fleming: Would the minister, with the consent of the committee, put on *Hansard,* first of all, the budget of the C.B.C. for the present fiscal year, 1951-52, and second, the statement of income and expenditures for the fiscal year ended March 31, 1951?

Mr. McCann: The matter of the expenditures of the C.B.C. up to March, 1951, is of course in the report.

Mr. Fleming: We have not got the report.

Mr. McCann: The report has been submitted to the Auditor General, and until it receives his signature it is not for publication. As soon as it receives his signature it will be printed and distributed. So far as the budget for the present year is concerned, we cannot give you the complete figures for the budget. We have the prospective budget to the end of the year. These things vary. The cost of your wire lines, performers, artists and all other items of expenditure vary. Some of those employed are on a salary basis, some on a term basis and some on a performance basis. It is a hard thing to budget except that you know you have certain programs to put on, so many hours every day and so many days. You know from past experience what your costs have been. You take into consideration increased costs, and that constitutes your budget just the same as any other budget that comes before the house.

Mr. Fleming: The minister's answer amazes me. He knows perfectly well that it has been the practice in times past for the C.B.C. to give to the special parliamentary committee on the C.B.C. its statement of income and expenditures before they are audited by the Auditor General. It is tentative of course until audited by the Auditor General. To suggest that three months after the close of the fiscal year of the C.B.C. the committee should not receive the statement of income and expenditure for the last fiscal year just does not make sense to me. It never was denied in the past to the special committee. I do not understand why it should be denied to this committee especially when we have not been given any information except that we have been told there is a deficit for the past fiscal year. Surely the committee is entitled to have all the figures and not just be given a figure as to the deficit.

Mr. McCann: I can give the hon. member approximate figures. I can give him the actual figures, but there is a lot of detail to it. I will give odd figures. Licence fees last year were $5,500,000, and commercial advertising, $2,400,000.

Mr. Fleming: Could it not be put on *Hansard*?

Mr. McCann: I do not propose to put it on the record until it has received the signature of the Auditor General. That is not customary at all.

Some hon. Members: Carried.

Mr. Fleming: It is not carried. We are going to get some of this information.

Mr. McCann: As to expenditures, there was $4 million for programs, $1,900,000 for engineering, $1,100,000 for station networks, $540,000 for administration, and then there is press and information, et cetera.

Mr. Fleming: Let us have those.

Mr. McCann: Press and information, $271,000; commercial, $200,000; interest on loans, $230,000. That made a deficit of $913,000 at that time. If you add to that the allowances for depreciation of 2½ per cent on buildings and 5 per cent on equipment, which are the ordinary rates, it means that you have to add $235,000 to the $913,000, which gives you a deficit of $1,149,000.

Mr. Fleming: Has the minister got the figures for income there?

Mr. MacInnis: Six o'clock.

Mr. McCann: The gross income was $8,300,000.

Mr. Fleming: I am asking for the details for the three items.

Mr. McCann: Fees, $5,500,000; commercial advertising, $2,400,000; miscellaneous, $266,000.

Mr. Fleming: Has the minister any further information on the item of $271,000 for press and information?

Mr. McCann: I have not the details on that here.

Mr. Fleming: I am sure the officials sitting right in front of the minister have them.

Some hon. Members: Six o'clock.

Mr. Fournier (Hull): Mr. Chairman, according to standing order 15 on Friday night the hour from eight to nine is devoted to private bills. I would ask unanimous consent that we proceed with government business during the hour from eight to nine this evening.

Some hon. Members: Agreed.

Mr. McCann: The principal items under press and information are:

Advertisements	$159,000
Displays and exhibits	1,457
Photographic and art work	26,000
Postage	13,000
Printing and stationery	74,000
Salaries	115,000
Travelling expenses	4,802
Telephones	3,032

Those and the smaller items make up a total of $271,476.

Mr. Fleming: The minister mentioned a figure of $159,000 for advertising. Surely that is not right. That must be the payment for press services.

Mr. McCann: I am sorry; I read that figure incorrectly. It is $15,966.65. These figures are in pencil, and I did not get the decimal point in the right place.

Mr. Fleming: What was the amount paid for press services?

Mr. McCann: The figure is $145,779 paid to news agencies.

Mr. Fleming: Would the minister indicate the payments to the various agencies making up that total?

Mr. McCann: I have not that information.

Mr. Fleming: I am sure the officials sitting before the minister have the information as to the payments making up the total of $145,779. If they do not have it at this moment no doubt they can have it at seven o'clock.

The Chairman: Shall these items carry?

Mr. Fleming: No, Mr. Chairman. We are waiting for essential information.

Mr. Knowles: Are we going on with this at seven o'clock?

Mr. Fournier (Hull): Oh, yes.

At six o'clock the committee took recess.

Supply—National Revenue

AFTER RECESS

The committee resumed at seven o'clock.

Mr. Fleming: Mr. Chairman, I was asking the minister for a break-down of the payments aggregating $145,779 made, as I understand, for news services. While the minister is looking up that information, and while the officials are taking their place, may I ask the minister again to put on the record the budget that the C.B.C. has compiled for the present year. To my surprise the minister suggested, prior to the dinner adjournment, that there is no budget. Everybody knows that the C.B.C. prepares a budget at the beginning of every fiscal year. A year ago in the committee we had the budget for the fiscal year then commenced and we spent some time examining it. I am quite sure that there is a budget prepared, indicating estimated expenditures and estimated revenues for the current year. That is what I asked the minister to put on the record.

Mr. McCann: Mr. Chairman, I think the hon. gentleman does me an injustice when he says that we did not have any budget. We certainly have a budget. We did not have it with us at the time.

With reference to the matter of giving detail of the cost for press services, which is approximately $147,000, I might explain that that is for the amount of money that we pay the various press agencies like British United Press, Canadian Press and another French agency for the services they render in the year. The hon. gentleman and others throughout the years, at parliamentary committees, have asked for that information; and it has been explained that we do not believe that it is in the best interests either of the corporation or of the company to give those figures in detail because in a subsequent year it puts us in a rather bad bargaining position when we are trying to get the services.

For 1951-52, our approximate revenues are roughly as follows: From licence fees, $5,700,000; commercial revenue, $2,500,000; miscellaneous revenues, $200,000; recovery re pool services—that is Radio Canada building —$175,000; engineering expenses recoverable from capital, $225,000; salary recovery re announcers and producers, $20,000. That comes to $8,820,000.

Our expenditures are as follows: board of governors, $17,145; administration, $121,369; engineering, $765,055; programs, $4,645,430; press and information—that is the very one the hon. gentleman was asking about— $268,330; commercial, $77,290. That gives a subtotal of $5,894,619. Other expenses are: superannuation, $235,000; salaries, $3,615,945; secretarial and casual wages, $135,000.

[Mr. Fournier (Hull).]

Then there is a system in the C.B.C. where they have a cost of living bonus instead of salary increases. That amounted to $592,000. Ordinary capital, including improvements to leased properties, $151,350; interest on loans, $255,500; unallocated, $100,000. If we add the estimated deficit to that, the total would be $2,159,414 which gives the total of $8,820,000, an amount equal to the revenue. I should say you subtract the deficit to get that.

Mr. Fleming: I understand that the budgetary figures that the minister has just read are those for the fiscal year April 1, 1951, to March 31, 1952.

Mr. McCann: That is right.

Mr. Fleming: On the other matter, the news expenditures for the fiscal year 1950-51, it is true, as the minister has said, that this question has arisen in the parliamentary committee in the years when the committee has sat, and that the corporation officials have opposed being required to give information as to the payments made to the news services. I cannot see that there can be any great secrecy about that matter as far as the companies themselves are concerned because each of them knows what it is receiving, and it is a simple matter to arrive at the figures of the others by the simple process of subtraction. I think the members of this committee are the only ones who are kept in the dark as to what those payments are. I ask the minister to give the payments—I understood from his statement that there are three of them—into which this sum of $145,779 is divided.

Mr. McCann: I have given you the Canadian ones. Then we make a payment to Reuters for services that were given to the international service.

Mr. Fleming: Whatever they are I would ask the minister to give us the payments. There cannot be more than three or four of them.

Mr. McCann: In order to expedite matters, although I am deviating from what has been the practice for years, I will give other people's business: Canadian Press, $108,227; British United Press, $35,000, and the French press $4,000. Add these together and you get $147,227.

Mr. Fleming: May I ask the minister now for a reason, for none has yet been given, as to why with respect to item 670 this money should be provided as a grant instead of a loan? It offends the whole policy of the act as we have it, and the policy that has always been followed, to make a grant now instead of a loan.

Mr. McCann: One of the best reasons that I can give—and I think it is a good reason—is that there is nothing in the broadcasting act that prohibits the making of a grant rather than a loan. I admit that it has been customary to make loans, but if you will turn to the Massey report at page 295 you will find that among other things they recommend:

> That the total annual income of the Canadian Broadcasting Corporation for all radio broadcasting purposes other than its international service be set by statute for five years, and that this income be found from licence fees, from commercial and miscellaneous revenue, and from a payment out of public money sufficient to make up the total statutory income.

On page 295 they have it all worked out under "statutory grants".

Mr. Fleming: In other words, the committee is being invited to begin to implement the report even before it has been studied, because the minister said this afternoon that neither he nor the cabinet has had time to study it. These are his words: "The government has not had time to formulate a policy in regard to it." Can you imagine anything more extraordinary than to dive into this volume, extending, with the index, to over 500 pages, dive into it and come up with one out of the great many recommendations, seize on that one and undertake to implement it without relation to any of the other scores of recommendations, and involving a complete reversal of policy; and then to write it into this item and tell us in the item that it is:

> To provide for an interim grant to the Canadian Broadcasting Corporation pending amendment of the Canadian Broadcasting Act.

What amendments are pending? Are those amendments to have any relationship to the report? Are those amendments to have any relationship to this particular recommendation, "1" on page 295? What is the purport of those amendments? The minister says that there is nothing in the act now to prevent it. Well, he has taken care at least to tell us in item 670 that there are amendments coming. Presumably, somebody in the government has had the idea that some amendments must be necessary, and that this item is to be introduced pending the kind of amendment that will make provision for a statutory grant, apparently, instead of loans, as has been the case heretofore. Here is section 17 of the Canadian Broadcasting Act, which authorizes the governor in council to make loans to the corporation which may be necessary to carry out construction, expansion or improvement of capital works. Then there is a limit put on the total of loans that may be outstanding at any one time. That has been up in the house before in connection with the amount of loans; but here, with the admission of the government that they have not had time to study this report, they just pick out one recommendation, reverse policy, and ask the committee in this slapdash fashion to provide $1,500,000, accompanied by a reversal of policy.

Mr. Stewart (Winnipeg North): Is this $1,500,000 for capital works or for current expenses?

Mr. McCann: For current expenses to meet part of the deficit which is anticipated for this current year. When we meet in the fall the whole matter of the financing of the C.B.C. will be taken into consideration. But in the meantime they must have money to pay salaries and other current expenses; otherwise they will probably have to fold up.

Mr. Macdonnell (Greenwood): That is not meeting the point of the hon. member for Eglinton why this must be turned into a grant. It seems like taking a flight to start before the Massey report has even been read by members of the cabinet. We have had that admitted this afternoon. So far as I know the minister has not said a single word to indicate why the preceding practice, which has the sanction of some years, could not be followed instead of turning this into a grant, which is a definite change of policy, and which may be or will be decided next autumn; but why start it now?

Mr. McCann: In my opinion it is more or less splitting hairs to argue whether this is a grant or a loan. The matter of a grant is not new, as far as the suggestion goes, in the matter of meeting the current expenses of the C.B.C. We have done that—

Mr. Macdonnell (Greenwood): It is in the Massey report.

Mr. McCann: Exactly. This confirms what has been suggested on many occasions, and I do not know of any better suggestion in the report than that the C.B.C. deficits be made up by a different method of financing than has been in vogue in the last number of years.

Mr. Macdonnell (Greenwood): I must say I am sure it would be very flattering to those who wrote the report to know that that suggestion is being adopted and is being quoted as the reason for the change in policy.

Mr. McCann: You can find that out better than I can.

Mr. Fleming: If the C.B.C. needs money to meet current expenses then I am sure the

committee is not going to boggle about providing the money to meet the current expenses but, Mr. Chairman, I point out to you that this is covering a whole fiscal year running up to March 31 of next year, and the minister has not yet said one word by way of justifying this departure of making a grant of it now instead of a loan. He has not given us any reason for that. There is nothing that is involved here by way of necessary provision of funds now that cannot be done in the fall after study. I move, Mr. Chairman:

That item 670 be amended by substituting the word "loan" for the word "grant."

I point out that that change will have the effect of making whatever provision is required to meet the current need of funds of the corporation. In fact, it will provide those funds up to March 31 of next year. But it will not involve this change in policy in anticipation of an amendment that we do not know anything about yet.

Mr. McCann: I will not take the responsibility of accepting the amendment because the original suggestion and request came not from me or from the government but from the Canadian Broadcasting Corporation.

The Deputy Chairman: Mr. Fleming has moved that item 670 be amended by substituting the word "loan" for the word "grant". I would point out that I have five items before me. The first of these is item 53. As hon. members know, each item is a separate resolution. If it is agreeable to hon. members we may continue with item 670, so that it may be in front of you immediately, and leave the other items; or we might carry some of the other items and deal with item 670 later. I would be prepared to follow whichever course is the more convenient.

Mr. Fleming: I would point out that the discussion today has centered around item 670, which involves policy. My respectful suggestion is that, when it comes to a matter of voting, we deal with it first, and that the amendment should be dealt with now.

The Deputy Chairman: I would point out that citation 480 in Beauchesne, third edition, states:

The only motion allowed, when a resolution is under consideration in committee of supply, is that the amount be reduced or that the chairman leave the chair (either without making a report or to report progress on certain resolutions).

Each resolution can only be dealt with by being agreed to, reduced, negatived, superseded, or, by leave, withdrawn, and the withdrawal can be made although the decision of the committee has been taken upon amendments proposed to the resolution. Here, the power of the committee ceases. It is not allowable to attach a condition or an expression of opinion to a vote or to change the destination of a grant.

[Mr. Fleming.]

I am prepared to hear the hon. member, if he has any further explanations to make; but in view of this citation I would have to declare the amendment out of order.

Mr. Diefenbaker: In connection with the question raised by the hon. member for Eglinton, what is the total amount due and owing by the C.B.C. today for loans?

Mr. McCann: The total amount is $8,400,000 in loans. That includes $4,500,000 for television. There was $2 million authorized in 1946, $1,250,000 in 1948, $4,500,000 in 1949 and $650,000 for working capital.

Mr. Diefenbaker: And those loans bear interest at 3 or 3½ per cent?

Mr. McCann: The interest rates vary from 2¾ per cent up to 3⅛ per cent.

Mr. Diefenbaker: I would ask now, for information—and the minister has been very reasonable in the way he has answered the questions—what is the reason for the changeover. I have not yet heard any explanation why it should be necessary to change from a loan to a direct grant by parliament when the whole question of policy in reference to the C.B.C. would have to be fully discussed before a decision concerning so vital a change should be made. I am asking this question for information.

Mr. McCann: I will give a candid reason. I expect that the recommendations—and perhaps I am premature—of the Massey report will be put into effect. That makes provision for grants. This would be one part of the grant that would be given for the current year—1951-52. That is the candid reason I give for it, and I think it will ultimately turn out to be the real reason of what will happen—without making any predictions, of course.

Mr. Diefenbaker: One further question: the minister says he expects that this particular portion of the Massey recommendations will be accepted, and that this will be just a portion of the anticipated necessary grant for the current year.

Mr. McCann: Yes.

Mr. Diefenbaker: What does the minister anticipate will be the necessary grant for the current year in addition to the $1,500,000 covered by this item in order effectually to permit the C.B.C. to carry out its policy generally outlined in the Massey commission report?

Mr. McCann: If one looks again at the report of the Massey commission, and perhaps I should not refer to it so often—

Mr. Diefenbaker: That is all right.

Mr. McCann: This calculation is based probably on what the revenue was in 1948. They figure it out here. They show the net licence fees—and they have gone up. The figure here is $5,135,000; last year it was $5,571,000. The total revenue there was $7,553,000 in that year. The total revenue this year is over $8,301,000, showing an increase.

Let us suppose there is a population of 14 million people. For purposes of illustration we will say that would be $14 million. If we subtract from $14 million the $8,301,000 we have $5,699,000. That would be the probable grant that would be paid—commercial revenue and other things being equal. In connection with current expenditures we have a deficit here of about $2 million odd. The rest of it could be used then to meet capital commitments.

After this however there will not be capital commitments, because it is proposed that this shall be an annual grant for the period of five years, and over and above operating deficits and expansion there should be a sufficient amount left to meet capital commitments from year to year.

Mr. Diefenbaker: So that the plan of the government, then, is that for the next five years the grants to be asked from parliament would be approximately, on the basis of anticipated earnings and expected earnings, $5 million a year.

Mr. McCann: Mr. Chairman, I did not say the plan of the government would be that at all. I say that is the suggestion made by the Massey commission.

Mr. Diefenbaker: But, you see, that is what makes it so difficult to know which parts of the recommendations by the Massey commission are to be accepted.

Mr. McCann: I do not know that at all.

Mr. Diefenbaker: That is what makes it so very difficult at this time; because if the minister were taking the stand "We are going to accept this recommendation"—

Mr. McCann: I am not taking that stand, even.

Mr. Diefenbaker: No—and that is what makes it so difficult.

Mr. McCann: I am dealing with the suggestion and the recommendation as I see it personally.

Mr. Diefenbaker: That is what makes it so difficult to understand whether it is just a figure of $1,500,000 picked out of the air or out of the report of the Massey commission. If you are going to accept the recommendations of the Massey commission, if the minister were to say, "We are going to accept them," we could understand that, as he said, this would be an advance on account of what will be expected to be voted by parliament when the whole question comes before parliament either at the fall session, or the session following.

But the minister does not take that view. He says, "The C.B.C. officials would like to have $1,500,000. They need it. They do not want it any more by way of loan. They have changed their view because they anticipate that portion of the Massey commission report which states that it shall not be by loan but by way of grant." That is what makes it so difficult to deal with the matter. The government is unable to state just what its policy is going to be. It says, "Give us a million and a half; after all, the government has nothing to do with this but the C.B.C. has asked for a million and a half, and what is a million and a half anyway?" I cannot understand why the minister is not prepared to say that we will accept it by way of a loan to be granted by parliament until some final determination is made as to whether the Massey recommendation is to be followed.

Certainly parliament does not have to vote money because the C.B.C. officials would like a million and a half or would like to change over from a system of loans, on which they pay from two and three quarters per cent to three and one-eighth per cent interest, to a system of grants. They say that the reason they want a grant is because of a recommendation in the Massey report. The minister is asked whether the Massey report is going to be accepted and the answer is that the government has not read the report sufficiently to determine whether or not that course is going to be followed.

All this gives added reinforcement to the objection taken by the hon. member for Eglinton that a matter such as this should not be brought in during the last days of the session when full discussion and consideration are impossible.

I am not going to labour the matter any more, but there is one matter I should like to ask about. The radio station at Watrous, Saskatchewan, has been known as CBK-Watrous since its establishment, but in the last year this has been changed to CBK-Saskatchewan. Watrous was the original name and Watrous is the location. What was the reason for making this change?

Mr. McCann: I suggest that Saskatchewan is better known than Watrous.

Mr. Diefenbaker: Do you call it Manitoba and Alberta?

Mr. McCann: Yes.

Mr. Stewart (Winnipeg North): The minister has told us that the government has not made up its mind regarding the implementation of the Massey report, but he leads us to believe that this item of $1,500,000 is a partial implementation of that report. He states that that is the reason for changing from a loan to a grant, but I would suggest that the reason is more obvious. For some years the C.B.C. has been running a deficit, and this past year that deficit amounted to $900,000. The C.B.C. already owes the government $8,400,000 and if we continue to make loans the corporation will continue to run into debt. It is not expected that the loans will ever be repaid and we might as well call them what they really are, that is, grants.

Mr. Hatfield: The department has made provision to supply Quebec and Ontario with television from a station at Toronto and one at Montreal. What about the maritime provinces? What about western Canada?

Mr. McCann: I cannot state when you are going to get television in the maritime provinces.

Mr. Hatfield: We pay our share of the cost of these other stations.

Mr. McCann: That may be true, but you cannot put in all these things at once. We are going as far as we think it is prudent to go at the present time in building the stations at Montreal and Toronto. When those stations have been built and are in operation I presume that the policy with respect to future stations will be determined and announced.

Mr. Hatfield: Is there any arrangement for United States stations to supply the maritime provinces?

Mr. McCann: I do not know. That is a question for the technicians.

Mr. Fleming: The minister has attributed to the recommendation on page 295 of the Massey commission report the change from the loan basis to the grant basis. Is he prepared to indicate what policy the government is going to follow with reference to the sums that are now standing as owing by the C.B.C. to the government, amounting to something over $8 million?

Mr. McCann: No, I am not prepared to indicate what is the government policy.

Mr. Fleming: In view of what the minister said with reference to television in the maritime provinces and the western provinces may I ask him if the corporation is now prepared to entertain applications from private applicants who may be willing to establish television on available channels to serve those areas?

Mr. McCann: I understand that the policy of the board of governors of the corporation is that applications will be deferred for the time being on account of the scarcity of materials, steel and workers.

Mr. Fleming: That is a new one. The reason the C.B.C. has given for sitting on these applications and holding them frozen for the last two and a half years is that they were waiting for the Massey report. We have the Massey report, and now we have this latest excuse for continuing the freeze on applications. If the C.B.C., for reasons that may commend themselves to the board of governors, is not prepared to go beyond establishing two stations at Montreal and one at Toronto, set up, of course, with public moneys contributed by taxpayers in all parts of Canada, including the west and the maritime provinces, is it not about time that such persons as are willing to risk their money in the development of television in those areas should be permitted to do so if they are willing to take their chances on getting steel and other necessary equipment? That is not a reason for refusing to deal with applications.

Mr. McCann: There have been no applications to establish television from the maritimes.

Mr. Fleming: Is the corporation prepared to say that it is willing to entertain applications from private applicants for television on channels to be assigned by the corporation?

Mr. McCann: I made an answer to that, that the policy is to defer these applications for the time being owing to certain scarcities.

Mr. Stewart (Winnipeg North): How many applications have been received from responsible individuals throughout Canada who are prepared to start television stations?

Mr. McCann: I am told there have been about ten.

Mr. Pearkes: Any from Vancouver?

Mr. McCann: One from New Westminster, none from Vancouver.

Mr. Hatfield: Is the licence fee for a television set any different from the other fee?

Mr. McCann: There is no licence fee for a television set because we have not established television. It would be most unfair to ask people to pay a licence fee for television receiving sets when they are receiving television from another country.

Mr. Knowles: The hon. member should not suggest it as he may put ideas in the minister's head.

Mr. Hatfield: Is there going to be any difference in the licence fee when we do have television in Canada?

Mr. McCann: I do not know.

Mr. Higgins: I have one question that rather bothers me. An application was made for a new radio station in Newfoundland and included in it was an application for the required steel. As you know, steel has been highly controlled. I am informed, and I verily believe, as we say in the old law applications, that this steel has been granted to the corporation making the application, which corporation, as the minister is probably aware, is known as the *Sunday Herald*. Mr. Geoff Stirling and Mr. Don Jameson have been granted permission by C.B.C. to operate a radio station, and an allocation of steel has been given. The minister should be aware of what that station is going to do in so far as broadcasting is concerned, and what the reason for it is. I do not need to enlarge on it. There have been so many acrimonious debates in the house in recent days that I will not go into that. Will the minister tell me how they got the steel and why they got permission?*

Mr. McCann: I do not know how they got the steel. They make an application for the steel to the Department of Trade and Commerce, and I suppose either the steel controller was able to give it to them or they bought the steel privately. I have known of one or two who have obtained permission and were able to buy secondhand steel from a radio station which had previously purchased new steel and then had a change in frequency or in power.

Mr. Higgins: I am informed—and I will not qualify it by saying that I know—that permission was given to buy the steel following the time that steel was put under control. I know that I made application for steel myself to the controller for another very worth-while project in the province of Newfoundland, a stadium, but it was not considered sufficiently worth-while to involve permission. However, since that time permission has been granted for this radio station which, from what I hear, will chiefly broadcast items that might interest the party of which the minister is a member. I merely make that remark. I do not know.

Mr. McCann: We get the inference too.

Mr. Fleming: In connection with item 564, the sum of $1,500,000 for the development of television, will the minister put on the record —I am not asking him to take the time to read the figures—the budget submitted by C.B.C. that contemplates the need for that sum of money for this purpose?

Mr. McCann: We can get that for you.

Mr. Fleming: Is it understood that the committee will give leave to have that printed in *Hansard* in order to save time?

Some hon. Members: Agreed.

Mr. McCann: It is as follows:

Canadian Broadcasting Corporation
Distribution of Television Funds

Loans	
Authorized by Appropriation Act, No. 7, 1949, Vote 934	$4,500,000
Requested through Vote 564, 1951/52	1,500,000
	$6,000,000
Expenditures	
Capital Construction Projects	
(a) Montreal	
Studio building, equipment, and technical facilities	$1,512,000
Transmitter building and equipment, antenna tower and technical facilities	675,000
(b) Toronto	
Combined studio, office and transmitter building, equipment, antenna tower and technical facilities	1,995,000
(c) Contingency (for both locations)	68,000
Total capital assignment	$4,250,000
Operations	
(a) To provide for personnel training, research and experimental TV production prior to the start of regular telecasting	$ 900,000
(b) To finance TV programming during the first 6 months of operations and to provide for additional facilities which may be required at that time	850,000
Total operations assignment	$1,750,000
Grand total (operations and capital)	$6,000,000

Mr. Fleming: I have one final question. In view of the discussion today and the abundant proof it has given of the need for detailed study of this whole subject, will the minister undertake that at the fall session of the house the government will propose the establishment of the special committee on broadcasting, and that the relevant parts of the report of the Massey commission, including the chapters on radio broadcasting and television, will be referred to that committee for study and report?

Mr. McCann: I can give no such undertaking. I will bring it to the attention of

* (*See also page 4996.*)

my colleagues that it has been suggested by the hon. member for Eglinton that the radio committee should meet in the fall.

Mr. Diefenbaker: In view of that, I have to put a further question with respect to the applicants. Will the minister give the committee the names of the applicants for television licences and the amounts that they are prepared to expend? He mentioned ten.

Mr. McCann: Actually the applicants do not make application to the Canadian Broadcasting Corporation. They make application to the Department of Transport which is responsible for the administration of the Radio Act. On recommendation of the Department of Transport, after they have gone through the preliminaries of technical details, they come to the board of governors of the C.B.C. These applications have actually not been made to the broadcasting corporation.

Mr. Diefenbaker: And the broadcasting corporation has no information about them at all?

Mr. McCann: I would not say that. You referred to applications made to us, and they are not made to us.

Mr. Diefenbaker: I am not going to worry over where they are made, to the minister or to the corporation. They must come to the corporation. What applications have been made, and what is the amount that each of these companies was prepared to expend on television?

Mr. McCann: We will try to get that information for the hon. member.

Items agreed to.

DEPARTMENT OF FISHERIES

Field services—

154. To provide for the destruction of harbour and gray seals, $30,000.

Mr. Applewhaite: Item 154 is the item which deals with the destruction of harbour and gray seals. I note with regret that the amount allowed has been cut by 50 per cent. I think we all appreciate the need for economy at a time like this, but I would respectfully submit to the government that there is no economy in permitting predatory animals to continue to exist and to multiply. I should like to read to the committee a short resolution on the subject passed at the last convention of the Prince Rupert fishermen's co-operative association. This deals with our particular menace on the north Pacific coast, the sea lion. The resolution reads:

Whereas the sea lion menace to commercial fishing on this coast has increased continuously;

[Mr. McCann.]

Therefore be it resolved that this meeting requests the federal Department of Fisheries to institute a program for the effective removal of this menace on the B.C. coast.

The same body has suggested to the Department of Fisheries that if the department would make ammunition free and available to the fishermen they themselves would do their best to reduce the number of sea lions. I endorse that recommendation, but I would suggest it is only at the most a stopgap. I should like to see the government give serious consideration to making a substantial contribution toward the effort if not to wipe out at least to materially reduce the sea lion menace which is causing so much damage to the salmon industry on the Pacific coast.

Mr. Higgins: Coming from the other end of the country, I should like to endorse what the hon. member for Skeena has said. We do not have sea lions, although we have a lot of other queer animals, and we have harbour seals in great numbers. I entirely agree with the idea that if we are going to conserve salmon we have got to cut down on the sea lions on the west coast and on seals on our coast. It is not too clear as to how the people of my province can secure the bounty. I believe that they must supply the jaws of the seals. I think that is the position. I believe the idea is that they got so much for pups and so much for adults. Maybe the minister will confirm that.

Hon. R. W. Mayhew (Minister of Fisheries): So far as the bounty on seals in British Columbia is concerned, we have an amount of $15,000, but in addition to that bounty we are also carrying on the destruction of sea lions. We intend to initiate in British Columbia next year a campaign of our own for the destruction of seals. It is quite evident that the bounty system will not take care of this problem, so we intend to tackle it from another angle. The reason why I say the bounty system is not sufficient is that last year we had $60,000 in this vote, and only $19,000 was paid out by way of bounty.

This has not applied to Newfoundland up to the present because of the very large sealing industry in that area and because we have not been able to discover any way to identify the harbour seal from the seal that is caught commercially. Investigations are going on to see whether we can determine this, and if we can do so we will pay the bounty. However, I understand that in Newfoundland harbour seals are not as plentiful as on the Pacific coast and in other parts of the maritime provinces. In addition we are continuing to carry an item of $5,000 for the hunting of seals in the estuary of the Miramichi river.

Mr. Higgins: Do I understand you are not going to recognize the bounties being paid for what we call harbour seals, those that go up the rivers in Newfoundland? Will you pay for those or will you not? There is a bounty now.

Mr. Mayhew: I said we could not apply it at the present time because we cannot distinguish those seals from the commercial seals.

Mr. Higgins: Who is to determine that?

Mr. Mayhew: We are endeavouring to work it out. Some of our biologists are working on it now.

Mr. McLure: What was the bounty paid last year in Prince Edward Island for harbour seals? I see there is a reduction in the item from $60,000 to $30,000.

Mr. Mayhew: There were 121 seals destroyed; bounty, $680.

Mr. McLure: And that bounty will be paid again this year?

Mr. Mayhew: There is no change in the bounty.

Item agreed to.

Fisheries research board—

155. Headquarters administration, $89,814.

Mr. Hodgson: Last summer I had occasion to take a trip to the west coast, at which time I visited the research and experimental station at Nanaimo. I inspected that station from one end to the other, and was very much intrigued with what I saw. From what I learned from Dr. Hart, who is in charge, I believe that station is going to do great work for the fishing industry of Canada. I want to tell the minister that I was treated most courteously, and I would wish him to extend to Dr. Hart my appreciation of the treatment he gave me that day. He showed me everything that was to be seen and could not have been nicer to me. My visit was very enlightening; it was an education in itself, and I wanted to express my appreciation to the minister.

Mr. Mayhew: It will give me great pleasure to convey your message.

Item agreed to.

International commissions—

158. To provide for Canadian share of expenses of the international fisheries commission appointed under treaty dated January 29, 1937, between Canada and the United States for the preservation of the north Pacific halibut fisheries, $50,000.

Mr. Applewhaite: This item deals with the north Pacific halibut fisheries conservation treaty, and I would like to mention two matters briefly to the minister and the committee. It will be recalled by some hon. members that they suffered through quite a long speech by me a year ago advocating that two seasons be established for the fishing of north Pacific halibut. Since making that speech last year I have found that owing to an interpretation by the United States of the present treaty, I understand, it is impossible for the commission to recommend two distinct seasons, though I say without fear of contradiction that it is the desire of the great majority of the fishermen on the British Columbia coast that there be two seasons. However, the commission did find that under the terms of the treaty they were able to set aside and open later in the year two small areas for fishing, more or less as an experimental project. These were areas 2B and 2C. This experiment is for the purpose of finding out whether there are fish running on the banks later in the summer which are not subject to fishing during the usual season in May, because if that is so we would establish the fact that there is a run of halibut that has never been fished under normal conditions.

My reason for mentioning this matter at this time is to express to the department on my own behalf and on behalf of the large number of halibut fishermen interested our sincere appreciation of this experimental step and our hope that it will lead to quite an increase in the amount of halibut that eventually will be taken on the Pacific coast.

The other matter I wish to mention briefly in connection with these conserved waters is of some delicacy, and I hope I may not say anything so foolish or exaggerated as to cause embarrassment to our government or any other. The fishing industry on the Pacific coast, not only in Canada but also in the United States and Alaska, is quite worried over what is to be the situation when the state of war with Japan finally comes to an end. I am not going to weary the committee by reading it, but I have in my hand the last issue of the American Journal of International Law, containing an article written by Edward W. Allan of Seattle, who happens to be chairman of the international fisheries commission. Mr. Allan expresses grave fears as to the outcome if we come to the end of state of war with Japan without making definite provision for the protection of those waters which are now being conserved at the expense of the governments of Canada and the United States, and as to which the fishermen of Canada, the United States and Alaska are subjected to strict regulations. So while I realize this is not the Department of

External Affairs, I hope the fisheries department will keep this matter very much to the fore so that when we come to settle our more serious disputes with Japan we may not find that we have neglected to protect one of our very vital natural resources.

Item agreed to.

159. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission appointed under treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $166,350.

Mr. Applewhaite: This will be my last appearance tonight. This item has to do with another matter of international co-operation. It provides for our share of the expenses of the international salmon fisheries commission, and I want to bring one aspect of this to the attention of the committee because I believe a certain amount of misinformation has gone abroad. I think hon. members will know that the Aluminum Company of Canada is moving into British Columbia and undertaking hydroelectric developments which involve the expenditure of many millions of dollars and the building up of a very large industry. It is feared, and this fear has been expressed very forcibly in many quarters, that the activities of this company will have a disastrous effect upon the salmon industry of British Columbia. No one could be more concerned over the matter than the salmon fishermen themselves. So in order that the record may be kept straight I should like to read to the committee a formal expression of opinion on the subject by the Prince Rupert fishermen's co-operative association which I understand, though I have not the notice before me, was endorsed by the British Columbia fishermen's co-operative. The resolution reads:

Whereas it is proposed by the provincial government to permit the use of our water power resources for industrial development, such as indicated by the proposed aluminum project, and

Whereas we appreciate the worthwhileness of such industrial development, and

Whereas the livelihood of the fishermen of this province depends upon adequate protection of our fishery resources;

Therefore be it resolved that this meeting go on record as urging the fullest and continued co-operation between the provincial government and federal Department of Fisheries in seeing that the fishery resources are adequately protected.

The fact that such a resolution should be passed by the leading salmon fishermen's organization on the Pacific coast proves beyond any doubt that it is possible for the hydroelectric development and the salmon industry to live side by side without either having an adverse effect upon the other. I would ask the minister and this government to bear in mind the desirability of bringing to British Columbia such developments as are proposed by the Aluminum Company of Canada. They should give them every possible assistance. They should remember that the livelihood and the life savings of many of our fishermen are tied up in the salmon industry and that it will be their delicate task to make certain that the interests both of the new industry and of the established fishermen are adequately protected, as can be done.

Mr. Fournier (Hull): Mr. Chairman, I am told that we should follow the standing orders and rules of the house. At six o'clock I asked for the unanimous consent of the committee to proceed with the business of the house at eight o'clock, and that we would not take up private bills. But I am told that the decision of the committee would not be binding. To comply with the provisions of standing order 15, paragraph 2, Mr. Chairman will now leave the chair.

The Deputy Chairman: To comply with standing order No. 15, paragraph 2, I now leave the chair.

PRIVATE BILLS

The Acting Speaker (Mr. Beaudoin): Private and public bills.

Some hon. Members: Stand.

The Acting Speaker (Mr. Beaudoin): The order for private and public bills having been disposed of, the house will resume consideration of the matter under discussion at six o'clock.

SUPPLY

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

DEPARTMENT OF FISHERIES

International commissions—

159. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission appointed under treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $166,350.

Item agreed to.

International commissions—

162. To provide for Canadian share of expenses of the international commission for the northwest Atlantic fisheries appointed pursuant to international conventions for the investigation, protection and conservation of the fisheries of the northwest Atlantic ocean, dated at Washington, February 8, 1949, $2,500.

Mr. Higgins: I sense the humour of the house and I will not make any oration on this matter. But I would ask the minister if he can tell me and tell the committee what

has been the last decision as a result of this conference on the conservation of the northwest Atlantic fisheries.

Mr. Mayhew: The last we had on that was the meeting in Washington about a month ago when the committee was set up with a United States chairman and a British vice-chairman. The headquarters for the time being is at St. Andrews, N.B. During this coming year the committee will investigate the question of where the permanent quarters of the commission will be.

Mr. Higgins: Apart from that question of headquarters, have there not been decisions about conservation? Can he tell me that?

Mr. Mayhew: Scientific groups are meeting constantly on that problem. We have no reports from them yet.

Mr. Higgins: Has there been any decision on the Grand Banks, Newfoundland?

Mr. Mayhew: They are studying the Grand Banks fisheries as well.

Item agreed to.

Special—

163. To provide for operation and maintenance of Newfoundland bait service, $392,444.

Mr. Higgins: May I ask the minister if he will just try to give us some details briefly? There seems to be a considerable decrease. Why is that?

Mr. Mayhew: The decrease in that amount is due to the purchase of bait. Last year the amount that was in the estimates was much larger than was actually needed. This time the amount is, we think, more realistic but sufficient to take care of the requirements.

Mr. Gillis: That particular question with regard to bait is bothersome along the whole east coast. A bad situation exists. For the last few months because of the mild winter this past year there has been a great shortage of ice. There is practically an emergency in the whole industry. I suppose that Newfoundland is affected the same as Nova Scotia. I know that SOS's have been going to the department for some considerable time now. I am wondering if the department could do something to relieve what looks like a bad situation. Ice would have to be shipped in, according to the reports I read in the press. Have any representations been made as to the seriousness of the situation?

Mr. Mayhew: Yes; representations were made to us about the seriousness of the situation just about the time it occurred. The department has done about everything it possibly could do. We made a complete survey as to what the shortage of ice would be in the province and located where sufficient ice-making equipment could be obtained. The industry has installed several of these machines. Priorities have been obtained on others which the industry can have if they want to go ahead and put in their ice-freezing plants themselves. They have done a great deal but they have not gone all the way. There are still some shortages in some places. But if any of the operators want more ice-freezing equipment, we know where it can be secured.

Mr. Higgins: This is just for the information of hon. members of the committee and not to embarrass the minister. Hon. members probably have definite ideas about Newfoundland and as to what type of country it is. But it is interesting to note that this year one of the cargoes brought from Maine to Newfoundland was a cargo of ice because we did not have any ice there.

Item agreed to.

Special—

164. To provide for the extension of educational work in co-operative producing and selling among fishermen, $80,000.

Mr. McLure: I should like the minister to give us an idea how this co-operative selling among fishermen is carried on. This item has been in the estimates for a decade of years. I was wondering how much of it was spent each year. Will the minister give us an idea of the work, and how it is carried on among the fishermen in purchasing and selling among themselves?

Mr. Mayhew: The full amount is $80,000. It is divided between St. Francis Xavier university, $46,000; social economic service, university of Quebec, $24,000; and the university of British Columbia, $10,000; making a total of $80,000.

Mr. Stuart (Charlotte): I just want to bring two matters to the attention of the minister under this item. First I want to congratulate the minister and the officials of his department on their earnest endeavour to try to improve conditions in the fishing industry. There are, however, two things that I should like to bring to his attention while the fisheries estimates are under discussion. One of them is this, and I realize that there are few fish dealers who will agree with the statement I am going to make. There is a great spread between the prices that are paid fishermen and the prices that the consumers are being forced to pay in this country today. There are many glaring examples of unreasonable prices being charged for fish at a time when meat prices are high and when the fishing industry might have come into the place

that we would wish to see it. For instance, last year in the county that I represent, pollack—which is an extremely fine fish and is caught in great quantities in that county—was sold for as little as one-half cent a pound. I do not mean that just a few hundred pounds were sold at that price. Tons and tons were sold for half a cent a pound, and a cent a pound was considered a good price. All during the winter months they were asking 17 and 18 cents a pound for that same fish in the dry state. Now ground fish, cod, is being sold at 2½ cents a pound, which we had to fight for. It takes about 3 pounds of cod to make a pound of fillets. I noticed in the Ottawa paper just a night or two ago that cod fillets were 47 cents a pound in the city of Ottawa. The fishermen did not get more than 7 cents or 8 cents for that pound of fillet. Who got the spread of 600 per cent and 700 per cent between the price that the fishermen received and the price that the consumers were obliged to pay? There is something wrong somewhere. There is something wrong in our organization. I would think that it might be well to investigate this matter. I do believe the spread is too great. I do not believe there is any reasonable excuse for it.

The price of meat during the last two years has been the highest of any time in the world's history. That period would have been a very fine time for the fishing industry to have put their products into the homes of the Canadian people, where we might have been able to keep them when meats were cheaper again. But the price that the consumers are obliged to pay has prohibited in many, many cases any great demand for fish.

There is just one other item that I shall speak on briefly because I realize the committee is getting weary and wants to get home. The Department of Fisheries has given great assistance to the maritime provinces, and I believe to other parts of Canada, in connection with small draggers and equipment for the fishermen to use in order that they might increase their production. With that idea I am not quarrelling at all. I think it is a fine idea, but if after the fish are caught markets cannot be found it does not bring about the results that we would like to have. In the particular section I spoke of where these fish were sold last summer at ½ cent and 1 cent a pound, fishermen were allowed to fish only about two days a week. There was no market for the fish three days a week. The catch at that time was quite good. They could have made a very fine living, but there was no market. I have tried to convince the department which works through the provincial government, that young men—I do not mean young men without experience in the fishing industry, but young men with extensive experience in the fishing industry who have asked for financial assistance to establish fish curing plants—should be given assistance. I have brought this matter to the attention of the department which, as I say, works through the provincial government, and I have not been able to get any financial assistance for these men, many of whom I know personally. I have worked with them on the water for many, many years. They know how to cure fish and they know how to market them after they are cured.

There is one case—I will not mention any names—of two young men who have been in the industry for 25 or 30 years. This past winter they put every dollar they had into a fish curing plant. When the plant is completed they will be short of funds to cure their fish this summer. In the salt fish industry it means that you must have several thousand dollars to carry on because your catch will not be sold until the coming winter. I have not been able to get any financial assistance for them.

I do not want to give the impression that I am criticizing the assistance given to the small draggers. With that I agree. But at the same time, increasing their catch, if markets cannot be found, will not help the situation. I do believe that men of experience, who are reliable, and need assistance to get established in the fishing industry should have every bit of encouragement this department can give, financially and otherwise.

Mr. Higgins: May I endorse my hon. friend's remarks? That particular province has always been known to us in Newfoundland as the province of the herring chokers. Apart from that he is a practical fisherman. He knows what he is talking about. I merely talk in theory. He knows what he is talking about. I am quite certain that what he says is absolutely correct. I entirely endorse it, but I have one other point I want to bring up on this item. I do want to bring it to the attention of the minister because it comes right home to my own little home town. I hold in my hand a copy of the *Evening Telegram* of June 23, which contains the following item:

> Fishermen dump 25,000 pounds of fresh fish.
>
> St. John's fishermen, owners of eight boats, dumped 25,000 pounds of fish yesterday after they were unable to sell it to Job Bros. Ltd., according to Joseph Gray, 116 Duckworth street, a spokesman for the group.
>
> Mr. Gray said that the men had been told recently that they would be able to sell their fish, and now

they are not sure what will happen. If there is no sale for the fish, about 30 boats, used for hand-lining off St. John's would have to be tied up.

The other night I was talking with the Minister of Public Works about certain work being done in St. John's. He told me that in his opinion there was nothing to do in St. John's because St. John's was more or less a city and they were looking after the outlying settlements. But, Mr. Chairman, right in St. John's today there is still quite a number of fishermen, and the article I have just read is the proof of it. They are right in my own riding of St. John's East. I do not ask the minister to be a messiah or anything of that kind, but cannot something be done? In this day and age it seems an awful shame to have good food going to waste, and that something cannot be done merely because the fresh fish plants cannot take the fish. The fish are there to be caught, and it seems an awful pity to throw them away. I do not think the minister can answer it.

Mr. Mayhew: Will the hon. member for St. John's East give me the date? What is the date of the paper?

Mr. Higgins: June 23.

Mr. Mayhew: This is the first that we have heard about it.

Mr. Higgins: I do not blame the minister for not knowing of it.

Mr. Mayhew: This year there have been some very early runs and some very large runs of fish coming in at odd spots, and this may be one of the occasions when they had an extra heavy run and were unable to take care of the fish in the quantity that came in. That is almost sure to happen occasionally in some area or another, but we shall make inquiries from our office down there and find out whether it is occurring now.

Mr. Higgins: It is not the fault of the minister's department. I am not attaching any blame to the department in any way. What has happened really is the result of conditions in the world. As hon. members know we have had great changes in St. John's. We have had a United States base, and as a result of the Americans coming in a lot of the fishing flakes have had to disappear, and the entire fishing industry has had to change to fresh fish. A lot of people still fish in St. John's even though the Minister of Public Works does not believe it. When they have a surplus of fish if they cannot sell them to the fresh fish plants it does seem to me an ungodly thing to have to throw them away. Cannot something be done to take care of that in the future? I do not ask the minister for an answer because he really cannot answer it.

Mr. Mayhew: I do not want to delay the committee, but this is tied up with something we are trying to do at the present time. At Bay Bulls we are putting in a light salted drier, which we hope will be successful; then when the fish comes in in quantity, such as the hon. member has mentioned, it can be taken and put into storage and eventually salted and dried in this drier when they have time to do it. May I say this tonight, and I say it for a purpose, because I think there are a lot of people not paying enough attention to the opportunity in the fishing industry in the province of Newfoundland. The catch of fish last year in Newfoundland amounted to 642 million pounds, mostly cod. It was 662 million pounds in the three maritime provinces of Nova Scotia, Prince Edward Island and New Brunswick. In British Columbia it was 600 million pounds. The province of Newfoundland produced one-third of the fish caught in Canada. If that is not a challenge to people even in Newfoundland and the people from outside Newfoundland to go down there and put in plants sufficient to take care of the requirements and put the fish up in the way it should be put up so that it could be used by people not only in Canada but in the United States, or wherever they want to use it, I do not know what a challenge is. There is room for more than one. There is room for three or four good plants in Newfoundland, and it would be economically sound if they were to open. I say that today for the sake of encouraging someone down there, some people in private enterprise, to study the situation in Newfoundland, so that the dumping of fish might not occur again.

Item agreed to.

165. To provide for administration expenses of the Fisheries Prices Support Act, 1944, $81,042.

Mr. McLure: A few months ago the United States asked for tenders for a large quantity of fish—for their army, I believe it was. Was anything done towards getting that order completed?

Mr. Mayhew: We know of no such order. If there is, it would be through the Department of Trade and Commerce.

Mr. McLure: Some of the plants were asked to tender on it. I thought the department was handling it.

Mr. Mayhew: It was not through this department. It might have been through the Department of Trade and Commerce, which looks after the selling end.

Mr. Higgins: Mr. Chairman, all Newfoundland members are greatly encouraged by the attitude of the minister and his associates in their approach to Newfoundland. So that this may be clear to some of the people in Newfoundland I should like to put on record what he said recently in this connection. I am sure he will not mind my doing this.

This was an interview he gave in Newfoundland on February 12, in which he said:

> We regard—

And I bow to the imperial "we"—

> "We regard the fisheries in Newfoundland as the cornerstone of their economy, and so far as possible we are going to keep that industry as the cornerstone, and to build on it as much as we can," said Mr. Mayhew. "I know that we will have the co-operation of the province—we can't go far without it. We don't want to apply anything having the appearance of a relief measure," he added. "We want to build up the industry to stand on its own feet, giving a decent standard of living to those engaged in it, whether on sea or shore."
>
> No part of Canada was neglected in the federal fisheries program, the minister pointed out, and "certainly not Newfoundland, where fishing means more to its people than in any other province."

Those are the feelings of the minister, and that is what the Newfoundland members are interested in. While we do not say very much about fishing, we do want to talk about it now and again.

The minister says:

> We want to build up the industry to stand on its own feet, giving a decent standard of living to those engaged in it, whether on sea or shore.

In the report of the fisheries prices support board for the year 1950-51, which has been put in members' boxes, there are set out in the preamble the powers of the board, and the fact that there is a working fund of $25 million. It says that there are two methods which can be used, and describes them in this way:

> These methods are (a) the purchase of any fisheries product at a prescribed price and (b) the making of deficiency payments to producers of fisheries product equal to the difference between a prescribed price and the average price at which such product was sold during a specified period. The act furthermore directs that in prescribing prices, the board shall endeavour to ensure adequate and stable returns for fisheries by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from fisheries and those from other occupations.

On that point the minister on October 27 last made a broadcast over the C.B.C. stations in Newfoundland in which he outlined price support for both types of fish, that is Labrador and shore fish. I have put this proposition to him before. It may be that he has answered it, but he has not answered it to my satisfaction. I hope I do not seem to inflict punishment upon him by asking for a definite answer.

[Mr. Mayhew.]

On the occasion to which I have referred he said:

> We would ask the fishermen to move the fish under our assurance that the prices support board will review the shore fish situation as the season advances. Should it happen that the fall in price to fishermen has been so great as to merit support action, the board would recommend to government that a deficiency payment be made on shore fish. I am confident that, with this assurance, the fishermen and the salt codfish association will be able to arrange a price that will allow the fishermen to move their fish into the exporters' hands.

In that connection we find at page 9 of the report of the fisheries prices support board these paragraphs:

> Although the board could have been authorized to purchase the Labrador production instead of guaranteeing the advance price to fishermen, the latter course was adopted in the hope that market conditions would improve to the extent that the year's operation could be conducted without loss thus avoiding the necessity of direct support action by the board.
>
> As the final results of the year's operations in both the Labrador and the shore fisheries would not be known until after June 30, 1951, the end of the marketing year, it was not possible, during the period under review, to determine the precise amount of prices support expenditure that would prove necessary in the fiscal year 1951-52.

With that preamble, may I ask the minister this: Am I safe in saying that he does plan to support the price of fish last year between the difference in what the price was and what was obtained? As I said before, the wording is "the difference between a prescribed price and the average price". What is "a prescribed price"; and what is "the average price"? What is the meaning of the statement of the fisheries prices support board, that there will be prices support this year if it should prove necessary?

Mr. Mayhew: I can quite often answer a question, but I find it difficult to answer a speech. That is the position I am in at the moment. I can say this, that out of 15,000 forms we sent out asking for returns, to date about 700 are in. So that if we are late in making settlement or presenting the problem, it is not our fault; it is the fault of the people who are delaying in sending in the returns. I hope the hon. member's good newspapers will urge upon the people to get their returns in. Then, very shortly after that, this whole question can be submitted.

There are three problems involved: one is the price to the Labrador fishermen on their ordinary cure, and the price on their semi-dried, and also the price to the shore fishermen. None of these can be settled until we are able to get returns in and to know exactly what the position is. But the promise will be carried out just as quickly as we can do it.

Mr. Higgins: What was the precise amount of the prescribed price for last year, and what was the average price?

Mr. Mayhew: There was no prescribed price last year. There was a price we fixed for Labrador fish at $7 a quintal.

Mr. Higgins: No prescribed price for shore fish?

Mr. Mayhew: No; no prescribed price for shore fish.

Mr. Higgins: Was there any support price for shore fish?

Mr. Mayhew: We said we would examine into it when we got the returns. For the last two and a half months our men have been down there trying to get information from the shore fishermen.

Mr. Higgins: When does the minister expect to make that report?

Mr. Mayhew: Whenever the Newfoundland people send in their returns they will be tabulated. We will not be twelve hours behind. If they flood in next week we are ready for them.

Item agreed to.

General services—

691. Industrial development services—further amount required, $15,000.

Mr. Ashbourne: There are a few remarks I should like to make, particularly in relation to the men who prosecute the Labrador fisheries. I happen to have the honour to represent Labrador. Quite a few of the fishermen in my riding go to Labrador to engage in that branch of the Newfoundland fisheries. I think the minister will readily agree that with the price of $7 per quintal which was paid last year for ordinary cured fish it is hardly an economic proposition. Even though some of these fishermen sustained losses last year they are going back this year. They are getting their vessels ready and are going to carry on those operations again. We in Newfoundland have carried on the Labrador fisheries for a great number of years. It is of great concern to us, particularly since we have joined confederation, that there should be such a serious decline in the Labrador fisheries.

I am not one who would advocate the carrying on of anything that was found to be uneconomical. I would point out to the minister that some of these fishermen have invested practically everything they own in building their schooners, making their cod traps and boats and providing the other equipment necessary to engage in these fisheries. These men leave the mainland of Newfoundland and go north and take up stations, while others take their vessels to the Labrador coast and catch the fish by means of traps. A large number of fish come into the Labrador coast and many people think these fisheries are a bit of a gold mine, but this is not so because of the quality of the fish.

The fish come into the Labrador coast in large quantities in search of food and they are readily taken in traps and if the fisherman happens to be there at the right time it does not take him long to get a full load, particularly in good weather. Much of our trouble has been due to currency problems. If we could regain some of the Spanish market many of our problems would be solved. When I was travelling in south Spain they told me that they preferred the Labrador fish, whereas I found that in north Spain they preferred the Norwegian fish which is larger. No stone should be left unturned to find means of trying to get back the Spanish market.

It would be of great help to the shore fisheries if we could get back into the Brazilian market. There was a time when Brazil bought 400,000 quintals of fish a year, much of that Labrador fish which was dried and prepared for that market. Following up the investigations that are made I should like the minister to make a particular study of the Labrador fisheries and if necessary provide some form of assistance in order to help this new industry. I realize that time is at a premium in the committee tonight and it is not my intention to speak at any length. If we could get additional markets for salted fish it would provide a great boost for Newfoundland, with resultant benefits to these hardy fishermen who depend upon the harvest from the sea for a livelihood for themselves and their families.

Mr. Gibson: This very peculiar word "quintal" has been used quite often and I should like to know if it is English or French. We talk in terms of Canadian dollars and I think we should be told just what quintal means so that we will be better informed next year.

Mr. Mayhew: A quintal is 112 pounds.

Mr. Gibson: Is it English or French?

Mr. Nowlan: It is maritime.

Mr. Higgins: With the evident interest the minister has shown in fisheries I am going to ask the hon. member for Grand Falls-White Bay as the senior member of the Newfoundland members not in the cabinet to arrange for a degree of codology to be conferred upon the minister, if there is such a doctorate in Newfoundland.

Item agreed to.

692. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947—further amount required, $300,000.

Mr. McLure: The total vote for this purpose seems to be greatly in excess of last year. Is part of this to be expended in the following year?

Mr. Mayhew: The price of fur seals has gone up considerably and therefore we have more duty, excise and sales tax to pay. This item is to provide for that difference.

Item agreed to.

POST OFFICE DEPARTMENT

318. Departmental administration, $951,541.

Mr. Adamson: There is just one thing I should like to say with regard to these post office items. I refer to the dropping of the term "royal mail". I do so because the Post Office Department is a government service. It carries the King's cipher, George Rex, and the arms, which are the royal arms of Canada because they bear the crown, the symbol of the monarchy. I raise this matter for another reason. Nobody is more keen on his Canadianism than I am, but the more I travel, the more I see of other countries on this earth, the more I appreciate the fact that we have a parliamentary system of government whose head is a monarch, the King. When an offence is committed against the laws of this country the accused is charged and the charge is "Rex *v.* John Doe". It is not "Canada *v.* John Doe". It is not the republican form, "The people *v.* John Doe". It is Rex *v.* John Doe. I feel that the dropping of the prefix "royal" is a regrettable and a retrograde step.

I say this in all sincerity because it is not helping our Canadian nationalism. We as Canadians have a peculiar nationalism. We are not republicans and we are not colonials. We have a country of our own, our own parliament and our own king. Those things are things that we are very proud of and things which we should treasure and cherish. The dropping of the word "royal" is not very important in some ways, but I consider it is tremendously important because it is a symptom not of a great and growing Canadianism but of an inferiority complex that resents the King perhaps because he is an Englishman and lives in London. I say this in all sincerity and not to criticize anything in the Canada post office, but I would sincerely ask the Postmaster General to consider calling the department the Royal Canadian Post Office. I understand there is the Royal Australian Post Office and the Royal New Zealand Post Office, and I feel that the dropping of the prefix "royal" does not aid us. In fact it belittles our stature as a free and independent nation.

With that in mind I sincerely ask the Postmaster General to give the matter consideration. I say this as a Canadian of the fifth generation, a Canadian on both sides of my family, and I ask that we retain the prefix "royal" with regard to all our federal services, whether it be the Royal Canadian Navy, the Royal Canadian Air Force, or anything else. It should be the King's Royal Mail.

Mr. Rinfret: With respect to this matter, the postal act was passed in 1867 and was called the Post Office Act. The words "royal mail" were discontinued twenty-five years ago by the Hon. Charles Murphy while he was postmaster general.

Mr. Coldwell: I should like to ask the minister two or three questions. First of all I want to ask him something about the service to Goldfields. Since I mentioned that to him the other day, I am just going to remind him of it now so that he may tell the committee about it. He said he would get the information and tell the committee and the people who are interested in this mail service what improvements, if any, have been made. I also wish to ask the minister who is the postmaster now at Ile à la Crosse. The minister will recollect that some time ago I placed a question on the order paper, and hon. members will probably recall that I also asked the Minister of Transport certain questions regarding the building of a telephone line in that part of Saskatchewan. He found that Mr. Marion, who is a member of the legislature for that part of Saskatchewan, and who has pretty well dominated that area for a generation or so, had built the line without authorization, and that upon investigation the mileage and pay had to be reduced. That however is not the point. The point is that recently a case was tried in the city of Prince Albert as the result of a charge brought by the Postmaster General or the Post Office Department against the postmaster, as he was called, at Ile à la Crosse, a man of some education and of Indian descent.

He was accused of having converted some $1,800 or $1,900 to his own use. I have not seen all the evidence nor have I been able to read the entire charge of the judge, Chief Justice Brown, at the conclusion of the trial. Newspaper reports tell us that the chief justice said that the post office funds had been mixed up with other funds in the store, and after deliberating for ten minutes the accused was found not guilty by the jury. I have quite a file on this particular case, and I do not propose to read extracts from

it now. I have letters from residents in the area who believe that this man was really the victim of wrongful accusation, and that the affairs of the post office and the store were so intermixed that nobody could find out what had happened to this particular money.

The accused has been found not guilty. Now I wonder if the department is going to bring a charge against anyone else who may be under suspicion, in order to find out where this fairly substantial sum of money actually went. I would like to know also who is the postmaster at this point at the present time in place of the man who was said to be the former postmaster; and I put it in that way because while he was appointed by the Post Office Department he was an employee of Mr. Marion; the post office was in Mr. Marion's store and the funds were apparently kept in the same till from which payments were made for services rendered to the owner and storekeeper. I noted that when this man was relieved of his appointment the wife of Mr. Marion was appointed temporary postmistress pending the selection of permanent postmaster. That was some eighteen months ago, and I should like to know the situation there now. As I say, I have received a number of communications concerning this case, and I think the matter is one the department should carefully review and explain so that the citizens of that area, as well as hon. members who may be interested, may understand the present position there.

The third point I am going to raise very briefly is this. Recently I was in the west for a few days, and was very surprised at the salaries being paid by the department in post offices in a middle size town of the west. I found that a married man, for example, occupying a fairly responsible position handling mail was being paid $128 a month, while others with some years of service were receiving $150 and $160 a month. It seemed to me those salaries were far below reasonable levels at this time in places where the cost of living is comparatively high, as it always has been in the prairie provinces. Those are the three points on which I am seeking information before this item is passed.

Mr. Rinfret: On the first question, up to June 15 airmail service into Goldfields was performed by Saskatchewan government airways through Prince Albert and Lac La Ronge. This route was not completely satisfactory, and in actual practice a considerable volume of mail was conveyed by McMurray air services from Edmonton, operating on a more or less casual basis, acting as agents of the different companies to carry their mail without cost to the post office department.

The residents at Goldfields have been constantly pressing for a mail connection through the Edmonton gateway, since most of their mail comes via that channel. As a result, efforts were made to conclude satisfactory arrangements with McMurray air services, but subsequent negotiations led to a more favourable rate with Canadian Pacific Air Lines. An agreement has now been reached with C.P.A. on the basis of 20 cents per pound without any guaranteed minimum for a service between Chipewyan and Goldfields, with a minimum frequency of one trip per week. Canadian Pacific Air Lines already have been operating mail services from Edmonton to McMurray and Chipewyan. No additional cost will be involved in conveying mail to and from Edmonton or McMurray. There is no doubt that the connection with McMurray and Edmonton will result in a very much improved postal service to Goldfields. The first trip was performed by Canadian Pacific Air Lines on June 22. This arrangement is temporary in character pending completion of an airstrip at Goldfields and the establishment of a regular scheduled service with Douglas DC-3 equipment. When this is done the whole situation will be reviewed again.

I might add that the figure of 20 cents per pound I just mentioned compares with a quoted price of 31 cents by Saskatchewan government airways, so 11 cents per pound is gained by this arrangement. Under the old arrangement mail was carried from Edmonton to Saskatoon, and then to Prince Albert by rail. From Prince Albert to Lac La Ronge it went by bus, and from Lac La Ronge to Fond du Lac by air by Saskatchewan airways, then from Fond du Lac to Goldfields by truck or again by air. The new arrangement is direct from Edmonton to Chipewyan and from there to Goldfields, and the mileage is about one-fifth what it used to be.

As to the second question asked by the hon. member the information is as follows. Mr. Alexander Ahenakew was appointed postmaster at this office on August 5, 1948. However, information was received in the district office on November 23, 1949, that the postmaster had disappeared the day previous. An inspection of the office was carried out on November 24, 1949, and it was disclosed that there was a shortage of some $2,000 in the official funds. Apparently the postmaster was in partnership with Mr. Marion in so far as the store in which the post office was

located was concerned, but as postmaster Mr. Ahenakew was solely responsible for the operation of the office.

Owing to the disappearance of the postmaster the office was not in operation from November 22 to November 24 inclusive. As it was not considered advisable to leave the office under the charge of Mr. Ahenakew it was reopened on November 25 in the same premises under the temporary charge of Mrs. C. G. Marion. When the postmaster was found on November 25, 1949, by the Royal Canadian Mounted Police his resignation was obtained, and it was considered advisable to accept it. Instructions were issued on March 30, 1951, for the appointment as postmaster of Mr. R. R. Smith, fur trade controller of the Hudson's Bay Company, but the date of the transfer of the office to his charge has not yet been reported.

On the third question, the salaries of postmasters in these small offices are based upon the revenues. It is not considered that such small offices should occupy the whole time of the postmaster; therefore the salaries they are paid are not considered sufficient to represent living wages.

Mr. Coldwell: I am not talking about postmasters. I am talking about post office employees in the middle size towns.

Mr. Rinfret: What would you consider a middle size town?

Mr. Coldwell: Well, take Rosetown.

Mr. Rinfret: That is a matter that would have to be taken up with the civil service commission. It is a question of general government policy.

Mr. Coldwell: Surely it is not general government policy to pay wages so low that it is difficult for men to obtain decent living quarters. I believe all these men have to do other work in order to make ends meet.

Mr. Rinfret: I am not sure of the group within which Rosetown falls, but in group 31 the salaries would range from $900 to $1,060. In group 32 the range would be from $1,080 to $1,500; in group 33 from $1,200 to $1,800 and in group 34 from $1,320 to $2,040. I do not know which group would include Rosetown.

Mr. Coldwell: I should think it would be the last one—group 34.

Mr. Hatfield: I should like to ask the Postmaster General a question in regard to the post office at Plaster Rock, New Brunswick. From a letter I received on June 19 I understand that post office officials, including one from the Saint John office, went to Plaster Rock and made arrangements with the postmaster to build an addition to the present post office, which is just a small building. Back in 1939 the Post Office Department decided to build a new post office in the town of Plaster Rock. The Department of Public Works purchased a piece of land in the centre of the town and let a contract to build the post office. They let the contract, but the war came on in 1939 and the work was stopped. But the people of that town were promised that as soon as the war was over the post office would be completed. I understand, however, that last week an official from here made arrangements with the postmaster at Plaster Rock to build an addition to the present little post office he has there—which is only about ten by twelve—and promised him rental for a number of years. If that takes place the town of Plaster Rock will never have a new post office built on the piece of land that the department now owns. That is a progressive town and it should have a new post office. I am going to ask the minister if that is correct.

I have another question. On the second day of May, 1949, the recommendation was made by the Post Office Department to the Department of Public Works to build a new post office in the town of Woodstock. An estimate of $100,000 was put in last year's estimates for the purpose of commencing that building. I see that it has been omitted from this year's estimates. That post office at Woodstock was built soon after confederation. It has outlived its usefulness; it is an obsolete building. There is hardly room enough to turn around in that post office. I would ask the Postmaster General about those two post offices.

Mr. Rinfret: As to Plaster Rock, the hon. member drew my attention to that question last year. If I remember correctly, he then sent me some pictures of the building. Throughout the year we have been endeavouring to make arrangements for somebody to take up the matter of building a post office of their own. This question and the question of the post office at Woodstock are matters which should be taken up with the Department of Public Works.

Mr. Hatfield: To follow that matter up, I would ask the Postmaster General if a man from his department went to Plaster Rock and made any arrangements with the present postmaster at that place to build an addition to the present building.

Mr. Rinfret: I am sorry but I cannot give any answer to that question. I do not know.

Mr. Coldwell: I did not intend to take up any time on this matter, but the minister said that a partnership existed between Mr. Marion and Mr. Ahenakew.

Mr. Rinfret: As far as the store was concerned, but not as far as the post office was concerned.

Mr. Coldwell: I did not understand that; my information was that Ahenakew was Marion's employee. I was also surprised about the disappearance, because, as a matter of fact, this man wrote to me previously, said he was in difficulties and that he expected to be railroaded, as he put it. I imagine he became frightened and ran away, although I do not know that; but he was found a day or two later. Mention of post offices being made by my hon. friend reminds me that there is a town in my constituency, Biggar, Saskatchewan, in which a site was bought in 1938, and where an appropriation was made last year and dropped this year. But I understand that post office, like those mentioned by my hon. friend, is probably one of the large number that were dropped on account of shortages, costs and so on. I hope it will be possible to restore all of them at the next session.

Mr. Rinfret: I will say that the Minister of Public Works is listening.

Mr. Coldwell: I was looking at the Minister of Public Works.

Mr. Nowlan: I should like to revert to the matter which was mentioned a few moments ago by the hon. member for York West and the answer given by the minister. As I understood him, the term "royal mail" was discontinued by the Hon. Charles Murphy, the then postmaster general, some twenty-five or thirty years ago. It seems to me that I have read somewhere statements made by the minister that there never was the term "royal mail", that the statute had never created that term. Apparently we are now told it was in existence and that it was abolished. I should like to know how it was abolished, whether it was done by statute, by order in council, by ministerial action or fiat, when and under what circumstances, and who was told about it. Certainly the departmental officials did not know about it because they have still been making mail boxes with the words "royal mail" on them and until recently the coat of arms was inscribed thereon. I do not think there were twenty-five people in Canada who knew anything about this term being abolished because it has been the term that has been used all the time. The Canadian National has it on the cars. The trucks in Halifax have it on. The T.C.A. planes have emblazoned on them "royal mail" and the coat of arms. I should just like to know more about the background of the matter.

Mr. Rinfret: The postal act does not mention at all the words "royal mail".

Mr. Nowlan: How was it abolished?

Mr. Rinfret: As I said, it was discontinued twenty-five years ago. It never had any real existence because it is not mentioned in the postal act and there was not any good reason for its being there. The disappearance of it, if you want to put it that way, was inaugurated or started by the Hon. Charles Murphy twenty-five or thirty years ago.

Mr. Nowlan: What did he do to have it disappear?

Mr. Rinfret: I am sorry, but I have not the files before me; it was through administrative powers, I understand.

Mr. Low: First of all, I should like to thank the Postmaster General and the Minister of Public Works for having included in the supplementary items the amount of $100,000 to get the public building started at Grande Prairie. This building is badly needed in that town. While the old post office building was not built just after confederation, it looks as though it had been. We certainly appreciate the inclusion in the estimates this year of the appropriation for getting that building started.

The second thing I should like to do is to ask the Postmaster General if the Canadian National Railways have a contract to carry mail out of Edmonton to the Pacific coast; that is, to Vancouver.

Mr. Rinfret: The Canadian National Railways carry some of the mail and some of the mail is also carried by the Canadian Pacific Railway. It depends on the route that each line follows.

Mr. Low: The reason I asked that question is this. I have had a great many complaints from residents of the Peace river country who say that mail sent from Grande Prairie, Peace River, High Prairie or any of those points in the Peace river district goes back into Edmonton by way of the Northern Alberta Railways and then, instead of being sent direct to the Pacific coast via the Canadian National Railways, is transferred to the Canadian Pacific, sent to Calgary and then out to the coast, making an extra day in transit. Where people are isolated as they are in the Peace river country, and where there is the necessity for a long back haul, you can understand that they would complain of a day or two of delay in transit of their mail to the Pacific coast when it could easily go straight through from Edmonton.

Mr. Rinfret: Our instructions to all our staff —and we have a special staff for that purpose—are to route it by the quickest way possible. If that is not done in the case of Peace river, I will certainly look into the matter and see that it is done.

Mr. Low: I appreciate what the minister has said.

Mr. Macdonnell (Greenwood): I also want to go back to the subject discussed by the hon. member for York West and I want to revert to the minister's answer. I find the minister's answer perplexing, because I think the minister will agree that whatever was done by Mr. Murphy twenty-five years ago remained unknown to, I suppose, 99·99 per cent of the Canadian people. I think the minister will agree with that and I imagine the minister will also agree that the words "Royal Mail", in the province of Quebec "Poste Royale", have been used commonly up till the present time. There is a fear which I have heard expressed in several quarters quite recently, backed up by certain evidence, that it is now being done away with. When I say "done away with" I mean that the change is beginning to be made.

Before I take my seat, and before the minister answers me, I want to make one or two comments on that. To me, and I imagine to hundreds of thousands of other people in this country, it would be a sort of uprooting, of doing away with something in our past that we value. I am not foolish enough to think that we must not make changes. We have made changes. The word "empire" has largely disappeared, and has been replaced by "commonwealth". I could have gone along myself with the word "empire", but I was very glad to accept the word "commonwealth" because I knew there were many Canadians who disliked the word "empire". But I had believed, until the last few days, that there was one thing perhaps above all others in this country on which we had a common view, and that was with regard to the crown. I have heard that said again and again, and I have never heard it denied. I thought that was one thing where, in spite of all our differences, we could—and when I say "we" I mean largely the people of the two original races in this country—meet and where differences disappear. I think that was true of Laurier and it was true of Borden. It was true of Mr. King.

Also I think we have got to the stage when any questions of colonial status are a thing of the past. Sir Robert Borden and Mr. King surely settled once and for all that we are now a self-governing country; so that these things which might have bothered us in the past are gone. And as I implied a moment ago, to me—and I lived for some years in the province of Quebec—when I saw the words "Poste Royale" on the mail vans and letter-boxes—it was frequently to be seen—it was one of the signs that, well, here is something that does not divide us, where we can unite.

Let me say again that the word "dominion" has begun to disappear. I regretted that. I regretted it very much. But it did not seem too important to me that it was being done, and incidentally I do not know how it was done. I want to come back to that in a moment. It seemed to me it was being done by a rather—what shall I say—narrow view but I said to myself again: I am not going to complain about that because it is pretty hard to make an argument. I have feelings about it, but I am not going to say anything about it and I never did. But now we come to this which, as I say, has seemed to me to be the one, perhaps the greatest thing, which we had in common, and we need things in common. Now is this going to disappear too?

The minister gave an answer tonight. I do not think it was a substantial answer to say that Mr. Murphy did away with this 25 years ago presumably by an administrative act. There is no point in asking now whether he had any right to do it, but the point to me is that whatever he did I do not think affected the situation, because I do not believe that a hundred people in Canada knew about it. Now this is being brought up in parliament. Everyone in Canada who takes an interest in what goes on in this chamber will know about it. I put forward what I have said with the greatest earnestness and I hope that it may still be possible to avoid tearing up another of our roots.

Mr. Rinfret: I quite realize that the opposition is trying to boost something up where there is absolutely nothing.

Some hon. Members: Nonsense.

Mr. Rinfret: I quite realize that the opposition wants to make a case because I happen to be a French-speaking Canadian.

Mr. Nowlan: You are not a Canadian when you say that.

Mr. Rinfret: This matter is another balloon that is being thrown into the air. Under my administration, and under Mr. Bertrand's administration prior to mine, there has not been one single item or decision or instruction given to the officials of the department, and what is taking place today is only a continuation of what was started by Mr. Murphy

away back 25 years ago. There are no new instructions that have been given about it, and this is only a balloon that is being launched.

Everybody in this committee knows that the first speech I made was on Canadianism, and I am still as much a Canadian as anybody in this committee today, and I will do anything to promote the unity of this country; but when things like this are happening, when there are no instructions given by me in that connection, and when it goes back 25 years ago, and it was done by an English-speaking Canadian, I do not know why something—it might be a continuing of this practice of what we are not able to call smearing.

Mr. Tustin: You should be ashamed of yourself.

Mr. Macdonnell (Greenwood): I shall not detain the committee more than a minute. If the hon. member thinks that of me then there is no use in my giving myself a certificate of character. There is never any good in doing that. I thought that what I said would have made it clear that I was furthest away from intending anything of that kind. I hope there are friends of mine in this committee among the members from the province of Quebec who will not think that of me.

The only other thing I want to say is—

An hon. Member: Ask him to withdraw.

Mr. Macdonnell (Greenwood): I am not going to ask him to withdraw anything. I would point out to the minister that if he had said at the outset what he has just said it would have relieved my mind a good deal. What the minister has said to the effect that nothing has been done by him to change the situation relieves my mind a good deal. The minister should recall that I began by asking whether any change had been made recently. I said there were feelings expressed by various people in the committee to that effect. There is no point in my taking up any more time. If the minister or other people in the committee think that I had raised this with any other idea than hoping that we might avoid anything of a divisive nature, well then, all I can say is that I am very sorry.

Mr. Wright: I want first to thank the minister and say to the Minister of Public Works that we appreciate his putting in the revote for the Melfort public building. This building is badly needed for the post office business there, and I am sure the people will appreciate it.

There is one other matter I want to bring up. I asked for a return with regard to the number of rural routes in the various areas in the provinces. I have that return, and it gives the rural mail routes that were in operation in 1946 for each postal district, and the numbers that were in operation in 1951. It is a short table and I would ask the permission of the committee to place it on *Hansard*. I want to comment on it.

The Acting Chairman (Mr. Applewhaite): Does the committee agree?

Some hon. Members: Agreed.

Mr. Wright: The table follows:

	Number of Rural Routes		Number of Boxes	
	(a)	(b)	(a)	(b)
*Postal District	1946	1951	1946	1951
Vancouver ...	112	140	21,095	33,440
Edmonton	165	169	9,369	10,059
Calgary	82	78	4,240	4,409
Saskatoon	119	115	4,731	4,563
Moose Jaw ...	55	49	1,920	1,828
Winnipeg	149	154	8,719	9,933
London	815	821	65,705	73,393
Toronto	573	580	43,863	53,892
North Bay ...	99	118	4,904	7,053
Ottawa	689	700	42,695	44,020
Montreal	718	751	42,598	52,113
Quebec	503	674	27,370	42,927
Saint John ...	349	359	14,265	19,325
Halifax	245	284	11,543	17,707
Charlottetown	177	178	9,232	10,244

*Rural mail delivery statistics are kept by postal districts instead of provinces.

This table shows that during the five-year period there was an increase in the number of boxes of rural routes in Canada of 73,057. In the province of British Columbia there was an increase of 11,655. In the province of Alberta an increase of 859; in the province of Saskatchewan a decrease of 168; in the province of Manitoba an increase of 1,214; in the province of Ontario an increase of 23,091; in the province of Quebec an increase of 25,072; in the province of New Brunswick an increase of 5,070; in the province of Nova Scotia an increase of 6,164; and in the province of Prince Edward Island an increase of 1,012. There has been an increase in rural mail service in every province in the dominion except the province of Saskatchewan. That is not the whole picture, because 90 per cent of the rural routes in western Canada have two services a week. In most of the rest of the dominion, outside western Canada, there is the usual daily service. It seems to me there should be some equalization in the increase of these services to western Canada. It does not seem reasonable that Saskatchewan should be the only

province in Canada in the last five years in which these routes have been discontinued, and less service given.

One of the reasons has been that where routes have been opened for rebidding there has not been anyone who has been prepared to service the route at the price the Post Office Department has been prepared to pay. In most of the rural routes in Saskatchewan the Post Office Department will not pay more than $700 or $750 for a twice-a-week service. No one can keep the necessary equipment to service a rural route for $750. Most of those routes were started in the horse-and-buggy days, when the routes were twenty-eight and thirty miles in length. Now practically all of them could be enlarged because they have to be serviced by motorcar or, in the wintertime, by snowmobile.

If the Post Office Department made an effort to have two routes out of each post office, so that someone could bid on a route and keep the necessary equipment to make delivery on two routes instead of one, I am sure that this service could be enlarged in western Canada, and serve more people. It would cost a little more but, after all, service to the people through the Post Office Department does not always pay. Many of the small post offices do not make a profit. Nevertheless this is a service we are entitled to have.

I would ask the minister to comment on the fact that Saskatchewan is the only province which has had a decrease in the last five years in the service given on rural mail routes.

Mr. Rinfret: The reason, as I indicated, is on account of the routes not being open during the winter. If the hon. member has any particular one in mind I could give him the information with regard to it. Certainly I shall look into the suggestion he has made, and if any improvement can be brought about it will be done.

Mr. Wright: I would appreciate it if that were done; because it would seem to me that there is an increase in Manitoba and Alberta, where the same conditions prevail in winter as are found in Saskatchewan.

Mr. Rinfret: I will look into it.

Mrs. Fairclough: It is quite some time since the new system of mail delivery was inaugurated, and since we were assured in the house that matters were running smoothly. Despite this I hold in my hand a letter from a commercial firm in Hamilton enclosing a tender to the Canadian Commercial Corporation. This tender was mailed in Hamilton on June 15, a Friday, and was postmarked as having been received in Ottawa on June 18, which was Monday. Three days elapsed. It was received by the Department of Defence Production on June 19, and returned to the tenderer with the notation that it had been received one day too late to be included in the tenders considered. Naturally these people are annoyed.

Four days is a considerable length of time for a letter to come from Hamilton to Ottawa. I would point out that it took only two days to return it to Hamilton again. The notation from the Department of Defence Production is dated June 20 and their letter to me is dated June 21. So that it could not have taken more than two days to come back. Therefore this letter must have been held up in the Hamilton post office.

I have here another letter from another company located on Main street east in Hamilton, who wrote to a client also located on Main street east. Delivery of that letter took two days—and that was within the city of Hamilton itself. In the same mail this company received a letter from England, which had taken only three days to come; and yet it took two days to receive a letter written at one part of Main street in Hamilton and delivered on the same street.

These matters are causing a great deal of comment and considerable discontent, to say nothing of the disruption of ordinary business practices within the city. When I referred to this matter of delayed delivery the other day I was referring to businesses situated on Main street which were classified as being on residential walks.

The Post Office Department, in respect of the letter the delivery of which took two days from one point on Main street to another, says that that is the reason.

The postmaster wrote to the firm in these words:

> No doubt part of this delay is caused due to the fact that your firm is located on what is known by the Post Office Department as a residential walk, which received only one delivery.

In the first part of the same letter they explain that they wish to advise that—

> —the records of the Hamilton office reveal that on the morning of June 6 there was a carry-over of first class mail i.e. all first class mail was not sorted that night. This was due to the fact that the night staff was not at full strength, owing to illness and further that the amount of mail to be handled on that particular night was above the average.

Both of these instances occurred in the current month, after we were assured that mail delivery was back to normal, and the post office had cleared all excess mail, and that everything was operating satisfactorily.

I also asked with reference to overtime which was to be paid to letter carriers during

the transition period while these new walks were being placed in working order, and I was assured that the walks would be checked, and that these men would be paid according to the amount of overtime that was indicated during the checking period.

Well, they started in to check that. Saturday morning, June 16, was the end of the first week in which the check was being carried out. I have here an affirmation from three of the officers of the letter carriers association in Hamilton in which they say that on Saturday morning June 16, the final day of the first week in which the letter carriers in the Hamilton post office were checked for their hours of detail, it was found that thirty-nine bags of mail had not been opened, that twelve bins of mail had not been sorted, that the wall of the room for a length of fourteen feet was lined with magazines and papers to a height of three feet.

That is the basis upon which the check is being carried out, the result of which will determine whether or not these men are going to be paid the overtime which is coming to them.

Mr. Rinfret: If the hon. member will send me the two letters she mentioned I shall gladly look into them.

Mr. Harkness: Mr. Chairman, there is a matter I have brought to the minister's attention by mail, and concerning which I have spoken to him on several occasions, but which has not yet been straightened out. I refer to the matter of mail delivery service in the Renfrew subdivision of Calgary. This is a subdivision which was built as a government housing scheme two or three years ago, and practically all of which is now occupied by veterans and their families.

At the time the housing project was carried out the Post Office Department refused to institute mail delivery service because they said there were no roads or sidewalks. Of course, as it was a government building project, there was considerable delay before roads and sidewalks were put in. Eventually however they were put in.

Then the Post Office Department refused to give delivery service because they said there were not sufficient houses that had sidewalks from the street to the front doors. That went on for some time. The department finally reached the point where there was a large enough proportion of people who had built sidewalks from their front steps to the street, with the result that once again they applied for mail delivery service. They still have not a mail delivery service and the story now is that the Post Office Department must wait for the treasury board to authorize it. This thing has been going on for two or three years. There was an editorial in the Calgary *Albertan* entitled "The old runaround". There is no doubt that these people got a runaround. I am not going to read all the editorial, but it reads in part:

> As a prime example of the bankruptcy of service in the Canadian post office, we give you the case of the Renfrew subdivision in north east Calgary.

After all the delay in giving these people a postal delivery service and in view of the cutting down of deliveries to one a day in Calgary, I think the department is long overdue in providing this service. What is the holdup and why is it these people have not this service?

Mr. Rinfret: I think the conditions for the establishment of a letter-carrier service are well known by now. There have to be at least 2,500 points of call; the revenue of the post office must be at least $50,000 per year; the average distance between points of call must not exceed 40 yards; the streets must be opened up and labelled at intersections; houses must be systematically numbered; walking conditions must be satisfactory throughout the year; there must be proper pathways from the street line to each house; letter boxes or slots in doors must be provided for the receipt of mail and there must be no duplication of street names. If the locality referred to by the hon. member has met all these conditions there is no reason why a service should not be provided. If there are any of these conditions that have not been met, there is no possibility of our giving it to them.

Mr. Harkness: I understand that all these conditions have been met and yet two or three years have passed and there is no service. There is no use the minister reading that long list of conditions because he stated them in his various letters to me and also to these people. As far as I know these conditions have been met and I want to know why these people are not getting a mail delivery service.

Mr. Rinfret: What is the name of the locality?

Mr. Harkness: Renfrew subdivision in northeast Calgary.

Mr. Rinfret: I will check it.

Mr. Noseworthy: Can the minister give me the information I asked for on June 11 as to how many of the 46,000 employees of his department were appointed by the civil service, and of those who were appointed by the civil service, how many are permanent and how many are temporary?

Mr. Rinfret: I am sorry I cannot give the exact figures, but of the 46,000 there are some 13,440 who are contractors and therefore would not be appointed by the civil service commission. Of the 12,038 revenue postmasters 89·9 per cent are appointed by the Postmaster General and the remainder by the commission. Perhaps I could also answer a question asked by the hon. member for Lake Centre when we were discussing the act. The hon. member wanted a breakdown of departmental appointments for the period April 1, 1949, to March 31, 1951, giving the number of war veterans appointed. The total number of appointments in the two years was 2,031. In 1,555 cases there were no returned soldier applicants, which left a balance of 476. In 407 cases where returned soldiers applied they were appointed, and in 69 cases civilians were appointed, the returned soldiers being put aside for various reasons. These reasons included non-residence, unsuitable sites, unsuitable as to character or financial responsibility or intemperate habits.

Mr. McLure: While the minister is in the mood to answer questions perhaps he will answer the question I asked when the bill was before us but which he refused to answer at that time. I want to know the cost under the new regulations under Bill No. 322 to a newspaper with a circulation of 8,000 going through the post office. I was most anxious to have an answer to that question at that time and surely the minister and his officials have been able to bring the matter to a head.

I am glad to see the minister back at work because a week ago I was informed that he was ill when he was away on a political trip. It was a case of regurgitation, but he must have recovered after he left Charlottetown. The minister then went to Toronto but he did not have as good a reception. I should like to refresh the memory of the minister by referring to an article in the Charlottetown press which reads in part:

> In one of the most fiery hard-hitting political speeches heard here for some time the Postmaster General attacked the lack of Progressive Conservative policy in Ottawa and took particular exception to recent news dispatches crediting Mr. W. Chester McLure, P.C., M.P., for Queens, with obtaining or helping to obtain various improvements.

I suppose that refers to getting the act through. The minister is reported as saying:

> Mr. McLure had nothing to do with it.

The Chairman: Is the hon. member speaking on a question of privilege?

Mr. McLure: You can call it whatever you like.

[Mr. Noseworthy.]

The Chairman: If so, he may continue because he is in order.

Mr. McLure: The minister went on to state, and this is the question of privilege, that there had been a meeting and all the Liberal members came to see him about the matter. I was not invited to go to see the minister, I suppose because I am not a Liberal. I told the minister at the time what we wanted in reference to this bill. On a question of privilege I say that the statement made by the Postmaster General is absolutely untrue. When that bill was up I did more for the newspaper that was interested than anyone else, and I was the first one to bring to his attention that the bill was rotten from start to finish. Now we are on his estimates. First of all the estimates should have been brought in before the bill. I do not know what the idea was of putting the cart before the horse instead of doing it the other way. I merely want to make that statement in defence of myself, contradict him and say that the statement he made in Charlottetown against me was absolutely untrue.

There are other things, without raising a question of privilege. I always had the idea that up to a few years ago the Post Office Department was a big revenue producer. In 1947, 1948, and I believe in 1949, they had surpluses running around $11 million, $12 million, or $13 million. Nevertheless we were told the other day that there was a deficit of $12 million, and that in less than five years. That makes a difference of almost $22 million—

Mr. Rinfret: Oh no.

Mr. McLure: —according to the Postmaster General, in a few years. That is a strange thing. I should like him to explain it when he replies, or was there no deficit at all this year? He made the statement, however, that this loss had occurred and that we no longer have any surplus. There is another matter I want to mention, and the minister should be able to answer it under this item. So far as postal matters are concerned, is the province of Prince Edward Island going to be treated as a province or as a subsidiary of some other province? Today Prince Edward Island does not have the rights extended to other provinces. For instance, we are attached to the province of New Brunswick. I cannot understand why, because members of the cabinet should know the terms of confederation. If the minister will look up those terms he will find that Prince Edward Island is to be treated the same so far as the Post Office Department and its officials are concerned as any other

province in Canada, and it is not. That is another matter on which I want him to reply.

Then there is another point I have brought up time and again in the last three or four years with reference to the sale of postage stamps. I refer to the case of a man who has been fifty-one years in the service, and if you count the number of hours he has worked each day he has given the postal department seventy-six years of actual service on the basis of an eight-hour day, but they ask him to work twelve hours every day, continuously from eight to eight. I think they give him half an hour once a day and that is all. Now they are breaking their contract with this man. He has a contract filed with the department fifty-one years ago. They want to get rid of him and give employment to someone else. They cannot find any fault with him. He is a perfect official. They will not call him an employee. I do not know why, although he has been with them a long time. They say that it is against the law to increase his commission. He only received 2 per cent. Now they have put in meter machines. They are breaking the law and they will not pay him a nickel on the stamps sold through those machines. Last year I wanted him to sue the department but I did not know enough about the law to go into the details of it. In any event this fellow was a good citizen and he said that they would probably soften their hearts some day and give him a small pension. I hope the Postmaster General will not brush that matter aside, as he did last year.

I also want to refer to the letter carriers in the city of Charlottetown who are faced with a serious situation. They have longer walks. They have to put in longer hours with much heavier loads to carry. They do it all without very much complaint but they are looking for payment on the basis of time and a half, or whatever the regulation is. This was refused them, unless it has been granted within the last few days. Some of these men have been twenty-five and thirty years in the service. I am sure they should have some rights and privileges, and some concessions should be granted them. I could ask other questions but I do not want to ask too many in case the minister should forget to answer them all. When the Postmaster General comes back to Charlottetown again I hope he will tell the people what I did and not skate all around it and try to take the glory for himself. I might say it was a very good thing he came at that time because I think the influence of his presence—

The Chairman: Order.

Mr. McLure: —was such that we elected our man quite easily.

Mr. Rinfret: I am very sorry that while I was in Charlottetown I did not have enough time to go and salute my friend, the hon. member for Queens. Otherwise I certainly would have done so. The matter of the financial position of the department has been raised. It is true that in 1946 there was a surplus of some $11 million. The deficit this year is $1,338,250.49. Therefore there is a difference of some $12,500,000. The amount of $8 million is accounted for by the increase in salaries of postal employees. The amount of $1,500,000 has reference to increases in salaries of revenue postmasters, and the balance is taken up by increases in payments to transportation companies. I have just said that the deficit for this year is $1,338,250.49. One of the factors contributing to that deficit is that we have to pay the sum of $3 million from current revenue to the railways for last year and the year prior. Therefore if we did not have to take from our current revenue this amount of $3 million the operations of the post office this year would have shown a surplus of $1,700,000.

Mr. Noseworthy: Has the department given consideration yet, or does it intend to give consideration, to: first, the granting of collective bargaining rights to its employees; second, the payment of overtime at overtime rates; third, revision of the salary scale for postal employees?

Mr. Rinfret: I thought I made it clear when my hon. friend was sitting in the first row in Toronto that these were matters of government policy which would have to be taken up by the government before any announcement could be made.

Mr. Noseworthy: The Postmaster General has assured us from time to time that every effort is being made to accommodate businesses located on streets that are termed residential. I have called to the attention of the minister one instance in which two business firms are located on a street which gets its mail between five and six o'clock in the afternoon. Right across the road from these firms another mail carrier begins his delivery at nine o'clock in the morning. An inspector was sent there to look into the matter, but for some reason it was found impossible for the man who begins his delivery at that point at nine o'clock to deliver letters to the two firms directly across the street. Instances of this kind cause a great deal of dissatisfaction with the service, and I would appreciate having the minister check into that matter. It seems to me it would be simple to have an adjustment made to accommodate business

firms so that instead of getting their mail late in the afternoon they would get it in the morning.

Mr. Rinfret: I have already assured the hon. member that a special check was being made in Toronto in order to rearrange the routes. To do what he asked in his letter of June 28 I assure him would be quite difficult as far as sorting is concerned. Probably more difficulties would be encountered if these things were done as he wishes. It is a question of sorting.

Mr. Higgins: There is an old Irish expression that you should speak of the devil as you find him. The minister has been quite courteous and very helpful as far as my personal applications have been concerned. Having made these kind remarks I would ask him to bear in mind the few words I had to say about the St. John's East branch post office and the reference I made to the veterans housing settlement at Tunis Court, as well as the post office at Bacon Cove, Conception bay. Other than that I have no worries about the postmaster. He has been more than generous to me, and if he would say a word on these matters it might be helpful.

Mr. Rinfret: The only thing I can say is that I will look into these various matters that have been mentioned.

Mr. Higgins: But you will do so generously?

Mr. Rinfret: As usual.

Mr. Hodgson: I want to repeat a question I asked the Postmaster General two months ago, which was not answered. I do not want to have a washing of all the linen in connection with the appointment of the postmaster at Bobcaygeon, but at that time I asked the postmaster why section 24 (c) of the Civil Service Act, which gives the minister the right to override a decision of the civil service commission for cause, was resorted to. I also asked what the cause was, and I am still awaiting an answer. Another thing I should like to know is what revenue a post office must have or what salary a postmaster must receive before he is eligible for superannuation benefits.

Mr. Rinfret: As to the second question, the revenue of the office must be at least $3,000. As to Bobcaygeon, I thought I had already gone into that file quite extensively. A contest was held and there were quite a number of applicants. A man by the name of Potts was recommended by the hon. member. He also had the support of Mr. McNiven, the ex-Liberal member, the Canadian Legion branch at Lindsay, and certain others. The contest was held, and the various recommendations sent to me by the hon. member for Victoria were forwarded by the department to the civil service commission. That commission reported that Mr. Potts had received 75 per cent and Mr. Beatty, the other contestant, had about 74 per cent; I cannot remember the exact figures.

As a result the commission wrote to the department advising that it had issued a certificate in favour of Beatty, who as I said had one point less than Potts. The department immediately asked why, though Potts had more points, the certificate was issued in favour of Beatty. The reply we got—and the hon. member was furnished with a copy of this file—was that the certificate had been issued in favour of Beatty because Potts had failed on his written examination.

Mr. Hodgson: Which was not correct.

Mr. Rinfret: We will come to that. That was the answer given by the civil service commission on January 28, 1950. After having drawn the attention of the commission to this discrepancy we proceeded with the appointment of Beatty. It was not until some months later that we were suddenly advised by the commission that it had changed its mind and wanted to issue another certificate in favour of Potts. Well, after advising Mr. Beatty that he was to become postmaster we told the commission we could not very well go back to him and say that while a certificate had been issued in his favour a later certificate had been issued in favour of someone else. We maintained to the commission, as I think it was our duty to do, that the first certificate should prevail. We informed the commission that we would not accept the second certificate in favour of Potts but would go on the first certificate; and after examining the file again the commission issued a new certificate in favour of Beatty. It has been stated that the Canadian Legion supported the appointment of Mr. Potts. The Legion at Lindsay did support Mr. Potts, but the Legion at Bobcaygeon supported Mr. Beatty. That in a nutshell is the story of this appointment.

Some hon. Members: Carried.

Mr. Hodgson: No, not yet. As to that appointment, at the time the competition was on there was no legion formed in Bobcaygeon. The only legion was at Lindsay and Mr. Potts was recommended by that legion. He also had the recommendation of the zone commander and commanding officer overseas, and also of the reeve of the village of Bobcaygeon, and of his minister. The appointment was not made permanent for quite a while after both these directives were

issued to either of these fellows who had been in the competition. I have no fault to find with Mr. Beatty. I think he is a fine young man. I think he would make a good postmaster.

Mr. Rinfret: I have no doubt about that.

Mr. Hodgson: But there is no doubt about it there was a mistake made by the department. That mistake was right in the minister's office. It was not the mistake of the civil service commission; because the civil service commission immediately came out and their official decision was that Potts should have the job. That is all there is to it. There is nothing else to it. More than that—

Mr. Lesage: That is not the first mistake.

Mr. Hodgson: Are you answering the question?

Mr. Lesage: I say it is not the first mistake.

Mr. Hodgson: Keep your mouth shut. When you become minister I guess we will all know about it.

Mr. Lesage: You will never be one.

Mr. Hodgson: Do not worry about that.

Mr. Lesage: I did not say I was.

Mr. Hodgson: I am not seeking a job from any government.

The Chairman: Order. These remarks are not in order.

Mr. Hodgson: I do not have to take a job from any government, no matter what party is in power.

The Chairman: Order.

Mr. Hodgson: Let these fellows keep quiet then.

The Chairman: I would ask the hon. member to restrict his remarks to the item under consideration, and to revert to that.

Mr. Hodgson: I will revert to the item under consideration when you keep order for me, Mr. Chairman. But so long as there is heckling going on from these other people tonight, I think I should have the same privileges in this chamber as anybody else.

The Chairman: The hon. member has the same privileges. I would ask him to revert to the item under discussion.

Mr. Sinclair: Carried.

Mr. Hodgson: There you are again, Mr. Chairman—the hon. member for Coast-Capilano. If there are any more of the parliamentary assistants who have anything to say, I should like to hear from them. If you want these estimates held up, I think I can keep on for a little while longer. I do not mind if I stay here over Saturday and Monday. I am getting well paid for what I do down here, and I think the parliamentary assistants are getting well paid too; and I think they should keep their mouths shut and let somebody else speak who is trying to get some information for his constituents. I did not come down here to listen to fellows like that yapping across the House of Commons. We have heard a lot of that this session. It is about time it was stopped, whether the chairman stops it or whether somebody else stops it.

Mr. McLure: That will warm them up.

Mr. Hodgson: I can tell you right here that no one of them is able to chase me around the house, neither one is able to do it and probably both of them together are not able to do it. While I was raised in the woods, I am not to be scared by an owl.

There is another matter which I should like to take up. It has to do with the postmaster at Atherley. There was a gentleman there 64 or 65 years of age, and somebody came up from the minister's department, I think from the district office in Toronto. This man had a separate building for this post office. The post office had been in that building for quite a number of years. The man from the department said to him: Your post office is not big enough. He said: That is quite all right, if I get a little more rent I will move the wall out behind a bit. That was agreed on. Then within a week another man came up from the Post Office Department, from Toronto, and he said: Well, you are 65 years of age and we are going to retire you. Your son is the assistant postmaster at $50 a month. We are going to retire you, make your son postmaster and make you assistant. The old gentleman said: That is fine; that is o.k. with me. Then after that change was made and the son—who was a veteran with a small pension—became, as he thought, postmaster by temporary appointment, a competition was put on; and in the competition another fellow who had come into the settlement not so long previously, and had a store across the road, won the competition. Then the clerk in the municipality took up a petition, and every person that received mail at that post office signed that petition, except two, that the post office be left in the same building and be left with the same people. But the Post Office Department and the civil service commission ignored that petition; we therefore have not any more a post office department for the people, by the people, because the people are not

listened to unless they come down to the minister two or three at a time, and probably officials of the Liberal party at that.

An hon. Member: You are giving me advice.

Mr. Hodgson: You have a lot to learn. You just waked up. You have been here with your eyes shut for two years. Evidently you have not put in enough time in the house to listen to what is being said. My father always said it is better to be a good listener than to be a good speaker. That certainly applies to the hon. member from Guelph because he certainly has not said much since he came here. I do not think he has done much listening either, judging by the number of times his seat has been empty.

I think we are having a lot of fun. If these people think that, by heckling me, they are going to stop me from talking, may I tell them that I always think I can talk a lot better when somebody is heckling me. It puts a little spark into the thing and makes it a little bit more lively. It makes the House of Commons not so monotonous.

I should like to have from the minister these answers about the post office at Atherley. The post office has now been moved out of the building in which it was. It was a fairly good building. Maybe the building was not big enough, but it was a brick building. I think the post office regulations—and I am not so sure about it; the minister can tell me—requires that a post office have a building of its own. Now the post office is moved across the road in the corner of a store about six feet square. You might call it a chicken coop. It looks more like a chicken coop than it does like a post office.

An hon. Member: That is public works.

Mr. Hodgson: I beg your pardon? Were you speaking to me? Do you want to ask a question?

The Chairman: Order.

Mr. Hodgson: I can still go on and tell post office stories.

The Chairman: Order.

Mr. Fournier (Hull): Mr. Chairman, may I intervene at this point? I would ask the consent of the committee to have this item stand, and that we take up the Department of Trade and Commerce. That would be a change, Mr. Chairman, if you have no objection. I think we would make more progress in that way.

The Chairman: Shall the item stand?

Some hon. Members: Stand.

Item stands.

[Mr. Hodgson.]

DEPARTMENT OF TRADE AND COMMERCE

Standards division—

457. Administration, including administration of the Precious Metals Marking Act, $110,923.

Mr. Knowles: Mr. Chairman, this is the first item under the group headed "standards division". I should like to ask the minister whether attention has been given by his department to the possibility of setting up standards in two particular fields. I refer on the one hand to the sizing of clothing, and of women's and children's clothing in particular; and I refer on the other hand to the fibre content of clothing.

I have in my hand a document that has probably been placed in the hands of other hon. members, namely a bulletin from the Canadian association of consumers, in which this matter is dealt with rather fully. I find that housewives and women across the country in particular remember the experience that they had during world war II when, under the auspices of the wartime prices and trade board, certain standards were established. Women, when they purchased clothes in those days, felt that they had some guarantee as to the value they were getting for the prices that were paid. Well, that all went out the window when the wartime prices and trade board ceased to operate, and there is a very real problem.

I understand from this document and from other sources, that some work on the setting up of standards, as to the sizes of women's and children's clothing, has been done in the United States. I understand that the results of that research are available to this country. But it would seem that what is needed is some direction from the government. The same is true with respect to the quality of fabrics from which clothing is made. We now have so many different kinds of fabric, and although the store clerks try to be helpful in telling the average purchaser what the particular item of clothing is made of so far as its material is concerned, there is no guarantee. There is no label that is proof to the purchaser as to the fibre content of these various fabrics.

I have in mind the Canada standard trademark that we approved by a bill that went through parliament two or three years ago. I have in mind other ways and means by which the Department of Trade and Commerce does set up standards. Has consideration been given, for example, to the representations made by the Canadian association of consumers? Is something being done in these two fields, first in the setting up of standard sizes for clothing and second in establishing standards with respect to the fibre content of various fabrics?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The department is quite familiar with the bulletin put out by the Canadian association of consumers. We realize that that is a very responsible organization. The bulletin was discussed in the department, and some work is being done on setting up standards.

My hon. friend will understand that it takes a good deal of research to establish a common standard for all Canada. During the last war the sizes were established more as an austerity measure to provide utilitarian garments that could be made up at a reasonable cost and would eliminate all the various patterns and styles that were increasing the cost of clothing. Something is being done on the standardization of clothing. I can say that I am not personally familiar with it and unfortunately the head of our standards division is not here this evening. But I hope that when I present estimates again I shall be able to make a report that will indicate that something is being done.

Mrs. Fairclough: I should like to add a word. With the current trend toward more and more pre-packaging of goods of all kinds, both clothing and foods, the establishment of standards is definitely more desirable than at any other time in the past. I do hope the department is seriously pursuing this matter.

Mr. Howe: Yes. The legislation under which the division is operating was passed during the session before last. It is fairly new legislation. It has taken some time to organize the staff and get the work of standardization in hand. I think we are at a stage now where more rapid progress can be made.

Mr. Adamson: How do we accept standards? Do we accept the standards of the American society on testing materials and the American standards society? How are the Canadian standards established? In Washington there are definite standards. Practically everything has a standard, sold to or made to the A.S.T.M. standard. I wondered whether we accepted those standards in everything, or what is the procedure?

Mr. Howe: No, Mr. Chairman. The standard is set at conferences with the interested groups, of which the manufacturers are one, the industrial groups, and perhaps the retail group as circumstances dictate. In any event, the division has a practice of calling in certain people who are interested in certain problems and reaching an agreement after having obtained the views of these people whom they believe to be the interested parties.

Mr. Adamson: However, we try—I assume, I do not know this; I only know so far as engineering materials go—to keep as near as possible to the American standard.

Mr. Howe: My hon. friend is thinking of the American standards association, which deals with materials, is he not?

Mr. Adamson: Yes.

Mr. Howe: These standards are accepted all over the continent, and pretty much all over the world. We are talking now about standard sizes of dresses, coats, and standard packages. There is quite a difference.

Mr. Knowles: Clothes and shoes.

Mr. Howe: Yes. That is quite a different problem. It is standards for manufactured goods, whereas my hon. friend is speaking of standards for materials.

Mr. Adamson: The American society does not have anything to do with manufactured goods?

Mr. Howe: No.

Item agreed to.

Dominion bureau of statistics—

461. Administration, $146,755.

Mr. Adamson: If the information is available can the minister say how and in what particular the new method of figuring out the cost of living is being arranged? I understand that at the present time the dominion bureau of statistics have under consideration a new method of figuring out and weighting the different items in the cost of living, which I understand is coming in next year. Can the minister state what it is?

Mr. Howe: The bureau is now working on a revision of the cost of living index. I hope that within a short time the dominion statistician will be able to make an announcement, giving details. It is planned to consult with various groups and individuals so that the new index will be the best that can be devised.

May I add that the forthcoming revision of the index is nothing unusual. The index has been revised from time to time over the years on the basis of changing consumer habits. The present index is, we believe, a good one, but it needs to be brought up to date, and that is what is proposed to be done.

Mrs. Fairclough: I do not know whether the minister has seen the form which I hold in my hand. It is headed: "Census of agriculture; dominion bureau of statistics." I understand that it has gone out not to all farmers, but to a great many of them. I wonder whether this is going to be a yearly thing. This is the first one I have seen. It is quite large. A farmer friend of mine

turned it in to me. He started on it, made out one page, used up two nights, and asked me if I would complete it for him. I am sure there would be a great many farmers who would be absolutely stumped by a sheet this size, particularly in the middle of the summer, their busiest season of the year. Surely, if this is to be a regular thing it would be advisable to send it to them in the wintertime, or sometime in the year when they have a little time to work on it, because I can well imagine that there are a great many farmers to whom this would go, who would have to work nights for about three weeks to try to find the information to fill in the form. I do not think it is fair to send it to farmers in the middle of the busiest season.

Mr. Howe: It is my understanding of the situation that the enumerator fills in the form from questions asked of the farmer. I presume it is a form—

Mrs. Fairclough: It is a census of agriculture form; it asks about the operation of the farm, the seeding, the farm machinery and equipment, cattle, dairy products and so on.

Mr. Howe: I now have better information. The chief of the bureau is here. He tells me that it is a form that is sent to all farmers. It is part of the dominion census as my hon. friend knows. It is sent to all farmers in advance so that they can study the questions. Then the enumerator calls for the form, and if it is not completed he helps the farmer fill it in. The enumerator takes the information with him to be amalgamated with the census information.

Mrs. Fairclough: Do I understand that this is only going to occur once in ten years?

Mr. Howe: Once in ten years.

Mrs. Fairclough: It is to be hoped so; it would take ten years to fill it out.

Item agreed to.

463. Census of population and agriculture and the 1951 census of distribution, $7,015,851.

Mr. Cote (Verdun-La Salle): Mr. Chairman, I am told that on the form to be used by the enumerators optometrists are being classified in the category of retail merchants and others of a similar type. It is easy to understand that optometrists today across Canada are professionally organized under acts of legislatures. I would ask the minister to see whether it would be possible, in the compilation of the data of the census, to make the reclassification accordingly.

Mr. Howe: Mr. Chairman, there have been a number of protests. The optometrists believe they are professional people, rather than storekeepers. Consideration is being given to this matter, and I am hopeful that it may be possible to make a separate classification for them.

Item agreed to.

465. To provide for the Canadian government's annual assessment for membership in the international wheat council, $25,000.

Mr. Wright: Mr. Chairman, I will not open a debate on wheat at this time. However, there are one or two points I should like to mention. The minister has received representations from the various farm unions and also from the wheat pools with regard to the domestic price of wheat. He has also received representations from the farm unions with respect to some revision of the Canada Grain Act.

I would ask him to give consideration to having these matters brought before the committee on agriculture at the fall session of the House of Commons, so that there can be a reasonably full discussion of them, and some agreement reached. Otherwise I think there will be continuous pressure from the west with regard to a revision of the grain act, and certain other matters. I would ask that he consider having the committee on agriculture set up so that the various groups wishing to make representations to the government may appear.

Mr. Howe: I will be very glad to give consideration to that request. I am not sure whether it is the intention at the fall session to set up the usual committees. However, if they are established, and if the committee on agriculture is set up, I shall be glad to have these matters discussed before that committee.

Mr. Quelch: Would the minister explain the effect of the six-cent increase in carrying charges on wheat he announced some time ago? Will that mean an increase of six cents in the price to the farmer, or will it be absorbed by increased charges?

Mr. Howe: Six cents per bushel is about the average carrying charge. At the present time it is paid out of the revenue from the wheat sold. In effect the six-cent carrying charge means that the wheat sold next year will be sold for six cents more than the wheat sold this year.

Item agreed to.

Canadian government elevators —

468. Operation and maintenance expenses (revote $100,760), $625,467.

Mr. Higgins: Would the right hon. gentleman, who is in such good humour, answer a question for me? I discussed this matter briefly last Saturday with his colleague the Minister of Agriculture, and he practically

referred me to the minister. This matter is the question of the establishment of a grain elevator in the newest province. I am sure the minister is fully aware of the circumstances. The Minister of Agriculture visited Newfoundland recently and in the course of one of the several addresses he made he informed the farmers that he thought a grain elevator would be a fine thing in Newfoundland, and said that he would use his good offices to have it established.

The Minister of Agriculture gave many reasons for an elevator in Newfoundland. He pointed out that in the event of war and difficulty of transport it would be a good thing to have an elevator at St. John's which is an ice-free harbour. He thought, generally, that it would be an admirable idea. On Saturday he indicated that he would use his good offices with the Minister of Trade and Commerce. Would the minister care to say anything in the matter?

Mr. Howe: I have spent the greater part of my life in building grain elevators and planning their locations and one thing and another. I would need to have a carefully prepared report to decide whether Newfoundland would be a satisfactory location for an elevator. I would start out with the gravest doubt as to whether that is so.

One obstacle would be that usually a grain elevator requires a flour-milling industry, and the sale of offals to a livestock population which, in Newfoundland, I understand is not very great. There is the additional complication in that the freight on feed for livestock is free from Fort William. On the other hand if the wheat were shipped down to Newfoundland it would have to pay the normal tariff, and the feed would be expensive.

I should think all those conditions would militate against the practicability of a grain elevator at the port of St. John's. However, I never like to make snap decisions, and I shall not in this instance.

Mr. Higgins: The Minister of Agriculture said it was possible that a flour mill would be established there.

Mr. Howe: If my hon. friend would say whose money would be used for a grain elevator and a flour mill, I might think better of it.

Item agreed to.

DEPARTMENT OF DEFENCE PRODUCTION

680. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production—further amount required, $1,000,000.

Mr. Macdonnell (Greenwood): I have here the annual report to the Minister of Defence Production covering the period November 22, 1950, to March 31, 1951, and it gives an outline of the relationship of the various companies.

As I understand it we begin with the Defence Construction Company, which took over the charter rights of wartime housing. It now discharges the functions formerly discharged in respect of construction by Canadian Commercial Corporation and the Department of National Defence. Then Defence Construction turns around and employs Central Mortgage and Housing Corporation.

According to the report, for this purpose it entered into a management agreement with Central Mortgage and Housing under which the corporation—that is, Central Mortgage and Housing Corporation—undertook to supervise the construction of the work on the part of Defence Construction Limited, as well as provide incidental related facilities.

I would ask the minister to make clear to me—and I think, at the outset, that I understand fully what the Department of Defence Production does. I thought I understood what Defence Construction did—that is, until I read this. Now I cannot understand what Defence Construction does, except that it acts as a liaison between Defence Production and Central Mortgage and Housing Corporation, which calls tenders and supervises construction of the work. On the face of it it seems hard to understand what work is left to be done. You have defence production which knows what it wants to get done, and you have Central Mortgage and Housing which calls for tenders and supervises the construction.

Mr. Howe: The staff of Defence Construction is small, but it is responsible for keeping in touch with the services, working out their requirements and making sure that the money is provided to cover the project. They work with Central Mortgage and Housing in arranging to call for tenders, in examining the tenders, and use the facilities of Central Mortgage to supervise the work in the field. I explained earlier that we had the option of establishing a far-flung staff practically from coast to coast to take care of the construction work, but we felt that when there was an existing staff doing somewhat similar work it would be better to use the services of that staff and possibly expand it rather than to duplicate an organization. The responsibility lies with Defence Construction Limited

which simply buys or retains the services, if you like, of the other staff instead of acquiring a staff of its own.

Mr. Macdonnell (Greenwood): Am I right in thinking that practically all the directors and officers are members of the Department of Trade and Commerce?

Mr. Howe: That is right.

Mr. Macdonnell (Greenwood): Is Mr. R. G. Johnson a member of the staff?

Mr. Howe: He is a dollar a year man.

Mr. Macdonnell (Greenwood): That is not exactly what I meant. What about the others?

Mr. Howe: They are permanent.

Item agreed to.

681. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of treasury board—further amount required, $50,000,000.

Mr. Harkness: This item is for $50,000,000 and a similar amount appeared in the main estimates. Can the minister give some indication as to how this additional $50,000,000 is to be used, how much will be a straight grant to private companies for capital expansion, and to what extent he expects it will be recoverable?

Mr. Howe: The commitments to date for capital assistance amount to approximately $113,000,000. That amount will not be required this year, but it was felt that an additional $50,000,000 should be provided to take care of the commitments during the present fiscal year. I have explained before that where capital assistance is given the facility created remains the property of the crown. It must be built on land owned by the crown and the asset created is the property of the crown. The recovery will depend on the ability of the crown to dispose of the property after the emergency. I think I stated that after the last war the average recovery was something between 60 and 65 per cent.

Mr. Wright: Has the minister any break-down of the $100,000,000 as between crown corporations and privately owned corporations?

Mr. Howe: I am sorry but I have not a break-down. The larger part would be for the aircraft industry. We are building an engine plant in Toronto that involves an investment of some $40,000,000 for plant and machinery. We have also bought machinery to make gears for naval vessels, and have created other facilities of that type. I imagine that 75 per cent of the facilities created will be operated by companies other than crown corporations, but the facilities will be owned by the crown.

Mr. Wright: Is there any rental charged the private corporation for equipment provided by Defence Production?

Mr. Howe: There will be no charge in the case of the engine plant because if a rental was charged it would simply appear as an item of cost because the plant is to produce engines at cost, plus a management fee. If machinery is put into a plant also handling work on a commercial basis a rental is charged.

Mr. Coldwell: Is the management fee based on a percentage? This is really an enormous amount of money to ask the committee to vote at half past ten when we expect to be adjourning within a few hours. There is not time to go into it and we must have a great deal of confidence in the people who are going to spend it if we are to vote for it.

Mr. Howe: My hon. friend and I were both in the house between 1940 and 1945 when we discussed large sums under a similar situation. The management fee is usually based on a percentage of the value of output, but not necessarily so. We try to get a realistic basis, one that can be audited. It might be one per cent of the cost, and it might be on some other basis which could be more easily computed. It is all subject to treasury board cost auditing and is also subject to renegotiation after the actual costs are determined.

Mr. Wright: I believe a great deal of this equipment is in Canadair which is producing the F-86. Can the minister give the cost of the F-86 to the Canadian government and the comparable cost of the F-86 to the United States government where it is being manufactured in plants that are not supplied with equipment?

Mr. Howe: There are some tools provided for the F-86, but the Canadair plant was a going concern before this emergency started. It is too early to see how our costs will compare with those in the United States, but I think I will be able to report, say in another six months, that our costs for the part we manufacture in Canada are lower than similar manufactures in the United States. The difficulty is that we are buying engines at the moment and a good many instruments. We call them government furnished parts. They will cost more than they do in the United States because they are bought there and we must pay added freight and duty. The

finished aeroplane will probably be more expensive in Canada than in the United States, but the airframe and such instruments as we manufacture in Canada will probably be cheaper here than in the United States.

Mr. Wright: Did I understand the minister to say that we pay duty on these engines?

Mr. Howe: Yes.

Mr. Wright: Is not that rather foolish? We are simply charging duty to ourselves. Why would the government pay duty on aeroplane engines coming into Canada for which they are paying?

Mr. Howe: I put up the same argument to the Department of National Revenue, but the fact is that the government does pay duty the same as anybody else. If Trans-Canada Air Lines wants to buy an aeroplane outside Canada, they must pay duty when it is brought in. If Canadian National Railways want to buy a locomotive outside the country, they must pay duty when it is brought in. It is simply taking money out of one pocket and putting it into another, but it seems to keep things in balance.

Mr. Higgins: On the first $50 million in the original estimates I did not ask the minister any questions at all. My friends from the maritime provinces asked certain questions. We are now on the second $50 million, making $100 million. The only knowledge I have of any allocation to Newfoundland is $10,000 to a company in St. John's for fuel oil. Is there any more than that? If so, will the minister tell me? I am not going to go into it beyond that.

Mr. Howe: I am sorry, but my officers are not here, and I cannot keep track in detail of where all this money is located geographically. I have a fair idea of where it goes, but I am sorry to say that I cannot answer the question.

Mr. Higgins: All I want to ask the minister is whether we are going to get our share.

Mr. Howe: It all depends what defence material my hon. friend's province is able to manufacture. If someone from Newfoundland will come forward with a good proposal for manufacturing any product required for the emergency, we will give it preferred consideration.

Mr. Macdonnell (Greenwood): We over here are more modest people. We are not so accustomed to dealing with sums of $50 million. I want to ask the minister one or two questions about it. He spoke a little while ago about the government owning the property. I imagine what the minister meant by that is that anything they put in continues to be their property, machinery or equipment.

Mr. Howe: Yes. If it is a structure we require the land to be transferred to the crown. If it is simply a machine put in someone else's building the machine is tagged and the number is recorded in our accounts. It is carried as crown property, and it remains crown property no matter what happens to the real estate.

Mr. Macdonnell (Greenwood): Are there any limitations of any kind? What I mean is, does there have to be a certain percentage of private money in there to qualify to have government money put in? After all, this is being operated by private enterprise and for a profit, although the minister of course has pointed out they are subject to renegotiation, but are there no guides of any kind, no percentages of any kind that are followed? You might get into a situation where the government would perhaps put up 75, 80 or 90 per cent and private ownership would supply only a very small figure, in other words, would take only a very small part of the risk.

Mr. Howe: No, it must be one thing or the other. If it is private enterprise, it is private enterprise. If it is a government assisted project, it must produce something we need very badly and cannot obtain from existing privately-owned facilities. It must be something unusual. Nor can you mix the two very well. We do not go in partnership with anyone. If it is capital assistance for a new project it is all capital assistance. If it is tooling for a special product all the tooling is put in under capital assistance. I do not know whether or not I can give my hon. friend a particular example of what would qualify, but not many projects qualify for capital assistance. Even though the total given is large, as I say some $40 million is going into one project, the Orenda engine plant. Large sums are going into tooling for the aircraft industry in its various components, and large sums are going into the arsenals.

Mr. Macdonnell (Greenwood): Are these wholly-owned government enterprises?

Mr. Howe: Yes.

Mr. Macdonnell (Greenwood): I take it they do not come under here at all because this refers to capital assistance for works by private contractors engaged in defence contracts.

Mr. Howe: Or by crown plants.

Mr. Macdonnell (Greenwood): Oh yes, or by crown plants. As I read the first part of this it would seem that the government was prepared to go in as a partner.

Mr. Howe: Oh no. For instance, we might call on the Westinghouse company to build guns. The Westinghouse company might have a suitable building, and they might not, but if they had we would use it and we would put in the machinery for boring the guns or such machinery as was specially required for that particular contract. When the contract was finished we would take out the machinery and do what we liked with it, store it for the next war or sell it. Anything we put in we would take out. If a new building was required we would own the building, the land the building was on and contents. It must be something we require which we cannot get through the standard facilities. It must be something that is quite out of the ordinary if we give capital assistance.

Mr. Adamson: With respect to the $40 million for the Orenda engine, I take it that the property and the plant remain the property of the A. V. Roe Company.

Mr. Howe: No, you are quite mistaken. The land the plant is built on, the plant itself and all the equipment in the plant are the property of the crown. Anything we do under capital assistance is the property of the crown and remains the property of the crown. That is what capital assistance means.

Mr. Adamson: But the A. V. Roe Company is a private company.

Mr. Howe: Yes.

Mr. Adamson: And the facilities, the machinery, the buildings, the structures for the building of the Orenda engine are crown property.

Mr. Howe: That is right.

Mr. Adamson: I understand that the Orenda engine is the standard engine for all jets produced in Canada.

Mr. Howe: It would be the engine used for the F-86 and the CF-100, the Canuck. It is a suitable engine, and to the extent that production is available it will be used in both, although probably after the Canuck production gets rolling all the engines will go into the Canuck, and we will again buy engines for the F-86. Our engine productive capacity is not in pace with the productive capacity of airframes.

Mr. Adamson: What engine goes into the F-86—the Sabre?

Mr. Howe: Yes, I believe it is.

Item agreed to.

825. To authorize a further amount of $50 million for the purpose of increasing from $100 million to $150 million the amount by which expenditures charged to the defence production revolving fund may in the current and subsequent fiscal years exceed receipts shown therein, as provided for in section 16 of the Defence Production Act, $50,000,000.

Mr. Macdonnell (Greenwood): What is this item?

Mr. Howe: This is our old friend, the revolving fund, that we discussed previously.

Item agreed to.

PRIVY COUNCIL

Prime Minister's residence—
324. Maintenance and operation, $25,000.

Mr. Macdonnell (Greenwood): There is a matter here which I think should be raised. I raise it with some regret but without any apology, and I am sure the Prime Minister will realize that when I raise it I do so because it affects a public building. It is the public building in which the Prime Minister resides, a matter of which we all approve wholeheartedly. Nevertheless I think we would be remiss in our duty if we did not ask for further particulars about the cost of this building concerning which we have had, so far as I am aware, no information for many months. Let me say again that I am sure the Prime Minister will realize this question is asked without the slightest disrespect to him, but after all this is a public building in which large sums have been invested and on which I think we should be informed. I know of no other place where the information can be obtained.

Mr. St. Laurent: This is not the place at all. My hon. friend is referring to a public building which is under the control of the Department of Public Works, and for which there are items in the estimates of that department. There are no items for it in the estimates of the office of the privy council or the Prime Minister's office. There is one item of $25,000 for the running of the household after it has been turned over by the Department of Public Works, but I am not in a position to give any information as to the cost. I took care to exercise no influence whatever on what was being done there, pointing out that it was not for the present Prime Minister but, I hoped, for a long series of prime ministers, and I thought they should do what the experts considered proper. As far as I was concerned I would be satisfied with whatever they did.

Mr. Macdonnell (Greenwood): I am sure that is so, and that was what I meant by saying at the outset I was sure the Prime Minister would know I had no other thought in mind in raising this question. Nevertheless as far as I am aware there has been no other point anywhere in the estimates at which we could ask the question. I realized

that it would not seem to be covered and could not be covered by this item of $25,000, but I raised the question here because I could not see any other place in the estimates where that could be done, and I felt it was a question the Department of Public Works would wish to answer.

Mr. Fournier (Hull): During part of yesterday I was putting through my estimates, and the hon. member knows I am always ready to answer any question put to me coming under my department. At that time I had my books with all the information. I would not dare give figures now from memory, because I know the opposition scrutinize every answer I give in the house concerning the Prime Minister's residence; and the hon. gentleman just looking at me has also put questions. It is an open book for anyone to see. We expropriated a property; a judge of the exchequer court said it would cost so much; we gave contracts for the work, and they have amounted to so much. Do not ask me those amounts right now; I might make a mistake as to the cents. Furnishings were purchased for the home, as the hon. gentleman saw when he visited it. What other item would there be?

Mr. St. Laurent: And landscaping was done.

Mr. Fournier (Hull): It is all covered under my estimates, and really I was somewhat taken aback yesterday when no hon. member put questions to me. I was just waiting for a chance to give the answer.

Mr. Macdonnell (Greenwood): I apologize to the minister for not having asked the question yesterday. It may have been just my stupidity in not seeing an item under which it would come. I hope the minister, being so obliging, will be able to give us those figures in the morning, not from memory, along with other information.

The Chairman: It would have to be done with unanimous consent, because those estimates have been carried.

Mr. Fournier (Hull): I have made some engagements for tomorrow so I hope the hon. gentleman will wait until the fall, when all the information will be available. If he wishes to write to me about these matters I will send him a very nice reply giving all the details.

Mr. Hodgson: The minister knows I have put some questions on the order paper about this matter, and have received some answers.

Mr. Fournier (Hull): Yes, and I wish you would be kind enough to pass on the information to your colleague.

Mr. Hodgson: The last question was made an order for return, and it has not been tabled yet.

Mr. Fournier (Hull): I will try to have it tabled tomorrow morning. I will not leave the building until that is done, if I can find my officials.

Mr. Macdonnell (Greenwood): I reiterate my point; I do not think there was anything in the public works estimates except perhaps an over-all figure which covered this question. I am not going to pursue the question further except to say that I still hope the minister will see fit to let us have these figures tomorrow.

Mr. Fournier (Hull): Just to make the provision clear, the amount spent on the residence was contained in a vote of last year. We did not need any more money this year. The hon. member will find all the expenditures set out in the public accounts, because we give all the information we have in our possession.

I have just been handed the report which was requested by the hon. member for Victoria, and with unanimous consent of the committee I will table it now, so he will have all the information.

Some hon. Members: Agreed.

Mr. Hodgson: That is fine.

Item agreed to.

326. Expenses of the national capital planning committee, $45,000.

Mr. Adamson: What are the grounds the Prime Minister has to keep up under this vote?

Mr. St. Laurent: The federal district commission, which is under the privy council office, keeps up the grounds of all the properties in the district belonging to the federal government.

Mr. Adamson: So I see by the item, but to me it seems rather extraordinary that the Prime Minister's department and not the Department of Public Works should be expected to keep up the grounds.

Mr. St. Laurent: When the federal district commission was reorganized it was placed under the privy council office, and the Prime Minister is the minister through whom the federal district commission reports to parliament. This is the item that has been provided for many years for the work they do in keeping up the driveways, the parks and all the property that has been acquired in the federal district, which form part of their assets. The report for 1950 was tabled on

February 12, 1951, containing a full description of their assets, details of the expenditure they incur, details of capital expenditure and so on. For instance, there is a rather substantial item in connection with something they had to do with the Champlain bridge. Things of that kind are detailed in this report.

Item agreed to.

327. To authorize payment of the fourth instalment to a special account in the consolidated revenue fund, known as the national capital fund, established under vote No. 809, Appropriation Act, No. 4, 1947-48, $2,500,000.

Mr. Harkness: What happens to this money that is put into the national capital fund?

Mr. St. Laurent: I asked them to give me that information, too. In the report that was tabled they accounted for the two instalments they had received, amounting to $5 million, of which about $1,500,000 had been turned over to them and something like $400,000 had been expended. Since this report was tabled on February 12 a further instalment of $2,500,000 was placed to their credit, bringing the total to $7,500,000. The expenditure out of that amount to date is as follows:

Purchase of real property	$860,284
Mackenzie King bridge to date	658,462
Railway cutoff line and freight yards ..	111,643

That makes a total of $1,630,389. The rest is a credit in the capital account of the federal district commission.

Mr. Harkness: Do I understand that this fund is just for the purchase of land, bridges and things of that sort, and that it does not cover buildings?

Mr. St. Laurent: It is just for the large capital projects.

Mr. Harkness: It does not cover buildings, though?

Mr. St. Laurent: No. They do not erect public buildings. It is for the acquisition of lands and improvements of the nature of the trackage that is being provided to get away from the freight yards here in the heart of the city, or this bridge that is being put over the canal and the railway yards to try to relieve the congestion and, as some say, the confusion that one frequently meets in Confederation square. So far the amounts drawn total $1,630,389.

Item agreed to.

GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS

168. Office of the secretary to the governor general, including the salary of the secretary to the governor general at $7,600 additional to salary authorized by chap. 182, R.S.C., 1927, $114,597.

[Mr. St. Laurent.]

Mr. Knowles: May I ask a question with regard to this item? It relates to this item but it relates also in a general way to other items similar to it. I think this is the first opportunity I have had this session to bring it to the attention of the Prime Minister again. As he knows, the Auditor General has drawn attention to the fact that there are a number of cases through the estimates where a certain amount of salary or other expenditure is paid by statute, and then an additional amount is paid by virtue of an item in the estimates. On several occasions it has been suggested that it would be well to tidy up these matters by amending the appropriate statutes. On previous occasions the Prime Minister has agreed with me and has said that attention was being given to it. Is any progress being made in connection with that sort of tidying up?

Mr. St. Laurent: Progress is being made, but we have not yet reached the end we shall have achieved when the progress has been completed.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

443. Canada Temperance Act, $1,000.

Mr. Higgins: In the particulars of this item, it would appear that the amount allocated is for legal fees, and that there has been a decrease of $500 in legal fees for this current year. Will the minister tell us why that is so? Is Canada getting more sober? Are lawyers asking less in the way of fees, or what is the reason?

An hon. Member: Economy.

Hon. F. G. Bradley (Secretary of State): I understand that we pay these costs only where the act is in force. The only place it has been in force is in Quebec; and it is not in force there now, I understand. As far as we know, there is no evidence that lawyers' fees have decreased.

Mr. Higgins: Is it for seven cases or what is it?

Mr. Adamson: While the minister is looking up that information, can he tell us how many counties in Ontario are still under the Canada Temperance Act?

Mr. Abbott: Personal interest?

Mr. Adamson: I live in one.

Mr. Bradley: I understand that it is now in force only in the county of Peel.

Mr. Higgins: Just for the county of Peel? Is that correct? Only in the county of Peel? The government had to pay $1,000

to enforce the Canada Temperance Act in the county of Peel? I am glad to hear about that.

Item agreed to.

General—

448. Bibliographic centre (national library), $48,221.

Mr. Harkness: Where is this national library for which a vote is provided here? I thought we were lacking one.

Mr. Bradley: This item is for the bibliographic centre. It is being conducted in connection with the national library. I do not know that it has any particular geographic location at the moment. It is an endeavour to index the books of all the libraries within Canada in order that they may be available to students and research workers who wish to look up particular works which will assist them in their studies.

Mr. Harkness: The minister says that he does not know that it has any particular geographic location. But actually these people must work somewhere.

Mr. Bradley: They work in public archives.

Mr. Harkness: I was wondering where this national library is, which is put in brackets after the words "bibliographic centre"; because my information was that we did not have one.

Mr. Bradley: We are endeavouring to create a national library. It is not in existence yet as such.

Mr. Harkness: Where are the people?

Mr. Bradley: The people are working under the archives department.

Mr. Harkness: Where are the books?

Mr. Bradley: Some of them are in this building.

Mr. Pearkes: Could we have tabled a catalogue of the books?

Mr. Bradley: The catalogue in connection with the parliamentary library is not yet ready.

Mr. Knowles: Does the minister not mean the national library?

Mr. Hodgson: The sum of $41,000 was voted for this bibliographic centre last year. The minister should have more information about it than has been given so far.

Civil service commission—

75. Salaries and contingencies of the commission, including the chairman of the civil service commission and two civil service commissioners at $2,000 each, additional to chapter 53, statutes of 1947 and to provide for continuance in office of C. H. Bland as chairman of the civil service commission from September 6, 1951 to March 31, 1953, the date of expiry of the term of ten years for which he was last appointed, $1,664,586.

Mr. Knowles: Under this item with respect to the civil service commission I should like to ask the Secretary of State a question or two. It has been represented to me that in connection with the economy drive on the part of the government, a drive the effects of which are felt most of all by the employees in the civil service, a certain practice is followed. As I understand it, the practice is this: When a vacancy occurs in a certain position, very frequently the civil service provides a replacement at a lower grade, and accordingly at a lower salary. The result is that in some departments of government you will have two people working side by side and doing precisely the same job, but one grade two and the other grade one, or one grade two and the other grade three, and therefore subject to a salary differential of $20 or $25 a month. The representations made to me are to the effect that that is not very good for the morale of civil servants.

If this practice is being carried on, it seems to me to be an unwise one. If the Secretary of State knows anything about it and would comment on it now I would appreciate it. If not, I hope he will take the matter up with the civil service commission and see what can be done about it.

Mr. Bradley: I have no knowledge whatever that any such practice is being undertaken at this time, but I will certainly make inquiries about the matter.

Mrs. Fairclough: I should like to speak to the Secretary of State about the composition of the commission. I noticed today that the chairman's term expired or would expire normally on September 6, 1951, and has been extended for approximately a year and a half. I believe I am correct in saying that at that time he is due for retirement.

A couple of weeks ago I put a question on the order paper with reference to the number of employees, male and female, who are under the jurisdiction of the civil service commission. An order for return was passed towards the latter part of last week. Unfortunately, I have not received it up to the present time. However, judging by the general complexion of employees as I have observed them I would think it must be nearly fifty-fifty. I would ask the Secretary of State whether in the course of the next year and a half, before the retirement of the chairman, earnest consideration will be given to the appointment of a woman commissioner to this commission when the first vacancy occurs.

Mr. Bradley: I will undertake to give some consideration to the request.

Item agreed to.

PUBLIC PRINTING AND STATIONERY

329. Departmental administration, $72,604.

Mr. Harkness: I have a number of questions to ask on this item. I asked quite a lot of questions in connection with this department. As a matter of fact I think I got two sessional papers, 107C and 107D which contained 24 questions altogether. Ten of these were dealt with by the Department of Public Works, and the other fourteen, perhaps I had better say, were deftly evaded by the department of public printing and stationery, and as a result of the fact that the returns were so uncommunicative in their answers I am forced to try to get the information at this time. The first question was:

How many new employees will the new government printing bureau plant have?

The answer to that was:

As the completion of the new departmental building is not expected for a considerable time, it is not possible to foresee what the printing requirements of the government will be two or three years hence, nor the nature of the equipment that may be available. Consequently it is not possible at this time to determine how many new employees will be required.

Well, the department of public printing and stationery of course must have drawn up plans for this building and how they were going to operate things. They must have some general idea of what expansion in their staff is going to be required, and how this enormous new building, which is under construction at the present time, is going to operate. I would like the minister first of all to give me any information they have in regard to what the increase in the staff is going to be from the present number of 1,043, which is given in answer to the second question in this return.

Mr. Bradley: This building will not be completed for some time, and we do not know what changes will take place in printing practices in the meantime. It is utterly impossible to give any intelligent idea as to just what the staff will be two, three or four years hence. The only thing I can suggest to the hon. member is that as of March 31, 1950, the total number of employees was 991. At this date it is 1,062. What the increase will be in the next three or four years we could not undertake to estimate at the moment.

Mr. Harkness: As I say, Mr. Chairman, it seems to me that the department of public printing and stationery must have some idea of the expansion of the staff that is going to take place, and that is the thing that I am complaining about. There was practically the same sort of answer, or an answer along that line, to every question that I asked. They could not answer it. In any event the third question in this return was:

(a) Where will the bureau secure its new employees?
(b) Does it propose to train them, or depend upon hiring workers from private plants?

The answer I received was as follows:

(a) Appointments to clerical and printing trades positions on the staff of the department are made by the civil service commission.

That is a lovely answer as to where they will secure these new employees. Then they go on to say:

(b) Policy to be determined in the light of circumstances existing when the new building is available.

I think one thing is quite clear. They are going to require more employees to man this terrific institution they have at the present time. Have they any policy or any idea whatever how they are going to get these new employees? Are they going around to private printers and say: Here, John Jones, you come and work for us? In other words, are they going to rob the local printers, or are they going to take people and train these people themselves?

Mr. Bradley: This is a matter, as has been pointed out in the return, which is under the jurisdiction of the civil service commission. When we need employees in the printing bureau the civil service commission undertakes to get them, and advertises in the newspapers in the usual way, an examination takes place, and in that way a selection is made for every job for which we require a new man. That is all I can say about it. I do not know that there is anything further that it is possible for me to say.

Mr. Harkness: There are quite a number of people who are interested in this matter. I believe the printing trades union are interested in it, and the printing firms, and all sorts of people are interested in it. The minister should be able to say something further in connection with it. The next question was:

How do bureau rates of pay compare with commercial scales elsewhere?

The answer was:

The Public Printing and Stationery Act provides that no increase of wages shall be made so as to raise the rate above that which is, at the time of such increase, paid for similar work in the cities of Montreal and Toronto. Rates paid to prevailing rate employees during the last fiscal year were based on rates prevailing in Ottawa for similar work.

What was the rate paid to these people?

Mr. Bradley: The rate at that time was $1.50.

Mr. Harkness: What was the $1.50 for? Is that for bindery men, printers or what?

Mr. Bradley: That was for journeyman printers.

Mr. Harkness: What were the rates for other trades?

Mr. Bradley: Some of the assistants would get a lower wage, of course. I think the assistants were then getting $1.35, or something like that, but I do not remember exactly. They are really all journeyman printers.

Mrs. Fairclough: Do I understand that this rate was supposed to be the rate prevalent in union shops in Ottawa—$1.50 an hour for journeyman printers?

Mr. Bradley: Yes.

Mrs. Fairclough: Was that recently?

Mr. Harkness: April 23.

Mr. Bradley: Up to January 1 of this year.

Mrs. Fairclough: That is a whale of a lot lower than it is in Toronto and Hamilton.

Mr. Harkness: The next question was:

Is it proposed to have sufficient employees to meet government printing at times of peak requirements?

The answer was:

No change is anticipated in present policy to maintain sufficient staff to take care of work which by its nature or because of circumstances must be produced in the department, and to meet unforeseen requirements.

Once again this was not an answer which meant anything. I would ask the minister what is meant by the expression "Work which by its nature or because of circumstances must be produced in the department". What sort of work does that cover?

Mr. Bradley: That includes printing for parliament, including *Hansard*, the statutes and documents that, by their nature, have to be printed in secrecy.

Mr. Harkness: Is the entire printing staff at the present time engaged in work of that nature? If not, what proportion of it is engaged in that kind of work?

Mr. Bradley: During the session about 40 per cent of the staff goes on the work of the session. What would in the normal course be done by that 40 per cent is given to outside firms.

Mr. Harkness: With the very considerable increase in the size of the printing bureau that is going to take place when they have the new building, is the same policy to be followed of having enough people to carry on the normal government printing requirements, and then when parliament is meeting and the bureau has to turn out *Hansard* and other publications, the surplus is turned over to private printers?

Mr. Bradley: It must be borne in mind that at the present time our operations are carried on in some sixteen buildings in various parts of the city. When we have all our operations under one roof we expect to make a considerable saving in that way.

Mr. Harkness: What does the minister mean when he says that they expect to make a considerable saving? Is it a saving in manpower, money or time?

Mr. Bradley: Among other things, the cost of administration. Surely it must be obvious to the hon. member that, when one has an undertaking dispersed in sixteen different places in the city, the overhead expenditures and various other costs must naturally be greater than if it were all under one roof.

Mr. Harkness: That seems to be fairly obvious, that there might be a saving in that way. But I might say that most of the facts about this printing bureau are no more obvious to me than they appear to be to the minister.

After that I asked a question in regard to equipment:

What new equipment will be purchased for the composing room, press room, bindery and other mechanical departments.

I got the same type of answer that I got in connection with the other one, that because the completion of the new building is not expected for some time they could not say anything about it. But surely they have some idea of how much more space they have; surely they have some idea of the amount of new equipment which is going to go in.

I would ask this specific question: Are any new departments more than they have at the present time—that is, by way of colour departments, or anything else—going to be put in? Surely I can get a more definite answer than the one I have been given, namely that because the building is not completed they cannot tell us anything.

Mr. Bradley: There are no new colour departments, or anything like that, in contemplation at the present time. We propose to move all our machinery to the new building, and all our operations will be carried on there. If and when we require new machinery it will have to be obtained.

After all, this is a growing nation, and the activities of every department of government

must of necessity increase as the nation grows. Our printing bureau must grow accordingly. Furthermore it must be borne in mind that during the war a good deal of our machinery —and we have quite a bit of it—deteriorated. We were not able to replace it. We are gradually replacing it from time to time.

Mr. Harkness: I still have not an answer as to how much new equipment they propose to secure.

Mr. Bradley: The answer to that is that no man on earth can tell.

Mr. Harkness: I would say the answer to it is that the minister does not know. It is not that no man on earth can tell. Certainly I think any man in the commercial printing business could give a pretty good guess.

Then I asked how printing bureau costs compared with prices charged by competitive private plants. The answer was that it varied on every job. However, in the answer the estimate is given that printing costs may vary from 35 per cent to 50 per cent less than the prices charged by commercial plants.

How was that percentage arrived at?

Mr. Bradley: We have not the same administrative costs as the ordinary commercial firm would have. There is no charge for rent, light or anything of that kind. That is paid for out of the government grant.

Mr. Harkness: But that does not explain this figure of from 35 per cent to 50 per cent less than the price charged by commercial plants. All the minister has said is something everyone knows. We know they do not have to pay rent. What I want to know is how they arrived at this percentage of 35 per cent to 50 per cent less. It might as well have been 75 per cent or 10 per cent, from the answer the minister has given thus far.

Mr. Bradley: It is utterly impossible to give an answer other than the one I have given. If the hon. member does not choose to understand it, I cannot help that. I have told him that there are certain charges which of necessity must enter into the costs of private firms which are not charged in our accounts here. We pay nothing for rent, light or power. We pay nothing for capital investment. These things are paid for by the government grant. Consequently our costs are less.

Mr. Harkness: The minister is stating generalities which everybody knows. He is wasting my time and the time of the committee.

Some hon. Members: Oh, oh.

Mr. Harkness: He is not answering the specific questions I have asked.

It seems to me that in view of the answers he has been giving there is no use at this stage of the session to proceed further with the matter. I shall cease asking any more questions, but I shall come back next year in the hope that by that time the minister will have learned something about the printing bureau and may be able to answer a few specific questions in an intelligent manner.

Mr. Bradley: I shall be glad to do that when the hon. member learns how to ask questions that can be answered.

Mr. Knowles: I should like to say just a few words. I could say more but I will not at this time. First of all, I want to say that I was pleased to note the expression of protest by the hon. member for Hamilton West when she learned how wage rates at the printing bureau tend to lag behind the going wage for printing in cities like Hamilton and Toronto, as well as in Ottawa and Montreal. I feel that the time is long overdue for a revision of that part of the Public Printing and Stationery Act which lays down the principle governing the wage rates at the printing bureau. I have not the act in front of me so I cannot quote it, but the gist of the appropriate section is that the wage rates paid at the bureau shall not be greater than the wage rates paid in Ottawa, Toronto and Montreal.

That leads the printers working at the bureau to feel that there is supposed to be some relationship between the two sets of wages referred to. Actually there is no need for the provision that the wage rates shall not be greater than they are in those other cities because they are always less. The practice is to review them from time to time in the same way all prevailing rates are reviewed, namely, by reference to the Department of Labour, but there is always a time lag. The increase that is given to the printers at the bureau is always the increase won by the printers working in Toronto, Ottawa and Montreal six months or a year earlier, or sometimes a little less, even at that. I feel strongly that that part of the Public Printing and Stationery Act should be overhauled and it should be laid down as a principle that the wage rates at the bureau are to be on a par with the current wage rates in the three cities mentioned.

The usual tendency is to compare them with the wage rates paid in job shops in the three cities named in the act, but I feel, particularly when parliament is sitting, that the job of producing *Hansard* is more akin to work in a newspaper shop. I would point out that the scale of wages in a newspaper shop is always higher than in job shops.

There are two other things I want to say and I shall express myself as briefly as pos-

sible and serve notice on the Secretary of State that I will be back in future sessions with these points. Despite the plausible answer he gave a few weeks ago I feel that not only should the government permit employees in places like the printing bureau to belong to trade unions of their choice, but they should enter into collective bargaining with those employees through the trade unions of their choice.

I feel also that the government should pay more attention to the shops with which printing is placed to see that as much as possible, if not all of it, is placed with trade union shops. A short while ago I placed some questions on the order paper seeking information as to the volume of printing done at the bureau and the volume let out to other firms. Then with respect to printing let out to other firms I asked what percentage was given to union shops and what percentage to non-union shops. The answer that came back was that no information was available on that point.

Then I placed another set of questions asking for details as to the particular shops to which printing was let in each of the last three complete years and I asked which of those shops were entitled to use the trade union label of an allied printing trades council. While I got information as to the shops with which printing had been placed and the dollar value thereof, with regard to the union label question I was told that no information was available. I may tell the Secretary of State that I have taken steps to ascertain for him the total dollar value of this printing in the three years in question that was let to shops that could use the trade union label and the total dollar value let to shops not entitled to use the trade union label. Since the Secretary of State was not able to give me that information I shall give it to him either this fall or in the 1952 session, and I shall again press my point that government printing should be done in union shops.

Item agreed to.

Progress reported.

THE ROYAL ASSENT

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

Ottawa, June 29, 1951

Sir:

I have the honour to inform you that the Honourable R. L. Kellock, a judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Administrator, will proceed to the Senate chamber on Saturday, the 30th of June, at 1.00 p.m. for the purpose of giving the royal assent to certain bills.

I have the honour to be,

sir,

Your obedient servant,

J. F. Delaute,

Assistant Secretary to the Governor General.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we hope to take up the remainder of the main estimates and the supplementaries. We would wish to proceed first with veterans affairs supplementary estimates, then labour, post office, finance and there are a few other departments which will be taken but I cannot indicate the order in which we will proceed.

INQUIRY FOR RETURN

PORTUGAL COVE, NFLD., WHARF

Mr. G. F. Higgins (St. John's East): May I inquire of the minister when I may expect the return I asked for about a week ago in connection with a wharf at Portugal Cove?

Hon. Alphonse Fournier (Minister of Public Works): I have not yet received an answer from the premier of Newfoundland.

HOUSE OF COMMONS

FIRST REPORT OF SPECIAL COMMITTEE ON PROCEDURE

Mr. Speaker: May I be permitted to revert to presenting reports by standing and select committees. The select committee of the house appointed to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business begs leave of the house to present its first report.

At its meeting today your committee gave consideration to a number of proposals advanced by its members respecting house procedure and hours of sitting. Your committee recommends:

(1) That a select committee of the house be appointed as soon as possible after the opening of the next session of parliament with the same terms of reference;

(2) that during the recess members of parliament send Mr. Speaker any suggestions they may wish to make.

On motion of Mr. Fournier (Hull) the house adjourned at 11.45 p.m.

Supply

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

309. General administration, $1,936,980.

310. Inspection, investigation and audit services, $2,695,241.

Ports, outports and preventive stations—

311. Operation and maintenance, $18,244,353.

312. Construction or acquisition of buildings, works, land and new equipment (revote $60,000), $739,000.

313. Customs excise seizure expenses and adjustments, $175,000.

Taxation division—

314. General administration, $1,530,206.

315. Internal inspection and verification, $1,016,386.

316. District offices, $22,925,702.

Income tax appeal board—

317. Administration expenses, $62,286.

Customs and excise divisions—

Ports, outports and preventive stations—

735. Construction or acquisition of buildings, works, land and new equipment—further amount required, $138,700.

Canadian Broadcasting Corporation—
International shortwave broadcasting station—

53. Maintenance and operation including authority to credit to the appropriation revenue from rental of facilities in Radio Canada building to an amount of $100,000 and to re-expend it for the purposes of the international service, $1,709,675.

54. Construction or acquisition of buildings, works, land and new equipment, including supervision, $218,925.

Loans, investments and advances—

Canadian Broadcasting Corporation—

564. Loans to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the governor in council on such terms and conditions as the governor in council may determine and to be applied in payment of expenditures to cover capital costs of television installations and to support the development of the service. Such loans, with interest shall be a charge on the revenues of the Canadian Broadcasting Corporation next after the charge imposed under the provisions of section 17 of the Canadian Broadcasting Act, 1936, $1,500,000.

Canadian Broadcasting Corporation—

670. To provide for an interim grant to the Canadian Broadcasting Corporation pending amendment of the Canadian Broadcasting Act, $1,500,000.

International shortwave broadcasting station—

671. Construction or acquisition of buildings, works, land and new equipment, including supervision (revote)—further amount required, $235,678.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

84. Departmental administration, $2,272,597.

A—Department and missions abroad—

682. Representation abroad—operational—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff appointed as directed by the governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments—further amount required, $110,000.

683. To provide for official hospitality—further amount required by reason of the visit of the President of France, $20,000.

B—General—

The Canadian government's assessment for membership in international or commonwealth organizations—

684. Further amount required to supplement votes 95-98 inclusive, and 100-105 inclusive, in the main estimates to meet fluctuations in exchange, $40,000.

685. Contribution to the North Atlantic Treaty organization to meet the Canadian government's share of the cost of civil administration, $320,000.

Terminable services—

686. Contribution to the United Nations international children's emergency fund, $500,000.

687. To provide for and authorize grants or loans to governments of countries in south and southeast Asia to assist in the economic development of such countries, and special administrative expenses in connection therewith, $25,000,000.

688. To provide for the purchase and transportation to Yugoslavia of relief supplies, $45,000.

DEPARTMENT OF FISHERIES

154. To provide for the destruction of harbour and gray seals, $30,000.

Fisheries research board—

155. Headquarters administration, $89,814.

Fisheries research board—

156. Operation and maintenance, $1,494,498.

157. Construction or acquisition of buildings, works, land and new equipment, $222,560.

International commissions—

158. To provide for Canadian share of expenses of the international fisheries commission appointed under treaty dated January 29, 1937, between Canada and the United States for the preservation of the North Pacific halibut fisheries, $50,000.

159. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission appointed under treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $166,350.

160. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission to overcome obstructions to the ascent of sockeye salmon at Hell's Gate canyon and for investigating and overcoming obstructions to such salmon at other points on the Fraser river watershed (revote), $32,000.

161. To provide for Canadian share of expenses of the international whaling commission, appointed pursuant to the international convention for the regulation of whaling, dated at Washington, December 2, 1946, $3,000.

162. To provide for Canadian share of expenses of the international commission for the northwest Atlantic fisheries appointed pursuant to international conventions for the investigation, protection and conservation of the fisheries of the northwest Atlantic ocean, dated at Washington, February 8, 1949, $2,500.

Special—

163. To provide for operation and maintenance of Newfoundland bait service, $392,444.

164. To provide for the extension of educational work in co-operative producing and selling among fishermen, $80,000.

165. To provide for administration expenses of the Fisheries Prices Support Act, 1944, $81,042.

166. 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, $100,000.

167. To provide for assistance in the construction of bait freezing and storage facilities, subject to the approval of the governor in council, $30,000.

General services—

691. Industrial development service—further amount required, $15,000.

692. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947—further amount required, $300,000.

Field services—

Protection branch—

693. Operation and maintenance—further amount required, $165,605.

694. Construction or acquisition of buildings, works, land and new equipment—further amount required, $105,125.

Fisheries research board—

695. Construction or acquisition of buildings, works, land and new equipment—further amount required, $147,000.

International commissions—

696. To provide for Canadian share of expenses of the international commission for the northwest Atlantic fisheries appointed pursuant to international conventions for the investigation, protection, and conservation of the fisheries of the northwest Atlantic ocean, dated at Washington, February 8, 1949—further amount required, $15,000.

Special—

697. To provide for administration expenses of the Fisheries Prices Support Act, 1944—further amount required, $7,300.

698. 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, $50,000.

699. Amount required to recoup fisheries prices support account, to cover the net operating loss of the fisheries prices support board during the fiscal year 1950-51, $88,641.

700. To provide for acquisition of lands required by the international Pacific salmon fisheries commission, as required by article VIII of treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $200.

DEPARTMENT OF TRADE AND COMMERCE

451. Trade commissioner service, including payment of compensation to trade commissioners for damage to and loss of furniture and effects, under regulations approved by the governor in council, $1,963,751.

452. Information division, including publicity and advertising in Canada and abroad, $165,697.

453. Economic research and forecasting divisions, including conducting of investigations and reporting upon current economic conditions and outlook, $193,824.

454. International trade relations division, including investigating and reporting on commercial relations and foreign tariffs and a contribution of $6,300 to the international customs tariffs bureau, $151,889.

Exhibitions—

455. Exhibitions generally, $257,122.

456. Canadian International Trade Fair, 1951, including authority to refund from revenue deposits received for contracts for space (revote, $85,000), $606,053.

Standards division—

457. Administration, including administration of the Precious Metals Marking Act, $110,923.

458. Electricity and gas inspection services, including administration of the Electricity and Fluid Exportation Act--operation and maintenance, $565,429.

459. Laboratory—operation and maintenance, $72,121.

460. Weights and measures inspection services—operation and maintenance, $637,985.

Dominion bureau of statistics—

461. Administration, $146,755.

462. Statistics, including contribution of $3,000 to the Inter-American Statistical Institute, $3,828,828.

463. Census of population and agriculture and the 1951 census of distribution, $7,015,851.

Wheat and grain division—

464. Salaries and other expenses, $27,488.

465. To provide for the Canadian government's annual assessment for membership in the international wheat council, $25,000.

Canada Grain Act—

466. Administration, $129,399.

467. Board of grain commissioners—operating and maintenance expenses including inspection, weighing, registration, etc., $2,613,807.

Canadian government elevators—

468. Operation and maintenance expenses (revote, $100,760), $625,467.

469. Construction of safety devices, and acquisition of new equipment (revote, $64,368), $64,368.

Special—

470. To provide for payments by the government of Canada under agreement dated July 10, 1950, between the government of Canada and the government of Manitoba, establishing the greater Winnipeg diking board, $1,275,000.

General administration—

786. Departmental administration including authority for an additional deputy minister for the Department of Trade and Commerce, to be appointed by the governor in council, to be called the associate deputy Minister of Trade and Commerce; to hold office during pleasure and to have and exercise under the Deputy Minister of Trade and Commerce such powers, duties and functions of the Minister of Trade and Commerce as may be specified by such minister, at a salary of $12,000, per annum; order in council P.C. 1481 of March 22, 1951, appointing Mitchell W. Sharp as such associate deputy minister on the terms therein set forth, is ratified—further amount required, $40,800.

787. Trade commissioner service, including payment of compensation to trade commissioners for damage to and loss of furniture and effects, under regulations approved by the governor in council—further amount required, $98,700.

Exhibitions—

788. Exhibitions generally—further amount required, $55,000.

789. Canadian international trade fair, 1952—to provide for preparatory expenses of a Canadian international trade fair in 1952, the remaining amount required to be provided in the main estimates for 1952-53, $312,020.

Supply

Standards division—

790. Weights and measures inspection services—operation and maintenance—further amount required, $10,600.

Dominion bureau of statistics—

791. Census of population and agriculture and the 1951 census of distribution—further amount required, $261,000.

Canada Grain Act—

792. Canadian government elevators—operation and maintenance—further amount required, $80,000.

Special—

793. To provide for payments by the government of Canada under agreement dated July 10, 1950, between the government of Canada and the government of Manitoba, establishing the greater Winnipeg diking board (revote)—further amount required, $430,793.

DEPARTMENT OF DEFENCE PRODUCTION

Department—

680. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production—further amount required, $1,000,000.

681. To provide capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to approval of treasury board—further amount required $50,000,000.

825. To authorize a further amount of $50,000,000 for the purpose of increasing from $100,000,000 to $150,000,000 the amount by which expenditures charged to the defence production revolving fund may in the current and subsequent fiscal years exceed receipts shown therein, as provided for in section 16 of the Defence Production Act, $50,000,000.

National research council—

302. Salaries and other expenses, $10,679,821.

303. Construction or acquisition of buildings, works, land and new equipment (revote $739,000), $3,481,675.

Atomic energy control board—

304. Administration expenses of the atomic energy control board, $62,108.

305. Researches and investigations with respect to atomic energy, $200,000.

Atomic energy project—

306. Operation and maintenance, $6,624,747.

307. Construction or acquisition of buildings, works, land and new equipment (revote $600,000), $1,625,885.

308. Construction of a new reactor, $7,000,000.

PRIVY COUNCIL

Privy council office—

322. General administration, $205,586.

Privy council office—

739. General administration—further amount required, $75,000.

Prime Minister's office—

323. Salaries of staff, $123,949.

Prime Minister's residence—

324. Maintenance and operation, $25,000.

Federal district commission—

325. Maintenance and improvement of grounds adjoining government buildings, Ottawa, and improvements to the parkway system under the control of the federal district commission, $421,400.

326. Expenses of the national capital planning committee, $45,000.

327. To authorize payment of the fourth instalment to a special account in the consolidated revenue fund, known as the national capital fund, established under vote No. 809, Appropriation Act, No. 4, 1947-48, $2,500,000.

GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS

168. Office of the secretary to the governor general, including the salary of the secretary to the governor general at $7,600 additional to salary authorized by chap. 182, R.S.C., 1927, $114,597.

DEPARTMENT OF THE SECRETARY OF STATE

439 Departmental administration, $196,501.

440. Companies branch, $82,371.

441 Trade mark branch, including a contribution of $2,400 to the international office for the protection of industrial property, $85,517.

442. Bureau for translations, $816,683.

443. Canada Temperance Act, $1,000.

Patent and copyright office—

444. Administration division, $48,452.

445. Patent division, $729,899.

446. Copyright and industrial designs division, including a contribution of $2,100 to the union office for the protection of literary and artistic works, $20,828.

447. Patent record division, $72,474.

General—

448 Bibliographic centre (national library), $48,221.

Public archives—

328. General administration and technical services, $263,473.

Civil service commission—

75. Salaries and contingencies of the commission, including the chairman of the civil service commission and two civil service commissioners at $2,000 each, additional to chapter 53, statutes of 1947 and to provide for continuance in office of C. H. Bland as chairman of the civil service commission from September 6, 1951, to March 31, 1953, the date of expiry of the term of ten years for which he was last appointed, $1,664,586.

Civil service commission—

679. Salaries and contingencies of the commission—further amount required, $10,000.

Public Printing and Stationery—

329. Departmental administration, $72,604.

330. Printing and binding the annual statutes, $30,000.

331. *Canada Gazette*, $130,000.

332. Plant equipment and replacements, $257,265.

333. Distribution of official documents, $118,186.

334. Printing and binding official publications for sale and distribution to departments and the public, $230,000.

Public printing and stationery—

740. Printing and binding the annual statutes—further amount required, $10,000.

741. Plant equipment and replacements—further amount required, $138,650.

742. Distribution of official documents—further amount required, $10,000.

743. Printing and binding official publications for sale and distribution to departments and the public—further amount required, $200,000.

HOUSE OF COMMONS

Saturday, June 30, 1951

The house met at eleven o'clock.

WAR MATERIALS

MING SUNG INDUSTRIAL COMPANY—REFERENCE TO HEADING OF REPORT IN MONTREAL "GAZETTE"

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, as a matter of personal privilege I wish to point out that there is carried in the Montreal *Gazette* of this morning a report which bears the headline: "Ships carried war materiel to China—P.M." The report is a Canadian Press report, and it is an accurate report of the discussions which took place in this house yesterday, but the headline would convey to many a quite erroneous impression. "War materiel" is taken by many to mean munitions, supplies or equipment for armed forces. The report contains this paragraph, which is correct:

> Mr. St. Laurent said the reason the ships carried to China materials Canada herself now bans for export to Red countries was that the materials were not placed on Britain's banned list until a few days ago. Now the British and Canadian lists were virtually the same.

It would be most unfortunate if this headline conveyed the impression that I was indicating to the house that Britain allowed "war materiel" to be carried to communist China. For a great many there is a substantial difference between what are classified as strategic materials and what is described as "war materiel". I was speaking of the items on our list of strategic materials which, up to some days ago, was more restrictive than that of Britain. But I certainly did not wish to imply that the British authorities were allowing "war materiel" to be carried to communist China.

KOREA

INQUIRY AS TO NEGOTIATIONS FOR CEASE-FIRE

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Prime Minister. Has he any information, other than that appearing in the press, about the negotiations for a cease-fire in Korea? Can he make any statement on it this morning?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I have no information additional to that which was published in the press. It is a pretty complete statement of what is being done, and is such as to raise hopes in the minds of a great many that we may be on the eve of a cease-fire in Korea.

INCOME TAX

INQUIRY AS TO ARRANGEMENTS FOR MAKING REFUNDS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of National Revenue. Since this is the last day of the session may I be permitted to preface my remarks, sir, with a few explanatory words?—because this is a matter that affects many thousands of people across the country. Beginning on Monday, deductions of income tax will be made at the source without regard to the proper allowances to which the taxpayer would be entitled. Will the department arrange, as soon as possible after proof has been given as to the proper deductions to which the taxpayer would be entitled, to make the necessary refund? Otherwise the labouring man and the salaried man will have paid far more income tax than they should, and the money to which they are entitled by way of refund will be held for a considerable time.

Hon. J. J. McCann (Minister of National Revenue): On June 18, when discussing section 15 of the Income Tax Act, I made a statement on the withholding tax, and I should like to read the last paragraph of it, which I think on consideration is as fair and explicit an answer as I can make to the question which my hon. friend has asked, and of which he has given me notice. I said, as reported at page 4246 of *Hansard:*

> Finally, I should add that in those cases where the incidence of intermittent employment, charitable donations, or unusual medical expenses, brings about over-deductions of tax, refunds can and will be made within a very short time after the taxpayer files his annual return. This year, for example, all district offices had processed refunds within two to four weeks after the receipt of the returns. If the taxpayer will file his return promptly, the department will see to it that he gets his cheque with all possible dispatch.

I admit that there has been some delay in some instances, perhaps, because the practice is that we have to match what are called T4 slips—that is, the slips that come from the employer, in which he indicates the

amount of money that has been paid to the employee and the deductions that have been made.

If the taxpayer will make his return any time after January 1 for the year preceding, and we have the T4 returns from the employer, I will guarantee that refunds will be made very promptly, and following our practice that has been done within two to four weeks of the receipt of the return.

As I stated yesterday on the estimates, all, or practically all, the refunds for the year 1950 have been made as of the middle of June. That is a condition that has never before obtained in the department.

One of the causes of delay has been the complaint—I will admit this—by some employers that they did not have the T4 forms as early as they would have liked. That is one of the matters that we can attend to this year; I will see to it that they have them early in January, and refunds will be made with great promptness.

I might say to the hon. gentleman that there is the other side of it, too; there are cases in which the payment is not enough, where individuals have earned income from other sources than salary or wages, and the amount of earned income other than salary or wages last year was in excess of the combined medical bills and charitable donations. However, that has nothing to do with it. It is just to show that there is another side to the case. In these instances we have to make an extra collection of tax; but we will continue to see to it that refunds are made as promptly as it is possible to make them.

The taxpayer has a right, and is invited, to make his return early in the year. If he does that, and we have the matching T4 form, we shall be able to make his refund accordingly.

Mr. Diefenbaker: I thank the minister for that assurance, because a number of labouring men have written me in regard to it.

WHEAT

MOVEMENT OUT OF STORAGE AND FROM HEAD OF LAKES

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): The other day I asked a question of the Minister of Transport about the probability of being able to take out of the western provinces all the 1950 wheat crop before the 1951 season begins. The Department of Transport stated that that was a matter for the Minister of Trade and Commerce. I would now ask the Minister of Trade and Commerce whether he is in a position to give this information. It is of importance to western farmers who have much wheat on hand.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Yes, Mr. Speaker, the movement of western grain from the prairies to market has been the cause of great concern since the opening of navigation. As hon. members know, the crop was very late last year, and the movement of the crop before the close of navigation was only about 50 per cent of normal. The movement to date is not such as would indicate that this crop will be moved from western Canada by the time the next crop is marketed. There will certainly be a considerable amount of grain at the lakehead, and the best we can hope is that the country elevators will be cleared.

Extraordinary efforts have been made to obtain additional lake tonnage, which is the bottleneck at the moment. The fact of the matter is that lake tonnage is not sufficient to move the quantity of wheat which must be moved by this summer and, in addition, take care of the minimum requirements for iron ore and other products which must also be moved. A conference is being held today, which is one of several conferences, through which it is hoped to divert additional tonnage from other services. Every effort is being made to get the grain forward, but one unfortunate result has been we have had to stop selling No. 6 wheat and feed wheat for the very reason that we cannot make deliveries within any reasonable time on account of transportation problems. That, I think, is the situation. If my hon. friend has any other questions I should be glad to answer them.

Mr. Diefenbaker: Can the minister say approximately what is the amount that will not be moved from the prairies? I am speaking particularly of the estimated amount in farm storage or in line elevators on the prairies. Then there is the other question arising out of the minister's statement. Approximately how much of the No. 6 wheat could be sold of which the wheat board has denied sale because transportation facilities are not available?

Mr. Howe: Up to June 21 the railroads had moved 415 million bushels of grain out of country elevators in the western division. As of the same date, a total of 108 million bushels of grain remains in country elevators, and the railways still continue to carry on a reasonably large movement of grain right up to the end of the crop year. Considering present stocks of grain in country elevators, and the volume of grain which producers will market during the remainder of the crop year, it is expected that some 80 to 90 million bushels

of grain will remain in country positions at the end of the crop year. Those are the essential figures.

Mr. Coldwell: Does the minister know the capacity of the country elevators?

Mr. Howe: I do not remember. I used to have those figures in my mind, but I think it is about 200 million bushels.

Mr. Diefenbaker: Then there is the other question, in regard to the statement the minister made that No. 6 wheat, of which apparently there is a large amount on hand, cannot be sold because it cannot be moved. About how much No. 6 wheat is there in that condition?

Mr. Howe: The amount of No. 6 wheat and feed wheat remaining unsold, allowing for 20 million bushels carry-over, which is the normal requirement until the next crop is harvested, is about 60 to 65 million bushels. My hon. friend has asked how much could be sold if we could move it. I cannot answer that question, because we are not offering the wheat.

Mr. Diefenbaker: The minister said he could have sold it if it could have been moved.

Mr. Howe: We could have sold more than we have to date. We have sold everything we have offered, but we offer it only if we are reasonably sure of getting it in a deliverable position at the time when it is required.

LABOUR CONDITIONS

UNEMPLOYMENT IN THE AUTOMOBILE INDUSTRY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of Defence Production. Is the minister aware of the growing unemployment in the automobile industry, and is there any statement he wishes to make before the house rises? Will he give the matter his active attention?

Right Hon. C. D. Howe (Minister of Defence Production): Of course the minister is giving that matter his active attention. As I said before, the situation at the present time is not clear as to what the actual employment is. I talked with General Motors officials a few days ago, and I was told that they do not expect employment to drop more than ten per cent from the peak employment figure—which peak employment was certainly abnormal. At the present time automobile factories in Windsor and vicinity are closed down, partly due to a strike in a parts factory, and partly in order to readjust production schedules, the latter in the case of Ford.

Mr. Adamson: Is that the Acme strike?

Mr. Howe: Yes, the Acme strike. That strike is now settled, but it will take some time to get the product moving. Within the next week or two we should be able to assess the situation and see what the real unemployment situation is in the Windsor area. There is no lack of employment throughout industry in Ontario, as my hon. friend knows, if he sees the figures reported by the Department of Labour. In fact employment in the province is tighter than it has been for some years.

There will be no great difficulty, as I see it, in moving into other industries the men who may be displaced in the automobile industry. Most industries are short of productive manpower. All I can say to the house is that the department is giving close and careful attention to the situation, and believes that a remedy can be worked out within a reasonable time.

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

Pensions and other benefits—

822. To provide financial assistance after the thirty-first day of May, 1951, in accordance with regulations to be made by the governor in council, to unemployable veterans who are in receipt of pensions under the Pension Act for a disability which is a factor contributing to their unemployability; such financial assistance to be exempt from income tax under the provisions of the Income Tax Act, $2,000,000.

Mr. Diefenbaker: Mr. Chairman, this matter was dealt with at considerable length in the committee on veterans affairs. As I was not a member of that committee, there are one or two references I should like to make to it.

I take the strongest objection to what appears to be a change in principle in the awarding of war pensions. Throughout the years the principle has been one of compensation for war injuries, or injuries received in service. This new term "unemployability" seems to incorporate the principle of establishing destitution—in other words, the means test—in relation to additions to the amount of a regular pension.

I think it is generally agreed throughout the country that some cost of living bonus should be added to war pensions, by reason of the tremendous increase in the cost of living since the last changes were made in pension levels. The present rate of pensions,

and also of war veterans allowances, is not in keeping with the needs of veterans, or indeed with the maintenance of that dignity to which the war veterans are entitled.

I do not often speak on veterans affairs, although from its inception I have been a member of the Canadian Legion. But I do protest most strenuously against what I believe is a departure from the true design and purpose of pensions legislation since 1919, and one that carries with it the possibility of establishing a principle which is contrary to the principles upon which war pensions should be paid.

In the last few weeks I have received petitions from various Canadian Legion branches, both in and outside my own province, protesting against this departure from true pension principles. I think every member in the House of Commons, however desirous he may be of maintaining economy, agrees that the present rate of pension should be increased in order, for the time being, to meet the changed conditions brought about by the high cost of living.

I speak not only as a member of the Legion, but as one who has received the representations to which I have referred. I am supported in the stand I take by the July, 1951, issue of *The Legionary*, which sets out in plain English the attitude taken by the Canadian Legion and its membership across this country.

I shall not read at length, but I shall put on record one or two brief quotations which set forth in epitome the views I hold on this important matter, as well as those of officials of the Canadian Legion. This editorial is entitled "In plain English," and states:

> In plain English, then, the result of the committee's work was a very great disappointment to the Canadian Legion, as indeed it must have been to many members of the committee. To the great majority of war disability pensioners and their families who, in spite of the dreadful rise in living costs, will receive no increase whatever in their pensions at this time, the result is nothing less than a calamity.

Then it says:

> In fact, judging by the shocking lack of sympathy displayed by certain government members and officials, this is almost certain to happen.

Then it refers to the calling of a fall session, when it is expected this matter will come up, and it continues:

> . . . unless the cabinet is made to realize in the interval that the veteran body and the public and press of the dominion are really aroused over this glaring injustice.

Those are strong expressions, but they represent the considered opinion of representatives of the Canadian Legion, who speak without partisanship but always with directness concerning the case of the veteran which that organization has served so well. It sums up the matter in these words:

> As for the $2 million unemployability supplement, which the committee approved by an 18-10 vote, no one—least of all the employed pensioners—will begrudge for a moment the unfortunate veterans, who are completely unable to work, the supplementary allowance the government is going to give them. But, as the Legion's representatives pointed out again and again to the committee, the new principle being established through the introduction of this palliative is a humiliating and thoroughly undesirable one, being based on charitable compassion instead of proud right earned through the shedding of blood or impairment of health while fighting for our country's survival.

That language is stronger than anything else I have read in *The Legionary*. Throughout the years the Canadian Legion has served the Canadian people by the stand it has taken in the maintenance of all that is good and proper in our way of life. Someone might ask if I would vote against this. Certainly not, and it is simply begging the issue to ask that question. The unemployability supplement means that tens of thousands of veterans in this country who are unable to carry on but who none the less can take some employment are going to be denied the measure of fairness and consideration to which they are entitled.

I noticed recently that one of the ministers stated that over ninety per cent of the pensioners were employed. I do not know where those statistics were secured. When the minister was asked on what they were based, he stated that a spot-check had been made of 35,000 veterans. Personally I do not believe that check was general enough; for I know that in my province many pensionable veterans are becoming more and more unemployable, particularly those who served in the first war. The stand taken here is a parsimonious one having regard to the need of the veterans who for the most part are receiving pensions and who are depending on those pensions for a reasonable degree of sustenance.

While agreeing that this does touch the fringe of the problem, in touching the fringe it establishes a principle that is a denial of all the foundation principles of pensions legislation which have been established over the years. I protest against it, because I feel that service entitlement is no longer made the qualification for a pension, but rather that destitution and unemployability are being substituted in part so far as this supplement is concerned.

Mr. Fulton: Mr. Chairman, I should like to say just a word or two on the subject to which the hon. member for Lake Centre has referred. I was not able to serve this year

on the special committee because, as to numbers, membership on the committee was restricted.

Mr. Mutch: Just two less.

Mr. Fulton: I do not know why the membership of the committee was so small, but certainly, it was not possible for all members who are veterans to serve on that committee. I am not going to take advantage of this opportunity to say everything that might have been said in the committee, because those who were on the special committee discussed this matter quite fully; but I do want to bring to the attention of the minister one or two matters which I was not able to bring before the committee.

The British Columbia command of the Canadian Legion were holding their provincial conference at the time this matter came before the special committee, and they sent in the strongest of protests against the introduction of the means test principle in connection with the unemployability supplement and the regulations the government are laying down prescribing the payment of that supplement. In addition I received a telegram—this was the subject of some comment earlier in the house—from the president of Branch No. 70 of the tubercular veterans section, Canadian Legion, Tranquille, British Columbia. A large tuberculosis sanitarium is operated there by the provincial government, and Branch No. 70 has a large number of members. These are the types of veterans who would be expected to receive the unemployability supplement provided for in this item. They are the very veterans who might be expected to benefit, but they go on record as being strongly opposed to the principle being laid down in the regulations covering the payment of this supplement. I should like to read the telegram as I received it:

> We would like to go on record as protesting the apathetic approach of the Liberal government in dealing with the veterans pensions and problems. We protest most vigorously the charitable stigma which a pensioner is being made to feel. The problem besetting pensioned veterans today is adversely affecting the recruiting campaign and will continue to do so until the security promised veterans is forthcoming. It is with regret that we noted party politics rearing its ugly head in veterans affairs. This is indisputably shown in the vote taken in parliamentary committee of veterans affairs. Out of 31 members 20 are Liberals. Nineteen Liberals voted against veterans getting a fair break. This same political party was the one that promised the veterans security in their future. It is to be noted that the shameless disregard of the Liberals to their obligations is ignored. It is with deep concern that we noted that the government—

I think they meant to refer to the session.

> —will be called to a halt without this legislation being rectified. This is against all principles of free enterprise. Normally if a person or assembly commits itself, it should fulfil its contract or resign. Needless to say we are disillusioned and disgusted with the Liberal government.
>
> Copies sent to the following: Mr. St. Laurent, Mr. Lapointe, Mr. E. D. Fulton, General Pearkes, MP, Ottawa; also letters to editor, Vancouver *Sun*, editor, Vancouver *Province*, Mr Robinson, T.V.S. Secretary, Canadian Legion, Ottawa and provincial command.
>
> James Athey
> President, Branch 70, T.V.S.

That is the telegram about which I questioned the Prime Minister on an earlier occasion; I asked whether he had received it, and I was told at that time that it had been turned down by the Prime Minister's office. I received later word to the effect that arrangements were made by the branch to pay for the telegram so that the Prime Minister might actually see a copy, and in fact a copy was delivered to the Prime Minister's office after that had been arranged. Therefore the Prime Minister had received the telegram. I hope that the Minister of Veterans Affairs has received it, because the thing I wish to emphasize is that the tuberculous veterans, who above all might be expected to receive the benefit of the regulations for the unemployability supplement as they are now drafted, are, generally speaking, men of no private means, with nothing beyond their pensions, men whose position deserves the utmost sympathy and consideration from this house. Yet they are the very ones who send this vigorous protest against the principle of the system which is being introduced in this supplement. As they put it, "We protest most vigorously the charitable stigma which a pensioner is being made to feel".

I hope, since this is the last day of the session and it is not probable that any adjustment will be made at this time, that the minister will be moved, as a result of representations from the very people who would be expected to receive the supplement, to alter the regulations in the future and to eliminate from them this means test principle.

Mr. Quelch: In view of the fact I spoke at some length on this item at the time we were discussing departmental administration, I have no intention of delaying the committee, but I should like to emphasize one point. First of all I should like to remind hon. members that there has been a substantial increase in the cost of living and in wage levels since 1948, and, owing to the fact that there has been no increase in the basic rate of pension since that time, disability pensioners today are under a severe handicap. This item provides assistance to a total of only approximately 6,000 disability pensioners out of a total of 162,000. I see the parliamentary assistant shaking his head. It is

estimated that about 6,000 will benefit. It is possible that later on more will benefit.

Mr. Mutch: I was shaking my head because the hon. member said out of a potential of 162,000, whereas he knows that under the regulations the potential is a maximum of 34,000.

Mr. Quelch: But there are actually 162,000 disability pensioners.

Mr. Mutch: It sounds worse that way.

Mr. Quelch: Unfortunately under this item no pension will be given to a single veteran with a disability of less than thirty-five per cent or to a married veteran with a disability of less than forty-five per cent. Many members on the Liberal side have emphasized the fact that the purpose of the item is good, and will give assistance to those who are most in need. Unfortunately it does not do that, because today many veterans who are paid for a thirty-five per cent or forty-five per cent disability actually have a disability of one hundred per cent, but it cannot be shown that it is due to war service and they get no pension for it. Many of these men are in dire need and yet they will not be able to get any assistance under the provisions of this estimate. The veterans affairs committee recommended that the government increase the basic rate of pension, or at least give consideration to it. I should like to ask the minister whether or not the government has given any consideration to the recommendation of the committee for an increase in the basic rate of disability pension.

Mr. Hees: This week a bill was passed increasing pensions for judges by twenty per cent to compensate for the increase in the cost of living since 1946. The cost of living has increased by sixteen per cent since the last increase was made in veterans pensions. So far as the veterans are concerned, the government has completely turned down the many requests made for an adequate increase in their pensions to enable them to maintain their standard of living in the same way as all other citizens of the country.

I believe it is impossible to reconcile the attitude and action of the government in these two matters. On the one hand they seem very worried that one class of citizens, the judges, should have an increase in their pensions and salaries so that they can maintain their standard of living and keep up with the rising cost of living. On the other hand they completely disregard the needs of a class of citizens who I think merit the greatest consideration, those whose service to the country has not been surpassed in any way by any other class of citizens. I refer to our war veterans. I should like to hear what the minister has to say in explanation of the government's policy of giving one class of citizen, namely, the judges, a twenty per cent increase—

The Chairman: Order.

Mr. Hees: —and on the other hand refusing an increase to war veterans.

The Chairman: Order. The hon. member may not refer to a previous debate, and we have had a previous debate on judges pensions and salaries.

Mr. Hees: I have put my question. I am sure that the minister and the government must have an explanation. It is a very important thing to our war veterans. I do not think any class of citizens has given greater service to the country than our war veterans. Why they should be treated in one way, while another class of citizens should be treated in quite a different way, is something that I and other members of the opposition find it impossible to understand. I should like to hear an explanation from the Minister of Veterans Affairs as to why he considers this is a fair deal for the veterans of the country. Could I have an answer, please?

Mr. Lesage: It was answered why while you were electioneering.

Hon. Hugues Lapointe (Minister of Veterans Affairs): I certainly do not intend to go over the debate which took place on the Judges Act. A full explanation of the policy of the government was given at that time. I do not know whether my hon. friend was here, but I do not think it is proper to take up that matter in this debate. I think my hon. friend agrees with me, too.

Mr. Quelch: Would the minister answer my question, whether the government has given consideration to the recommendation of the committee?

Mr. Lapointe: I can certainly assure my hon. friend that all recommendations of the special committee on veterans affairs are being very closely studied and considered by the government.

Mr. White (Middlesex East): Three or four years ago I suggested that these pensions should be hooked to the cost of living index. I do not think we will ever arrive at a satisfactory solution of the problem until some plan of that kind is worked out. If and when it is worked out, it should be done with reference to the time when we had a real dollar in this country.

Mr. Gillis: Hon. members to my right who have spoken in the last few minutes have emphasized the fact that this is the last day

of the session, and that it was too bad a lot of things had not been done before the last day arrived. This does not necessarily have to be the last day. If every member gets to his feet and occupies the same amount of time as those who have spoken, this will not be the last day; there will be several more days.

I agree with the minister that this matter was before a committee for about five weeks, and thereafter there was a full-dress debate in the house which gave everyone an opportunity of expressing an opinion on government policy. I expressed mine, and it is on the record, both in the committee and in the house.

I rise at this time to correct something the member for Lake Centre put on the record. He said that the policy of the government in connection with this unemployable supplement was strongly condemned by the Legion, and that is correct. But he said that as a result of the work of that committee, this action was brought about.

Mr. Diefenbaker: The last thing I wanted to imply was that, Mr. Chairman.

Mr. Gillis: The hon. member should look at the record.

Mr. Diefenbaker: It was a great committee, and it has done a magnificent job, so that is the last thing I wanted to imply. If there was the slightest implication of that, it certainly was not intended, nor could I conceive of the words being possible of that interpretation.

Mr. Gillis: The hon. member was quoting an article from this month's issue of *The Legionary*, and if he will look at the record again he will see that that is correct.

Mr. Diefenbaker: Oh, the quotation from the article—I beg your pardon. I thought the hon. member said that I said that.

Mr. Gillis: This vote in the supplementary estimates was placed in the hands of the committee so that there could be a general discussion of its implications. The veterans affairs committee could not accept or reject it, because that is the responsibility of the house. All the committee could do was to send the estimate back to the house, and the final vote on that $2 million is a vote of the house. We want to keep the record straight on that, because a year from now someone will be quoting the member for Lake Centre over the radio and saying: You were a member of the committee that brought it in. The committee could not accept or reject it, and could only discuss it and recommend that it be returned to the house for a vote. In the final analysis the vote is a vote of the House of Commons.

I am not going to say anything about the merits or demerits of his policy. My opinions are on the record, and I voted against it. The committee recommended further consideration of the matter of basic pensions.

Mr. Drew: There is one way in which the minister could deal effectively with this matter this morning. In response to a question that was asked, he indicated that he will, of course, give consideration to any recommendations that have been made. Nevertheless I would point out that these recommendations have now been in the hands of the government for some time. Without in any way referring directly to any particular piece of legislation that has been before this house, I would point out that since that time the government has established the principle of recognizing the need for meeting the increased cost of living on a percentage basis. If that applies in one case, it applies in the other. If there is one particular case in which any just provision should apply with more force than another, it is the case of the veteran. The highest obligation of this or any other government is to give adequate consideration to those who have offered the highest type of service that a man or a woman can give in support of the state.

It is not possible for the opposition to move an amendment that would increase this figure or affect the principle which applies to this figure. Nevertheless, the minister has received these recommendations; he has had time to consider them, and since in the other case the government has adopted a principle consistent with what is being urged by the opposition, I would ask the minister to dispose of this matter by giving us an undertaking that when we meet in October he will take the proper steps to introduce legislation that will provide for a uniform over-all percentage increase to the veterans consistent with the increased cost of living.

Mr. Lapointe: The leader of the opposition realizes that any such statement on my part would be an undertaking on behalf of the government. I do not believe he expects me at this moment to give an undertaking of that sort without consulting my colleagues in the cabinet. Such a decision would definitely be a question of government policy which would have to be decided by the government. Frankly I have no hesitation in saying that I cannot give such an undertaking at the present time. I did state that the recommendations of the committee, which included the subject matter mentioned by the leader of the opposition, had been put

before the government and will be considered by the government. If there is any change of policy, it will be announced by the government or by myself.

Mr. Drew: Naturally I recognized that a statement by the minister would be a statement on behalf of the government. Notwithstanding the fact adjournment may be expected fairly soon, I hope that this item may be allowed to stand while the minister consults with other members of the government. Since this matter was brought before us the government recognized the increased cost of living on a percentage basis in another case, so I do not think he should have much difficulty in getting the approval of the government. A statement on this principle at this time would greatly reassure the veterans during the next three months.

Mr. McLure: I note that most of the members who have spoken on this item have been veterans, but perhaps I may be allowed to say a few words because there were more enlistments per capita from my constituency during the first and second world wars than from any other constituency in Canada. We have, therefore, a great many pensioners and a great many unemployable veterans.

From what little information I have gathered from the veterans affairs committee, this item would give a little assistance to the unemployable. I find that in pleading the case of the unemployable, the doubtful part of it is found in the person who has to make the decision that the man is unemployable. It is generally turned back to some doctor who has no idea, beyond the medical end of it, whether a man is unemployable or not. Recently in a specific case, after a great deal of correspondence, it was finally decided that, in spite of the doctors, the man was unemployable. There was only one doctor, outside of the veterans affairs department, who would come forward, and it was on his statement that this man was awarded a pension as an unemployable. Whether he will get a further increase under this new legislation, I do not know. I have written about a man who, the department says, is not unemployable; yet it is impossible for him to make a living. He has been turned down again and again. When a man is able to work only about one day in a fortnight, I think he should be immediately classed as an unemployable.

I should have liked to hear the minister answer the question that was asked him with regard to his views on this unemployability pension. He said he did not like to speak on behalf of the government, but I took it from his remarks—

[Mr. Lapointe.]

Mr. Lapointe: Mr. Chairman, I did not make any such statement, that I did not like to speak on behalf of the government. I said that I would not undertake to make a statement of policy on behalf of the government without first consulting with my colleagues. Let us get these facts straight.

Mr. McLure: That is right, but just the same I took it from his remarks that he was inclined to be in favour of it. I for one, Mr. Chairman, would gladly stay here until he confers with the cabinet, even if it took a day, and they change their policy, as has been suggested by the leader of the opposition. However, this item is not going to benefit anyone a great deal, having regard to the amount shown there.

The ones on behalf of whom I wish to speak are the pensioners who are now getting a starvation pension and who are not able to get any increase to keep up with the cost of living. We have all been stormed with telegrams and letters with reference to this condition, and I think it should have some consideration from the Minister of Veterans Affairs.

From time to time all members of parliament are called upon to take up the cases of veterans. I must say that lately, with regard to the last four or five cases in which I was interested, we were given complete satisfaction. In addition to living up to the letter of the law, I think the department should go a little bit further. There are many cases in which they must have compassion with reference to the man who has served overseas.

As to the comparison that was made by some other hon. members this morning when they spoke about pensions increases to other classes of civilians in order to keep up with the cost of living, may I say that to begin with we should do the same with reference to the veterans who have made application. I hope that the government will think it worth while to change their policy and will give the underpaid veteran pensioners a little break at this time.

Item agreed to.

DEPARTMENT OF LABOUR

General administration—

188. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $348,542.

Mr. Johnston: Before this item carries I think I should have a word or two to say about it. I will try to make my remarks as short as possible, because I know the hour is late and that the committee is desirous of

getting through with its work. But there is one question to which I must refer, and that is the statement which was made by the hon. member for Edmonton East, the last time this question was before the house, in regard to the position which the province of Alberta had taken in respect of labour. The statement was made on May 16 of this year. I quote from page 3086 of *Hansard*:

Mr. Macdonald (Edmonton East): Mr. Chairman, yesterday when we were at the resolution stage the hon. member for Bow River said that he was quite familiar with the Alberta labour legislation and stated that he thought it was splendid legislation. I know something about labour legislation in Alberta and I want to state that labour has not been too well recognized in that province. There is not even a minister of labour in the provincial government.

This legislation is going to be tied in with the provisions of the Alberta act. When a workman is injured he is interested in three things. First, he wants to know how quickly he can get back to work. Second, he wants to know how much he is going to receive when suffering from his injuries or his industrial disease. Third, he wants to know when he is going to receive it. In Alberta an injured workman is faced with a five-day waiting period after which he is paid compensation on the basis of 66⅔ per cent of his average weekly earnings. In Saskatchewan he needs to wait only one day after which he receives 75 per cent of his average weekly earnings and the same is true in Ontario.

Mr. Chairman, nearly everything in that statement is wrong, and I want to explain some of the difficulties that the hon. member has had in understanding labour relations in Alberta. I would not make reference to this matter on this occasion—in fact, I had decided not to make any reference to it, because I thought it was so obviously wrong that there was no need to raise the question—but for the fact that it appeared in the Edmonton papers. On May 17 it appeared in the Edmonton *Journal*.

I am not going to attempt to read the whole article, because it is only a repetition of what was in *Hansard*. But the Edmonton *Journal* had this to say in the first paragraph of this article:

Ottawa.—Alberta government's labour legislation was attacked in the commons Wednesday by A. F. Macdonald, Lib., Edmonton East, past president of the Edmonton Labour Council. "There is not even a minister of labour in the provincial government," he declared.

Mr. Macdonald said he was replying to a statement in the house Tuesday by C. E. Johnston, S.C., Bow River, who claimed that the province's labour laws were "splendid".

Then it goes on to discuss what was said as reported in *Hansard*, and it gives an accurate account of what the hon. member said. Below that paragraph there is set out a remark by the minister of labour in the province; this is Dr. Robinson's assertion as quoted by the paper:

"We think our system is good," Dr. Robinson said. "It is not loaded in favour of employee or employer but is in the best interests of all. We continually bring both sides together to review our labour laws, and are making a complete review this year."

Regarding Mr. Macdonald's charge that injured workmen in Alberta must wait five days before receiving compensation, the minister said the Alberta waiting period is three days.

In cases where injuries will result in prolonged absences from work, payment of compensation is dated from the first day of these injuries, Dr. Robinson said. He stated that if Saskatchewan pays compensation equivalent to 75 per cent of an injured workman's average wage, Mr. Macdonald should keep in mind that in Saskatchewan a direct sales tax on all a worker's purchases leaves him in "a worse financial position than in Alberta, where compensation now is 66⅔ per cent of an injured workman's wages."

That was just a statement of fact by the minister of labour in Alberta.

Mr. Knowles: There are some things in it that are not correct.

Mr. Johnston: No. I think that is quite correct.

Mr. Knowles: Mr. Chairman, the only point I was referring to is that there is no direct tax on all purchases in the province of Saskatchewan.

Mr. Johnston: That may be true; I think there is an exemption on food articles. But, generally speaking, that statement is true. I accept the remark made by the hon. member for Winnipeg North Centre.

In the remarks made by the hon. member for Edmonton East he stated, as reported in *Hansard*, that labour was not well recognized in that province. That statement, Mr. Chairman, is of course absolutely untrue, because in the province of Alberta labour has been given every consideration. Not only is that so, but labour has recognized that consideration. Perhaps one of the best ways in which to show how labour appreciates the consideration that has been given in that province is to look up some of the facts.

I hold in my hand a publication put out by the Department of Labour at Ottawa. It deals with strikes and lockouts in Canada during 1949. I think this is probably one of the best ways in which to show whether or not labour is satisfied, because labour expresses itself in no uncertain terms when it is not satisfied. When we look at this publication—and incidentally this was sent to me by the office of the Minister of Labour, therefore I am sure it is right—we find that the information contained in it was taken from the dominion bureau of statistics; therefore I do not think it can be questioned. I turn to page 21 of this issue, which deals with strikes and lockouts by provinces. I indicate only those provinces with which we are concerned, Mr. Chairman, and which were referred to by the hon. member for Edmonton East. I do this in order not to take up too much of the time of the committee. The number of lockouts and

strikes in Ontario was 63; in Saskatchewan, 6; in Alberta, 8; in British Columbia, 14. You will notice that Saskatchewan did not have quite as many as Alberta. Alberta is second lowest on the list of lockouts or strikes in the provinces.

A more significant point is the time lost owing to this type of operations. Let me read to the committee the time lost and the per cent of the total. I think it will indicate that labour has not been too dissatisfied in Alberta. Certainly that is true, if one can judge by strikes in Ontario, 28·9; in Saskatchewan, ·4.

Mr. Knowles: That is ·4 of what?

Mr. Johnston: That is the time lost through strikes and lockouts.

Mr. Knowles: But ·4 of what?

Mr. Johnston: The percentage of the total in Ontario was 28·9; in Alberta, ·4; in Saskatchewan, ·4; in British Columbia, 3·8. The time lost in Alberta was exactly the same as in Saskatchewan, and those two provinces were the lowest of any of the larger provinces. If anybody says that Alberta has not treated labour fairly, these figures completely contradict the statement. Alberta has had an intense interest in seeing that labour is benefited in every possible way. She has undertaken a very extensive program with respect to apprentice training to enable young persons to take their place in the industrial field. In a sincere effort to ensure to the public the best available workmanship in the construction trades and some of the servicing trades, Alberta has established a comprehensive apprenticeship program. There are at the present time approximately 2,300 apprentices in training employed in the following trades: bricklaying and masonry, carpentering, electricians, painting and decorating, plastering, plumbing and steamfitting, gas fitting, sheet metal, auto mechanics and radio technicians.

I may say that the response of the employers and the employees to this apprenticeship training scheme has been excellent indeed. In this field Alberta is next to Ontario in the matter of registered apprenticeships. In the building trades particularly every effort has been made to train as large a number of apprentices as possible to keep abreast with the rapid industrial development in the province. When one considers that the apprenticeship training program commenced only in 1945, it speaks well for the progress that has been made in the province in that regard.

Speaking of the progress which has been made in this field of apprenticeship training, I hold in my hand the proceedings of the thirty-second annual general meeting of the Canadian Construction Association—

Mr. Gregg: I wonder whether I might make a suggestion to the hon. member. We shall be discussing training under another item, and perhaps the hon. member would make his point in reply to the hon. member for Edmonton East when we come to the item on apprenticeship.

Mr. Johnston: Mr. Chairman, I will say this—

The Chairman: In my opinion the point of order is well taken.

Mr. Johnston: I think it will save time if I am permitted to continue. I am practically through with what I wish to say on that point, and I will not raise it again when the other item comes up; therefore it will save time if I am permitted to finish now what I have to say.

The Chairman: Order. I do not think we will save time by discussing matters out of order.

Mr. Johnston: I assure you, sir, I shall have to bring it up again on the other item, and of necessity I shall have to repeat what I have already said in this connection. I have just a little bit more on this point.

In the report of the proceedings of the Canadian Construction Association at its thirty-second annual meeting, the chairman had this to say:

> The Canadian Construction Association has an enviable record. Its works have been altruistic, and they have been valuable to the industry. Of all its activities, however, its work in the field of apprenticeship has been its outstanding achievement. What has been accomplished in this field is not only of great value to the contractor and the manufacturer, but it has offered to young men in their teens a useful and well paid occupation; a special type of education that is of great value to the future of this growing country.
>
> It has been an inspiration to your committee to note the development of the work in provinces other than Ontario and Quebec. The registration of active apprentices in these provinces is as follows: Manitoba, 512; Saskatchewan, 387; Alberta, 787.

I may say that that is now increased to 2,300. I continue:

> British Columbia, 540; Nova Scotia, 534; New Brunswick, 407. Surely these figures tell their own story.

That is the end of the quotation, Mr. Chairman, and it is not necessary for me to deal further with that to show the advantage that labour has been receiving from the province of Alberta in that particular respect. When we speak of the fairness or otherwise with which labour has been treated, I think one of

the best ways to judge that would be by the payrolls in the different provinces and the amount of money the worker receives. In proof of that, Mr. Chairman, I would refer you just a moment to the *Labour Gazette* of May, 1951, volume 5. This also came from the minister's office, so I am sure it is correct. I turn to table C-3, which is headed "Area and industry summary of employment, payrolls and average weekly wages and salaries." In that table you will see that under employment, at February 1, 1951, Ontario has 185·8; Saskatchewan, 135·4; Alberta, 186·6; British Columbia, 176·8. The average for Canada was 172·4. Alberta stands the highest in the employment figure. Then for February 1, 1951, under payrolls, Ontario was 379; Saskatchewan 250·7; Alberta 357·4; British Columbia 341·6; and the average for Canada 351·9. Alberta stood second, being beaten only by Ontario.

The figures for the average weekly wages and salaries are these: for Ontario, $49.94; Saskatchewan, $44.88; Alberta, $48.74; British Columbia, $50.24, with an average for Canada of $47.76. In this Alberta stood third, and was beaten only by Ontario and British Columbia—and not by very much, either.

But that does not show the whole picture, because when one speaks about dollars received by labour he must also take into consideration the cost of living. I refer to page 758 of the *Labour Gazette,* where, in table F-2, is shown the index numbers of the cost of living in eight cities of Canada at March 1, 1951.

Mr. Gregg: I do not wish to interrupt the hon. member, but he did assure the committee that he was nearly finished. I am sure the committee will be interested in the results of his extended research on behalf of Alberta, but I suggest that what he is saying is certainly not in order on this item.

The Chairman: The point of order is well taken, and I would ask the hon. member to discontinue that line of discussion.

Mr. Johnston: If the minister objects to my referring to that information, I will say just this. According to the cost of living index, Alberta stands the lowest of any province in Canada. Not only does the index show that Alberta is lowest, but in that province there is no sales tax, as applies in British Columbia and Saskatchewan.

I indicated to the minister, and particularly to his parliamentary assistant who came over to see me last night and exercised his outstanding and persuasive powers, that I would not extend these remarks too long. I intend to keep that promise.

Mr. MacInnis: The parliamentary assistant must be a complete failure.

Mr. Knowles: Get a new parliamentary assistant.

Mr. Johnston: The hon. member for Edmonton East claims there is no minister of labour in Alberta. Had he taken the trouble to look at page 417 of the Canadian Parliamentary Guide he would have seen that Alberta has a minister of industries and labour. Someone may say: Oh, well, that is a minister of industries and labour; but it should be understood that there is in that department a labour portfolio. No other departments are as closely associated as those of labour and industry. For that reason the two have been combined so that there could be greater co-ordination than would obtain if they were separated.

The hon. member referred to the five-day waiting period. The fact is that it is not a five-day waiting period, but rather a three-day waiting period. If disability extends for more than five days, the compensation begins with the third day. In Saskatchewan they have a one-day waiting period, and if the disability lasts for more than three days the compensation begins on the second day. Therefore Saskatchewan is better than Alberta by only one complete day. But when one considers that even in Saskatchewan a sales tax has been added, and that there is a higher cost of living, he will see that it makes a great deal of difference. Do not underestimate that.

I shall not say more at this time—unless, of course, I am required to do so. I conclude now, not because I have run short of material; indeed the Department of Labour, and in particular the minister's office, have given me an ample supply of material, and I appreciate it. I wish to make it clear to the House of Commons and the country that labour in Alberta clearly recognizes the benefits Alberta offers in its behalf, and appreciates those benefits.

Mr. Macdonald (Edmonton East): Mr. Chairman, in the debate on second reading of a bill to amend the Government Employees Compensation Act I spoke briefly, as I intend to do on this occasion. I said at that time that in Alberta we do not have a minister of labour as such, and I repeat that statement on this occasion.

Mr. MacInnis: On a point of order, if the hon. member now speaking is permitted to refer to a debate which took place on second reading of a bill, I suggest he is out of order —as indeed the hon. member for Bow River

was when he referred to that subject. We have before us now the estimates of the Department of Labour, and in a short time, if we want to finish at the time we are hoping to finish, we should deal with those estimates. I do not believe we can now afford the time to discuss legislation that has already received the approval of the house.

The Chairman: The point of order is well taken, and I would ask the hon. member to be brief in his remarks.

Mr. Macdonald (Edmonton East): Yes, Mr. Chairman, and I shall refer to item 188. I should hope, however, that time and opportunity would be afforded to me to answer the charges of the hon. member for Bow Island—

Some hon. Members: Oh, oh.

Mr. Macdonald (Edmonton East): —with regard to the very excellent labour legislation which he says they have on the statute books of Alberta.

Mr. Johnston: Hear, hear; so it is.

Mr. Macdonald (Edmonton East): Naturally I know there is a minister of industries in Alberta, and he is described as the minister of industries and labour.

Mr. Johnston: Exactly.

Mr. Macdonald (Edmonton East): But he is minister of labour in name only. There is no outright minister of labour in Alberta. What a situation! Labour needs a department of its own. Let us hope that some day in Alberta it will have one.

The hon. member for Bow Island referred to apprentice training—

Mr. Johnston: Bow River.

Mr. Macdonald (Edmonton East): Yes, Bow River. The federal government makes a substantial contribution to apprentice training schools.

Some hon. Members: Carried.

Item agreed to.

Mrs. Fairclough: Had this extended discussion taken place on item 186 we probably would not have missed item 187, on which I wished to ask some questions.

The Chairman: Shall the hon. member have leave?

Some hon. Members: Agreed.

187. Annuities Act administration, $808,684.

Mrs. Fairclough: I notice that in the annuities branch there are nineteen fewer employees than there were last year. I notice, too, that the amount paid to agents and postmasters is considerably less. This would seem to indicate less activity in the branch. Would the minister tell us if that is so? Has there been a falling off in the sales of annuities, and how many new annuitants have there been in the last year?

Mr. Gregg: There is a slightly smaller number of employees in the branch, which does not in any sense indicate a slackening off in the work or of interest in the branch. The reduction is part of the general plan which is seen in practically all branches where there have been attempts to economize. Perhaps I could give some other related information. The net receipts during the fiscal year 1950-51, to March 31, 1951, were $59,600,000, and some 21,775 new contracts and certificates were issued.

Mrs. Fairclough: New contracts?

Mr. Gregg: New contracts.

Mrs. Fairclough: I would imagine the number of new contracts would be directly related to the commissions paid, but I notice that the item for commissions is $15,000 less than last year. Does that mean that the contracts were for relatively lower amounts than in other years, or that that is expected to be the case this year?

Mr. Gregg: The amount we have in the estimates this year corresponds with our actual expenditures during the past year. Apparently we overestimated last year.

Mrs. Fairclough: There must have been a slight falling off in the number of new contracts.

Mr. Gregg: No. Perhaps there is a falling off as compared with the number of contracts we expected to sign up.

Mr. McLure: Are these agents paid a salary and commission, or commission only? Are the agents government appointees, or is anyone at all hired?

Mr. Gregg: They are all paid on a commission basis, but where a promising new employee is taken on, as it is realized that during the early period of his employment he will have to eat, he is allowed a drawing account. After he proves himself he is on commission only. If there is an opening for an agent in any part of Canada the branch will be glad to receive applications from anyone.

Mr. Pearkes: I understand that there is a limit to the amount of annuity which anyone may obtain. I have had a number of letters

urging that this amount be increased. I should like to know if any consideration has been given to that proposal.

Mr. Gregg: The point touched upon by my hon. friend is really covered by one or two items in the supplementary estimates.

Mr. Knight: Item 708.

Mr. Gregg: Since I came into the department I have looked with considerable interest at this branch, particularly when parliament was paying so much attention to old age security. In many respects this annuity plan was started as an old age security plan in the years gone by. There are a number of amendments that should be made to the act, but it was not possible to bring them forward at this session. We are going forward with them during the summer and will bring them to the attention of the house either at the fall session or the session following. The matter about which my hon. friend speaks will be covered by one of the amendments. At the present time the maximum is $1,200, but it should be more than that.

Item agreed to.

190. International labour conferences, $61,118.

Mrs. Fairclough: How many conferences were there last year, where were they held and what is expected for this year?

Mr. Gregg: While that information is being obtained, may I say that when the ILO convention for the employment of children on ships was before this house recently my parliamentary assistant was asked for the statutory school-leaving ages in the various provinces, and he promised to provide it when this item was before the committee. With the consent of the committee I would ask that the table I have here be included in the record.

Some hon. Members: Agreed.

Mr. Gregg: The table follows:

STATUTORY SCHOOL-LEAVING AGES IN CANADA

In all the provinces there is a compulsory school attendance law, but exemptions are permitted in case of illness, distance from school or lack of accommodation and, except in British Columbia, for home duties and for employment. Provisions as to exemption are shown below. The laws place restrictions on employment of children of school age during school hours.

Nfld.*	P.E.I.	N.S.*	N.B.	Que.*	Ont.	Man.*	Sask.	Alta.*	B.C.
14 Exemption: with certificate for a stated period, but if child is under 12 for not more than 2 months in a school year, unless with approval of Commissioner (*c*).	15 unless has completed courses in public school. Attendance required for only 75% of term except in Charlottetown and towns where 90% attendance is required . Exemption: (1) For poverty; (2) If 12, for not more than 6 weeks in year (*d*).	16, cities and towns, 14, elsewhere. 15 or 16 may be fixed locally. Exemption: (1) If 12, for not more than 6 weeks in year (*d*); (2) 13, with employment and medical certificates and attending night school.	16 unless has passed grade 11. 14 by resolution in rural districts unless has passed grade 8. Exemption: Not more than 6 weeks in term (*a*).	14 unless has completed elementary school. Exemption: Not more than 6 weeks in year (*a*).	16 unless has matriculation or equivalent. Exemption: Under 14, for not more than 6 weeks in term (*a*); 14–16, if home permit or employment certificate granted. Home permit unnecessary in rural districts.	16 may be fixed by district. 14–16 if not employed in industry, home duties or farm work. Exemption: Over 12, not more than 4 weeks in year (*b*).	15 unless has† passed grade 8. Exemption: (*c*).	15 unless has passed grade 9 or equivalent. Exemption: Not more than 6 weeks in term (*a*).	15 unless has completed course at nearest public school and transport to higher school not provided.

(*a*) If services needed in husbandry, home duties, maintenance of self or others.
(*b*) If services needed in husbandry or home duties.
(*c*) If services needed for maintenance of self or others.
(*d*) If services needed in husbandry or some other necessary employment.

* Child reaching school-leaving age required to attend school to end of school year in Newfoundland, Nova Scotia and Quebec, to end of term in Manitoba, and in Alberta, to end of June term if age reached in that term.

† A bill to raise the school-leaving age in Newfoundland from 14 to 15 years was introduced in 1951.

In the calendar year 1950 there were thirteen conferences related to ILO, including the main meeting in June.

Mr. Macdonnell (Greenwood): Is the international labour office an independent body or is it in any way associated with the United Nations?

Mr. Gregg: It has a very distinct relationship with the United Nations. As my hon. friend knows, it survived the old League of Nations, came to Montreal at McGill during the war years, and then went back to Geneva. Not only is there a constant liaison between it and the United Nations, but the work of the ILO proper is under the general jurisdiction of the United Nations.

Mr. Macdonnell (Greenwood): Does it have a separate budget?

Mr. Gregg: Yes. By agreement signed on December 14, 1946, it was brought into official relationship with the United Nations, although retaining its identity as a separate organization. It is now one of the specialized agencies associated with the economic and social council of the United Nations.

Mr. Macdonnell (Greenwood): This is not the time to be asking for long answers, but would policy matters come within its own jurisdiction, and is it to that extent an independent organization? Or is it dependent for its policy upon the larger organization?

Mr. Gregg: I am going to ask my colleague, the Minister of National Health and Welfare, to answer that question.

Mr. Martin: My hon. friend knows it much better than I. I happened to be on the committee when the relations between ILO and the United Nations were formulated in 1946 through the economic and social council. The international labour office is a tripartite body, as it represents labour, employers and government. In so far as it keeps within the purposes outlined in its statute it is a policy-making body, but as an auxiliary body of the United Nations it makes an annual report to the assembly of the United Nations.

Mr. Macdonnell (Greenwood): The minister says that it is a policy-making body.

Mr. Martin: Under the economic and social council of the United Nations, which itself is an organ of the United Nations.

Mr. Macdonnell (Greenwood): Is the government satisfied that its policy is sensible and constructive, or, in plain words, that it is serving a useful purpose which would warrant our continuing to co-operate? May I say that I hope it is.

Mr. Gregg: I do not think I am qualified to answer that question myself, but my deputy minister has been on the governing body of ILO for a few years but never had an opportunity to attend its meetings. I insisted that he attend the main meeting in June this year, and he arrived back just a few days ago. I put exactly the same question to him, and without any hesitation he replied in the affirmative. On the basis of that, I place a good deal of importance on the work of this organization.

Mr. MacInnis: I should like to say a word on this matter. I had the opportunity last year of attending the ILO conference, but it is not for that reason that I say it is a very worth-while organization. Any organization that brings employers and workers together is worth while. In the ILO the workers are referred to as workers and not as labour. The three parts are government, employers and workers. In dealing with matters that come before the organization for consideration, the workers consider them separately by themselves and the employers do likewise. The voting is conducted separately, but when the three groups meet in general session the decision is made on the total vote of the three parts. The affirmative votes and negative votes on the three levels are taken, and the item is rejected or approved in that way. I would say it is very much worth while.

Item agreed to.

191. Labour Gazette, authorized by Labour Department Act, $120,948.

Mrs. Fairclough: I have noticed that throughout the estimates there is a certain pattern, and I have selected the item for the *Labour Gazette* because there are so few employees. There seems to be a tendency for more permanent and fewer temporary employees throughout the departments, which I think is commendable because I know that in some departments people go on for years and years on a temporary basis and have no real security. With respect to the *Labour Gazette,* there are six permanent and six temporary positions, but from reading the list it is not apparent which are which. So far as the titles of the positions are concerned, unless some of them are on a part-time basis it would appear that they might all qualify for permanent employment. With reference to this small number, will the minister tell us which classes are temporary employees?

Mr. Gregg: The permanents are the administrative officer—that is the senior man; the editor, grade 4; editor, grade 3; editor, grade 1; principal clerk and clerk, grade 4. The temporaries are editor, grade 2; editor, grade 1; clerk, grade 2A; stenographer, grade 2B; stenographer, grade 2A, and typist, grade 2A.

Mrs. Fairclough: Some of those have been discontinued this year. That was last year's list.

Mr. Knowles: One of the permanents has been discontinued.

Mr. Gregg: I did not catch the question.

Mrs. Fairclough: The minister read last year's classification.

Mr. Gregg: 1951; it is the same.

Mrs. Fairclough: They have been changed. For instance, the grade 4 editor is not listed this year.

Mr. Gregg: Yes, that was last year's list. I should amend that by adding that the grade 4 editor is not listed this year. The others remain the same amongst the permanents. Of the temporaries that I read, the grade A clerk has been replaced by a typist grade 1.

Mrs. Fairclough: Your grade 2A typist has been replaced by a grade 2A clerk.

Mr. Gregg: Yes. The number is exactly the same, but the classification of some of the junior ranks amongst the temporaries is different.

Mrs. Fairclough: I am more concerned with the number of people in all departments—and I am using this as an example—who work for years and years and are still on the temporary staff. While I realize it is a question that probably should be discussed with the civil service commission, I also think it is a matter that we should bear in mind when we are discussing the labour estimates. When consideration is given to the management of the various departments, I hope that this is one point that will be given very serious consideration, because I know of people who have been in various departments for fifteen and twenty years and are still temporaries.

Mr. Gregg: I quite agree with my hon. friend. We shall be glad to do anything we can to further that.

Item agreed to.

192. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council, $255,000.

Mr. Macdonnell (Greenwood): This item is to provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms. It may sound like a rather odd complaint, but I feel sorry to see that there is a decrease in this item, inasmuch as I assume it means that the work is not as successful as the department would have liked. I recall to the minds of members of the committee the remark which was made yesterday by the hon. member for Huron North, which I thought was full of significance. He warned us that as things are going now we might very easily face food shortages. He pointed out what we all know very well, that if it were not that the farmers are still content to work much longer hours than anybody else we would be in difficulties right now. I should like to ask the minister to say a word as to the success or failure of this enterprise, which seems to me to be of very great importance.

Mr. Gregg: First of all I want to reassure my hon. friend. The smaller item does not in any way indicate that the project has been unsuccessful.

Mr. Macdonnell (Greenwood): Would the minister give us some figures?

Mr. Gregg: It has proved to be very successful. In a word I think I can say the reason for the smaller figure this year is that due to the tighter manpower situation, there will be fewer people who will be able to be moved from one part of Canada to another than there have been in other years. With reference to the organized movement of farm labour carried out in the calendar year 1950, first of all let me deal with the intraprovincial movements. The figures are as follows: apple pickers, Nova Scotia, 260; beet harvesters, Quebec, 200; potato pickers, New Brunswick, 1,000; potato pickers, Prince Edward Island, 400; beet blockers, Quebec, 1,000. These are just round figures. Then there were fruit pickers, students, Ontario, 1,600. Those are movements within the provinces concerned.

Then there are the interprovincial movements which are as follows: Grain harvesters from Ontario and Quebec to the prairies, 2,258; hay harvesters from the prairies and the Atlantic region to Ontario, 1,200—incidentally those for the year 1951 are being recruited at the present time and some are being moved; then there were potato pickers from Nova Scotia and New Brunswick to Prince Edward Island, 677; hay harvesters from Nova Scotia to Prince Edward Island, 43; general farm workers from Newfoundland to Ontario and Quebec, 271; fruit pickers, students, from Quebec to Ontario, 112; beet blockers from Saskatchewan to Manitoba, 46.

Then we have an interesting international movement for which the figures are as follows: Potato pickers from Manitoba to North Dakota, 369; potato pickers from Quebec and New Brunswick to Maine, 2,236; sugar beet harvesters from Saskatchewan to

Montana, 400; maple sugar harvesters from Quebec to New England, 400; tobacco curers from the southern states to Ontario and Quebec, 1,652. I think these figures will indicate that this program is playing a very important part in making labour sufficiently mobile to be moved from one part of Canada to another in order to save the crops and harvests in the various parts of Canada.

Incidentally I think that the hon. member for Nanaimo will agree that a project such as this, which under reasonably good circumstances moves Canadians from one part of Canada to another, with an opportunity of returning to their families within a reasonable period, affords them an opportunity of better understanding the country.

Item agreed to.

Vocational Training Co-ordination Act, 1942—

193. Administration, $30,431.

Mr. Pearkes: I would like to say a word about vote No. 193, because I was rather closely connected with the vocational training movement at the close of the last war. I have in my constituency a small but efficient school, which has a capable staff and a lot of admirable equipment. It performs a useful service in helping to maintain the motor vehicles of the various departments of government. But I feel that full advantage is not being taken of that school, and that a larger number of students could attend the school. Most of the classes deal with the maintenance of motor vehicles, particularly those which are connected with logging and lumbering. There are also special classes to train young men in the use of the power saw and other modern lumbering appliances.

The point I want to make particularly at this moment is that it is not being used to its full capacity, and at the same time we hear that the armed services are experiencing a shortage of tradesmen. Could there not be a little closer co-ordination, as there was during the war, between this vocational training system and the training of tradesmen, as we call them, in the armed services? I should like to suggest to the minister that these classes which are now being held in these vocational training schools—I speak only with knowledge of the one in my constituency—be extended so that they could train the tradesmen who are urgently needed in the armed services.

There is one other point. I still feel that we have not given the fullest possible opportunity, even to the men who were discharged and who were taken into these training courses, to qualify themselves. I think there was a limitation on the number of courses that they might take, but I hope that that might yet be extended.

It is with some concern that I notice there has been a general reduction of over $1 million in these three items. I would hope that further consideration might be given and, rather than reducing the activities of vocational training at this time, encouragement might be given to extension of these facilities.

Mr. Gregg: I am glad that the hon. member has said that, because it is exactly what we are doing. A little later we shall come to an item in the supplementary estimates for the special purpose he has mentioned. The whole field of vocational training is being extended, even though it is not reflected in the amount of money in the main estimates. The reason for that is that there will perhaps be fewer people, due to fuller employment, available to take full-time training such as this. We are now training men on behalf of national defence, for the army and the air force. I understand that an application will be coming from that department for the navy as well, for training similar to that conducted during the last war. As the hon. member knows, the federal government pays the full amount of that training.

Mr. Macdonnell (Greenwood): Is all of that training conducted in educational institutions? How much of it is in the actual course of the practising trades?

Mr. Gregg: It is all done in co-operation with the provinces, and in vocational schools.

Mr. Macdonnell (Greenwood): Is all of it conducted in that manner? I remember being through the Ford plant some time ago, and I thought I saw some people there who were—I shall not say apprentices, for perhaps that word has a technical significance—quasi-apprentices. Does that mean they were practising temporarily in the plant what they had learned in school?

Mr. Martin: The Ford company has its own school.

Mr. Gregg: As my colleague says, they have their own school. At the same time, in some plants such as that, the command makes arrangements direct with a plant for the training of personnel rather than doing it through these schools.

Mr. Macdonnell (Greenwood): When the minister says "command"—

Mr. Gregg: That is national defence.

Mr. Macdonnell (Greenwood): I still think that this training is all being done in what I might call the classroom or the laboratory, and not in the factory. In other words, it does not include apprenticeship?

Mr. Gregg: In the past practically all of this has been utilized in the vocational schools coming under the provinces. As a result of recommendations that have been made recently by the advisory council, we are exploring the possibility of establishing courses on the job.

Mrs. Fairclough: May I ask to what extent apprenticeship is encouraged in the skilled trades?

Mr. Gregg: To answer the hon. member briefly, I know that our advisory committee on apprenticeship which met at Ottawa not long ago, which I attended with great interest, and which represents those in that field from all the provinces as well as the federal government, is sponsoring apprenticeship training to the greatest degree possible. I have some figures here, if they would be of interest.

Mr. Harris (Grey-Bruce): May I interrupt to point out that we shall need unanimous consent to resume at two o'clock instead of three o'clock after the luncheon recess. I hope that we have that consent, Mr. Chairman.

Some hon. Members: Agreed.

Mr. Harris (Grey-Bruce): There is one other thing. May we have unanimous consent to rise and report progress in order to pass some minor amendments to some legislation which has come from the Senate and which the Minister of Justice is prepared to explain?

Mr. Higgins: On a matter of privilege, Mr. Chairman, last evening, during the discussion of the estimates of the Department of National Revenue, I made the statement that a radio station to be operated by Messrs. Stirling and Jameson at St. John's, Newfoundland, had received an allocation of steel from the Minister of Defence Production and that another vital project in which I was interested had not received an allocation. Today I am informed that that is incorrect; that not only did that station receive steel, but some three other stations received it. I am told that the amount of steel that was given the station in St. John's was not sufficient to make one motorcar. I suggested also that the allocation was made because of the fact the station was supporting the Liberal regime. I wish to withdraw the remarks I made, as from information I received this morning, the previous information given me was incorrect.

Item stands.

Progress reported.

[Mr. Macdonnell (Greenwood).]

CRIMINAL CODE

VARIOUS AMENDMENTS RELATING TO OFFENSIVE WEAPONS, PENALTY FOR OFFENCES OF A SEDITIOUS NATURE, IMPROPER USE OF MAILS, ETC. —CONCURRENCE IN SENATE AMENDMENTS

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 391, to amend the Criminal Code.

Mr. Stanley Knowles (Winnipeg North Centre): I do not think we need a lengthy explanation, but can the minister tell us whether these are simply the amendments which he told us, on a previous occasion, would be made in the Senate?

Mr. Garson: Yes.

Motion agreed to, amendments read the second time and concurred in.

CANADA DAIRY PRODUCTS ACT

ESTABLISHMENT OF NATIONAL STANDARDS—REGULATION OF TRADE—CONCURRENCE IN SENATE AMENDMENT

Hon. Stuart S. Garson (for the Minister of Agriculture) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 403, to establish national standards for dairy products and to regulate interprovincial and international trade in dairy products.

He said: Perhaps I should say that this amendment is just to correct a minor typographical error, and that it clarifies rather than changes the sense.

Motion agreed to, amendment read the second time and concurred in.

BUSINESS OF THE HOUSE

NOON RECESS THIS DAY FROM ONE TO TWO O'CLOCK P.M.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved:

That when the house rises at one o'clock p.m. this day it resume its sitting at two o'clock p.m.

Motion agreed to.

At one o'clock the house took recess.

The house resumed at two o'clock.

SUPPLY

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

DEPARTMENT OF LABOUR

Vocational Training Co-ordination Act, 1942—

193. Administration, $30,431.

Mr. Gregg: I left unanswered one question when the committee rose before one o'clock, as to the development of the apprenticeship training. I think I could answer it briefly this wise. In the seven provinces with whom we have agreements there are three times as many registered for apprenticeship training as there were in 1945.

Mrs. Fairclough: How many are there?

Mr. Gregg: About 10,800. After 1945 there were two or three years in which it was inflated, owing to veterans training. Then it decreased in 1949, and since 1949 has been on the increase.

Mrs. Fairclough: I presume these apprentices are all registered in their respective trades, are they?

Mr. Gregg: Yes.

Item agreed to.

Vocational Training Co-ordination Act, 1942—

195. Payments to the provinces for capital expenditures for vocational schools, buildings and equipment, $1,250,000.

Mrs. Fairclough: With respect to this item there was an appropriation of $2,250,000, in 1950-51, of which it is expected that $1,379,000 will be spent. Can the minister say why the appropriation was not used? Is it the old story of lack of building materials?

Mr. Gregg: This was a building program for vocational training. It has been pretty well completed. During the years preceding there had been a very heavy program, and this was all that it was felt the provinces and the federal government needed to fill the needs.

Mrs. Fairclough: Then we overestimated last year?

Mr. Gregg: It was overestimated last year in the estimates.

Item agreed to.

Government employees compensation—

196. Administration of the Government Employees Compensation Act, $59,716.

Mr. Macdonnell (Greenwood): I notice there is a substantial increase. Will the minister say a word with regard to that?

Mr. Gregg: This is to take care of the administration of the employees compensation act for those employees of Canada not under provincial government administration. The Government Employees Compensation Act, 1947, chapter 18, Statutes of Canada, 1947, which replaces the former act, chapter 30, Revised Statutes of Canada 1927, provides compensation where employees of His Majesty are killed or suffer injuries or industrial diseases while performing their duties, at the same rate as is provided for employees of persons other than His Majesty under the law of the province in which the accidents occur, the liability for and the amount of compensation to be determined by the authority established under such law, which is usually the provincial workmen's compensation board.

Mr. Macdonnell (Greenwood): I thought the minister spoke about this as applying particularly to cases outside provincial jurisdiction.

Mr. Gregg: No; I was in error in giving that impression, Mr. Chairman. It applies to persons serving the federal government within provincial jurisdiction.

Mr. Macdonnell (Greenwood): I understand that they are not under the provincial compensation board; nevertheless they are cases that are dealt with substantially on the same basis.

Mr. Gregg: That is correct.

Mrs. Fairclough: Are they not dealt with by the provincial board, and then this government reimburses the board?

Mr. Gregg: That is right. The provincial boards act as the agent of the federal government for the purpose of the federal government employees.

Item agreed to.

Terminable services—

199. To provide for payment to the national film board for educational films for exhibition, $24,000.

Mr. Knowles: I am sure the minister would be glad to hear me say that one of the films that was produced for his department that some of us saw in the railway committee room some time ago was particularly well done. I do not say that to make any comparison with the others, but I have in mind the film on labour-management co-operation. I thank the minister for arranging for members of parliament to see that film. I should like to suggest, however, that he arrange a special showing of the film for certain people who might gain from it. I have in mind the members of the civil service commission, perhaps the treasury board and deputy ministers, and all those who have to do with employee relations in the federal government service.

I will not say any more. I will simply say that I think there is room for improvement in management-labour relations in the government service, and that it might be all to the good if the people concerned saw this film.

Mr. Macdonnell (Greenwood): You went so quickly over item 198 that I did not get a chance to ask a question. It has to do with vocational training for discharged members of Canada's armed forces. That has evidently reached the stage of such small compass that one wonders how the organization can be kept going at all.

Mr. Gregg: Other personnel not ex-members of the armed forces are being trained in the same school. In other words the place of the veterans in the vocational schools is being taken by younger people now, and this amount is kept separate to take care of the last few veterans who are under vocational training. Of course during the coming years there will be a number of veterans, from those who come out of the armed forces that are now overseas, who will be entitled to this same training.

Mr. Macdonnell (Greenwood): The same conditions will apply to those coming out as to those of world war II?

Mr. Gregg: The other legislation that was put through the house during this session covers those on exactly the same terms as those of world war II.

Item agreed to.

Terminable services—

200. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements and administrative expenses connected therewith, $667,956.

Mr. Higgins: I have a couple of questions to ask. I think the minister said that 271 persons were brought to Newfoundland. Can he say what happened to them? Are they still on the island or on the mainland? Again, when he is answering on the general item, would he state how many people outside Canada were brought in this year, and if they have all remained.

Mr. Gregg: It will be understood that item 200 is quite different from the one we were discussing this morning. The one we discussed this morning had reference to the movement of personnel within Canada.

Mr. Higgins: I realize that.

Mr. Gregg: The one we discussed this morning dealt with the federal-provincial plan to take care of harvesters, primarily. This item represents an effort the Department of Labour makes to help in moving groups of new Canadians. This is done in association with the Department of Citizenship and Immigration. We undertake to find employment and to give the organized groups of new workers a certain amount of care while they are proceeding to their employment. I do not think that the Atlantic provinces have received many under this plan.

Mr. Higgins: I realize that. I was simply asking the minister to tell me what had happened.

Mr. Gregg: I believe the hon. member would like to have information with respect to those who were recruited in Newfoundland to do farm work in other parts of Canada, and what happened to them after that.

Mr. Higgins: Yes; did they go back?

Mr. Gregg: I do not think I can give accurate information as to what happened to them after they had completed their work. However, perhaps I can partly answer the hon. member's question by stating that last year there were 336 who came from Newfoundland into central Canada, or other parts of Canada, for agricultural purposes. Then, for track work there were 181, for mining 49, for lumbering and logging nil. Those are all for whom we have records.

Mr. Higgins: There does appear to be a definite trend in moving away from the province to work in other parts of Canada. I am wondering how it will affect the province in the future.

Mr. Gregg: That, of course, is an age-old question which I am sure the hon. member would not expect me to explore this afternoon. However, as he knows, in the east we are subject to seasonal unemployment. One does not look with a great deal of enthusiasm upon encouraging the exodus of Atlantic province people to the rest of Canada; nevertheless under these auspices, and with an opportunity to earn money, to take part in the development of the country, to see the rest of Canada and to go back to their own homes when their employment opens again, I think it is a much better plan than loafing around home.

Mr. Higgins: Thank you. How many have been brought in from outside to work?

Mr. Gregg: My colleague, the Minister of Citizenship and Immigration, will answer that question.

Mr. Harris (Grey-Bruce): I understand the hon. member would like to know how many came from outside and went to Newfoundland.

Mr. Higgins: No; to Canada generally.

Mr. Harris (Grey-Bruce): During the last year 73,912 came to Canada, of whom 204 said their destination was Newfoundland.

Mr. Higgins: Is there any definite amount required for the whole of Canada?

Mr. Gregg: At the present time not very many, as the hon. member knows. The filling of vacancies in Newfoundland has gone on rapidly this last year. I noticed in figures I saw the other day that 58 per cent fewer people registered in our unemployment office there than there were this time last year.

Mr. Higgins: I was referring to woodworkers, for whom there is a demand on the mainland of Canada. Are many being brought in for that particular trade, and are there many being brought from Newfoundland to work on the mainland? I understand there is a great demand.

Mr. Gregg: We have had no requests.

Mr. Gillis: The Minister of Citizenship and Immigration said that last year there were 204 from outside Canada who went to Newfoundland. It seems to me that moving Newfoundlanders into Ontario —

Mr. Gregg: Temporarily.

Mr. Gillis: Possibly so; but what I am interested in is—

Mr. Knowles: Like some civil servants—temporary-permanent.

Mr. Gillis: —what classifications came from outside to Newfoundland. It looks foolish to bring people in and at the same time drive them out.

Mr. Harris (Grey-Bruce): A large proportion of the 204 were technicians being brought to Newfoundland by the government of the province for the purpose of increasing productive capacity and industrial capacity to absorb labour.

Mrs. Fairclough: I notice in this item the expression, "including costs connected with the supervision and welfare of persons", and so on. There is an item for hospitalization and medical aid, which is not very large. Who assumes responsibility for these people in the event of their becoming public charges? Does the government accept responsibility for them for a certain period of time after their arrival in Canada? If so, does that come under this item.

Mr. Gregg: After arrival in Canada they may call for a short period of time at one or other of the hostels. If they should be ill at that time it is the responsibility of the federal authorities. However, when they are placed in employment, in common with other Canadians, they become the responsibility of the provincial authorities.

Mr. Knowles: I understand this item includes an amount to be spent in assisting the movement of immigrants to Canada to work in the sugar beet fields in, for example, my own province of Manitoba. If that is so, I should like to ask a question of the minister. As he knows, the question as to the welfare and continuing employment of these people has been the subject matter of some concern and even some controversy in my province. I understand federal money is expended to help bring these people over, and that it is done at the request of the Manitoba Sugar Company.

Mr. Gregg: At the request of the province, so far as we are concerned.

Mr. Knowles: All right, at the request of the province; but I believe it is correct to say that so far as Manitoba is concerned the province is simply passing on a request made to it by the Manitoba Sugar Company. I understand that as a rule these people are brought over at the season of the year in which they are most needed in the sugar beet fields, and that when the fall comes along and there is no further need for their services in that connection, in places where there are contracts with the Manitoba Sugar Company, these persons find themselves having to report to the employment offices in Winnipeg which come under the jurisdiction of the minister. It would seem that this does present a problem.

I quite approve the policy of aiding immigration to this country, particularly when it is on a selective basis or when it is on humanitarian grounds. But it does seem to me that, if we are going to spend federal money assisting a company like the Manitoba Sugar Company to get over here employees whom they need, that company has some responsibility to see to it that these people are continued in employment and not thrown back on the various governments when the company has no further need for them. In the spring the company may want them back. If the company is going to act that way I do not think they should get any financial assistance from the public. On the other hand, if we do provide assistance I suggest that some responsibility rests upon the company. I should be glad to have some comment from the minister on this matter.

Mr. Gregg: I know of the matter to which my hon. friend refers. We have had no serious complaints from those brought in or from the municipal authorities that people had been left on their hands. The information I have had so far is that after they are through working for the sugar beet company, in the main they find employment in some other field of activity. I shall be glad to look into the matter during the recess.

Mr. Knowles: In other words, they come to the minister's officials to ask for employment. It would not appear to be accepted as the responsibility of the company, despite the fact that they have had a definite form of assistance.

Mr. Gregg: They come to the national employment service to see what openings there are, just the same as other Canadians who might be seeking employment anywhere in Canada.

Mr. Maltais: Has there been any request for outside labour in connection with the development on the north shore of the St. Lawrence at Seven Islands?

Mr. Gregg: No.

Mrs. Fairclough: Following the remarks of the hon. member for Winnipeg North Centre, the minister stated that so far there had been no protests from the municipalities. I do not suppose any municipality would protest if only a small measure of assistance was being required. The fact is that we have been going through a period of fairly full employment. These seasonal employees are being quite readily absorbed, but I am thinking of the situation which caused me to make some extended remarks when we were discussing the unemployment insurance regulations earlier in the session. If we had even a minor recession many of these people would become a definite charge upon the municipality, because the provinces do not enter into the picture. I do not want to speak at any length on this matter, but I feel we must take this question under consideration.

Item agreed to.

Unemployment Insurance Act, 1940—

201. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $23,847,199.

Mrs. Fairclough: When the unemployment insurance advisory committee reported for the year ending March 31, 1950, they stated:

> The committee has considered the advisability of instituting a new actuarial investigation.

After remarking that the time for this seemed inopportune, they went on to say:

> The committee does intend, however, to have partial investigations made on the basis of information on a sample of contributors from which it hopes to obtain guidance in its future recommendations.

Can the minister say whether any progress has been made along that line?

Mr. Gregg: The report has not finally been dealt with, but is being carefully considered. I have nothing to report on that as yet.

[Mr. Gregg.]

Mrs. Fairclough: There is another point I should like to bring up in connection with the unemployment insurance commission, the unemployment insurance advisory committee and any other committees which may be set up. I notice that item 714 of the supplementary estimates refers to an advisory committee. Some time ago I asked for information with respect to the number of male and female employees in the unemployment insurance commission. I find that there are 3,900 male and approximately 3,000 female employees. As all hon. members know, there is a large female labour force in the country.

Without attempting at all to upset the present standing of the commission, I suggest to the minister that if and when there is a vacancy consideration should be given to the appointment of a woman. If there is no prospect of a change in the near future, I suggest that a woman be appointed as an additional commissioner. I suggest also that there be a woman member on the unemployment insurance advisory committee. I think it goes without saying that no one understands the problems of women workers better than a woman, and I believe the large female labour force should have representation on each of these bodies.

Mr. Gregg: Under the present statute one member of the unemployment insurance commission is appointed after consultation with the national labour organization; one member is appointed after consultation with the national employer organization, and the chairman is appointed by the government. I shall be glad to give consideration to the suggestions of the hon. member. I think our advisory committees generally have woman members.

Mrs. Fairclough: It might be difficult to enlarge the commission when it is appointed in that way. I know a commission may be made unwieldy because of persons appointed to represent specific segments of the population; nevertheless these problems present themselves from time to time for and on behalf of women, and I think there should be a woman commissioner.

Mr. Hatfield: Has the minister considered the payment of allowances for sickness?

Mr. Knowles: Before the minister answers perhaps I may be permitted to say a word. I suggest that along with the study of annuity matters that the minister told us this morning was to be made between now and the time parliament meets again, he might also consider amendments to the Unemployment Insurance Act to extend the coverage, at least under certain circumstances, to periods of illness.

The minister knows from debates that have taken place in former sessions that

some of us, the hon. member for Vancouver East and I in particular, have emphasized how unfair we feel it is, and how unfair the workers feel it is, that a worker on unemployment insurance, because there is no work for him, is cut off benefits if he happens to take ill, even though there is still no work for him. There are still wider changes that some of us might advocate, but it seems to me this is an immediate request that should be met, namely that when a worker goes on benefits and qualifies for them in the usual way, he should not have those benefits cut off because he takes ill. It has happened to a good many workers who have been on benefits and have not known of this regulation that on a certain day of the week when they were supposed to report they have sent their wives to collect the benefits and the wife is asked where her husband is. She says that he is at home ill, and immediately he is cut off unemployment insurance benefit, at a time when he needs it more than ever, despite the fact that there is still no job for him.

We have developed that argument so fully in previous debates that I do not need to go into it in detail now, but I say hopefully that I trust the minister will give the matter very active study during the recess. When he consults his departmental officials on the matter I am sure he will find that it has been studied by his officials and there must be quite a body of material on it.

One other supporting argument I should like to make is that away back in the November, 1944, issue of "Canadian Affairs", a pamphlet put out by the wartime information board which was sent mainly to the troops overseas to tell them what was going on back home, this question was dealt with as follows:

> Unemployment insurance only covers the worker who has lost a job and is still available for employment. If you are sick, you aren't available for employment—so you don't get unemployment insurance. Once health insurance is finally put into operation, it probably won't be long until the Unemployment Insurance Act is amended to provide for payment of benefits during the period of a workman's illness. If that happens then a worker off for sickness would get unemployment insurance sickness benefit to make up for lost wages and would have his medical and hospital expenses met out of the health insurance fund—to which he has been contributing.

I recognize that we have not yet the health insurance which that very pamphlet forecast as something to be expected in the near future. But I suggest that if the Department of National Health and Welfare is too slow in proceeding with health insurance, the Minister of Labour might give a lead in this field by bringing in the kind of amendment to the Unemployment Insurance Act that was forecast in that "Canadian Affairs" pamphlet sent overseas to the troops in November, 1944.

I need not go into the matter further, because the records of *Hansard* are full of arguments on the point. In this corner of the house we have felt at times that we had sufficiently made our point to hope that the amendment would be forthcoming soon. I hope the minister's study between now and the fall will bear fruit.

Mr. Gregg: I can assure my hon. friend of a study at least.

Mr. Gillis: I should like to point out that considerable study is necessary on the point raised by the hon. member for Winnipeg North Centre. For example, in many industries the worker pays into a sick benefit fund. He pays for that insurance against a time of unemployment because of sickness. At the same time he contributes to the unemployment insurance fund which provides for benefits during a period of unemployment. When the worker takes ill he is entitled to collect the insurance for which he has been paying because he is not able to carry on his regular work. The sick benefit that he draws amounts to perhaps ten per cent of what his normal wages would be. Under the circumstances, with the worker away from work because of sickness and collecting insurance that he has paid for, I think he is also legitimately entitled to receive unemployment insurance benefits for which he has already paid, because he is only receiving about ten per cent of his normal wages.

I refer particularly to the steel and coal industries in my part of the country. The worker is placed in the position that if he applies for unemployment insurance under the circumstances I have described, the company will immediately take the stand that he has severed his connection with them as an employee, and his pension rights are affected. He has a pension plan, and if he ceases his employment then he loses his pension rights.

This subject has been a controversial one for a number of years in my part of the country. I am questioned about it all the time. I think the worker is entitled to the unemployment insurance for which he has paid. I think he is entitled to collect the sick benefit insurance for which he has paid. I am asked whether a man should apply for unemployment insurance, and I have to warn him that if he does, it is taken as an indication that he has severed his connection with the company, that he is no longer an employee, and that he will lose out on the pension scheme in which he has participated to protect his future.

There has been a lot of wrangling about the matter. When the minister is making an analysis of the problem, I think something should be done to correct the situation. In the first place the worker is entitled to the sickness insurance for which he has paid, and which amounts to about ten per cent of his earnings. Second, the worker is entitled to collect unemployment insurance benefits, because he has already paid for them. Some understanding should be reached also with these large companies that a worker's pension rights will not be affected if he applies for unemployment insurance under circumstances such as I have described.

Item agreed to.

Unemployment Insurance Act, 1940—

202. Government's contribution to the unemployment insurance fund, $27,500,000.

Mr. Macdonnell (Greenwood): I take it that the government's contribution is larger because total wages for the year are larger?

Mr. Gregg: And a larger working force generally.

Mr. Macdonnell (Greenwood): What is the total now at the credit of the fund, and how is it invested?

Mr. Gregg: $664,580,376.79.

Mr. Macdonnell (Greenwood): How does that compare with a year ago?

Mr. Gregg: As of March 31, 1950, the total was $582,646,972.52. The figure for 1951 is also as of March 31. The investments are all in either Canadian government or Canadian National Railway bonds.

Mr. Macdonnell (Greenwood): Would the minister read those figures again?

Mr. Gregg: 1951, $664,580,376.79.

Mr. Macdonnell (Greenwood): Just the millions.

Mr. Gregg: $664 million in 1951, $582 million in 1950, and $529 million in 1949.

Mr. Macdonnell (Greenwood): I was a little surprised, considering the fact there was a period of rather full employment, that notwithstanding the additional contribution of some $25 million the fund has gone down something over $80 million.

Mr. Gregg: No, it has gone up. I gave the 1951 figure first.

Mr. Macdonnell (Greenwood): Then I reverse my surprise and express my surprise that it has gone up so much.

Mr. Gregg: That is because of the full employment.

[Mr. Gillis.]

Mrs. Fairclough: In the report it refers to contributions paid other than by stamp. Would that mean through the use of meters or some other form of contribution to the fund?

Mr. Gregg: Meter machines or bulk payments by cheque.

Mrs. Fairclough: But it is all by contributions?

Mr. Gregg: Yes.

Item agreed to.

204. To provide for the payment of unemployment assistance to certain residents of Newfoundland to give effect to the terms of union of Newfoundland with Canada, in accordance with regulations of the governor in council and such assistance shall be deemed to be a benefit or payment within the meaning of sections 33 and 67 of the Unemployment Insurance Act, 1940, $500,000.

Mr. Higgins: There is a great difference, Mr. Chairman, between the amount provided this year, $500,000, and the amount provided last year, which was $4 million. Can the minister tell me why there is that big drop?

Mr. Gregg: This is strictly in accord with the union agreement. As the hon. member will recall, it was felt that there would be a great deal of unemployment after union, and this measure was adopted as a means of taking up that slack over the first few years.

Mr. Higgins: I understand it now. Would the minister be able to tell me whether any consideration has been given to providing unemployment insurance for fishermen? Has any progress been made in that regard?

Mr. Gregg: Yes, the report is now being studied.

Mr. Higgins: Does it appear to be favourable?

Mr. Gregg: Answer next session.

Item agreed to.

707. Departmental administration—further amount required, $13,057.

Mr. Knowles: There is at least one matter under item 707 which I should like to draw to the minister's attention. I want to be sure he has plenty of homework to do between now and the fall session. I would urge him to study a number of items in the briefs presented to the government this year by the labour congresses, but for the moment I am concentrating on one. It is to be found on page 15 of the memorandum presented to the government of Canada by the Trades and Labour Congress of Canada on April 10, 1951. The paragraph reads as follows:

Another very important and necessary amendment that we seek—

The reference is to the Industrial Relations and Disputes Investigation Act.

—is a provision in this act that requires an employer or employers to bargain collectively with a group of associated unions representing the employees and who are jointly acting through the medium of a properly constituted joint council, committee or division.

Railway workers are particularly interested in this request. They are interested because of experience they have had which has been both favourable and unfavourable. To a certain extent groups of unions are recognized by the railways as expressing themselves through one voice. In so far as that has been recognized voluntarily by the railways, it has been all to the good. But on the other hand the railway workers have also had the experience of the railway companies endeavouring to splinter off some of their smaller unions. I need not go into the details to illustrate the point. The minister knows that both of the statements I have made are correct.

There is some practice of this principle on a voluntary basis, but there are also instances where this principle is not practised. The railway workers are a bit apprehensive of what may happen when the present agreements expire. They feel that they are entitled to have their industry considered as a whole, and they feel very strongly that the request set out in the memorandum presented by the trades and labour congress should be given favourable consideration. It does seem to be a measure that calls for amendments to the Industrial Relations and Disputes Investigation Act. I ask the minister to give sympathetic and active consideration to this request.

Item agreed to.

Annuities Act—

708. Administration—further amount required, $50,000.

Mr. Knowles: This subject was up before, but at the time we were not actually on the Annuities Act item, so I thought I would hold my remarks until we reached this item in the supplementary estimates. I was glad to hear the minister say this morning that study is being given to possible amendments to the Annuities Act. I was particularly glad to hear him say something which sounded to me as though he realized the necessity for making provisions to enable people to mesh the provisions they make under the Annuities Act with our old age security legislation. I hope that the minister will pursue that study.

I am still remembering a promise that was made about three years ago to the effect that at a succeeding session we would have a special committee of the house to go into this whole question. I shall not press the minister now for that committee, because he said this morning the government might be bringing in legislation to amend the act. If he does not bring in that legislation in the fall or during the session of 1952, I suggest a committee be set up to examine the possibility of making improvements in the act and in the administration. The minister knows that after we have talked on all other aspects of the matter, it still rankles in the minds of a great many Canadians that an injustice was done when, by order in council in 1948, the basic interest rate, on the basis of which annuities are paid, was reduced from four per cent to three per cent. I hope that in the studies of the problem the minister will not skirt around that question, but will give attention to the possibility of restoring the four per cent interest rate.

Item agreed to.

Annuities Act—

710. Notwithstanding the Government Annuities Act, to authorize the Minister of Labour in consequence of the transfer of employees from the original employers to the new employers specified in the details of the estimates to enter into contracts with the original employers and the new employers, to provide that the new employers shall, effective on the dates respectively specified in the details become parties to group annuity contracts specified in the said details respectively in the place of the original employers with respect to employees to whom those contracts applied and who were transferred to the new employers and for the application of the contracts in respect of service with the original employers and the new employers and for such other terms as the minister deems necessary for the maintenance and continuity of pension rights of the employees under those contracts, and to provide for payments in the current and subsequent fiscal years in accordance with the contracts so entered into out of the government annuities account, $1.

Mr. Gregg: I think the committee should have a word of explanation on the three items, 709, 710 and 711. They result from the fact we have not made the administrative amendments to the act. In each case these are things that should be done for the benefit of the annuitants. Our purpose cannot be accomplished other than in this manner until the amendments are brought in, when such dollar items will be unnecessary.

So far as the first item is concerned, it deals with a couple who applied for an annuity and paid their money to the agent. As hon. members know, thirty days after the issue of the contract the person buying the annuity can change his mind. This couple changed their mind and wrote to the agent giving him written proof to that effect. He was ill and did not receive the letter. Consequently, under the act, they could not get their money back. This item makes it possible.

The other two votes cover cases in much the same category.

Item agreed to.

Terminable services—

713. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements and administrative expenses connected therewith—further amount required, $131,200.

Mr. Knowles: This item is to provide a further amount for the same purpose as was set out under vote No. 200 in the main estimates. I note that in the break-down in the back of the book this item of $131,200 includes $100,000 for transportation costs. If I might refer for a moment to item 200, which was for a total of $667,956, I note that it includes transportation costs to the extent of $200,000. Between the two items, the total amount of transportation costs is $300,000. I take it that that is money that is spent in providing the actual transportation for immigrants to Canada under the provisions of this vote. Can the minister tell me how much of that $300,000 is being spent on bringing workers to Canada to be employed by or at the instance of the Manitoba Sugar Company?

Mr. Gregg: First of all, Mr. Chairman, that amount is not to bring workers to Canada. That is done under immigration arrangements. This amount is to assist workers to move within Canada, from eastern Canada to other parts of Canada. My advisers have not here with them information as to the portion of that amount used for the purpose my hon. friend mentioned, but if he will permit me to do so, I shall be glad to send that information to him by mail.

Mr. Knowles: Do the minister's officials happen to have the amounts for persons destined for Manitoba? Most of them would be for the Manitoba Sugar Company.

Mr. Gregg: I am sorry to say that we have not that information here, but we can get it and provide it for the hon. member.

Mr. Knowles: I would appreciate that. I just want to make this one comment that occurs to me as a result of what the minister has said. As I made clear previously, my whole concern about this matter is that the Manitoba Sugar Company should accept its responsibility. But it now appears that these people whom the Manitoba Sugar Company wants brought here get assistance through the Department of Citizenship and Immigration to reach Canadian shores, and then they get assistance through the Department of Labour to get from the port at which they land to a place like Manitoba.

Mr. Gregg: Of course a great many of these people were known as—and this is a term we are trying to get away from—displaced persons from camps in central Europe, and have no means at all by which to get to Canada or to get anywhere in Canada after they arrive here. I should augment what I said about their arrival in Canada. They are earmarked by our member of the immigration team in Europe, before they leave Europe, for work in some portion of Canada, in groups. Consequently, when they arrive at the point of landing we are able to give them assistance in getting to a place where their work is waiting for them. What my hon. friend refers to as happening in Manitoba is happening in all the provinces.

Mr. Knowles: I just want to make it clear that I quite agree with the steps that we are taking in terms of providing a refuge and a new home for these people. I am glad for every humanitarian step that Canada takes along these lines. The point I wish to make is this. In view of the fact that some of these people are being brought here not only because of the humanitarian interest that we as a nation have, but because of the wish of certain private employers who get quite an advantage out of it, I think the private employers concerned should measure up to their responsibilities as well.

Mr. Gregg: I should have added, with respect to those known as displaced persons, that IRO paid their expenses to Canada; but of course we contributed.

Mr. Knowles: Yes; we also contributed.

Item agreed to.

Terminable services—

714. To authorize the Minister of Labour to arrange for a program of rehabilitation for the physically handicapped, including the appointment of an advisory committee, and to provide for expenditures in connection therewith, $48,000.

Mrs. Fairclough: This is the item to which I referred a few moments ago, with respect to the appointment of a committee. The item reads in part: ". . . including the appointment of an advisory committee." I hope the minister will put a big red mark opposite this item on his diary, and, when the committee is appointed, make sure that there is on it a woman representative or women representatives, depending on the size of the committee.

Mr. Gregg: I can reassure my hon. friend on that point.

Item agreed to.

POST OFFICE DEPARTMENT

318. Departmental administration, $951,541.

Hon. Edouard Rinfret (Postmaster General): Before we go on with the consideration of the estimates, I should like to refer to an incident that took place yesterday concerning which the hon. member for Greenwood sent me an extremely kind letter. He said that he hoped from the bottom of his heart that I did not really doubt his sincerity. I will say to the hon. member for Greenwood that in the past I have never doubted his sincerity, and I do not do so now. I would appreciate it if he would tell the committee that he does not doubt mine.

Mr. Macdonnell (Greenwood): Mr. Chairman, I am glad of what the minister has said. I do not doubt his sincerity. I might add that I would hope that what difference there is between us is a matter of opinion and nothing further, and, after all, is always possible of being resolved.

Mr. Hodgson: I am not going to ask the minister any of the questions that I asked last night. I want him to know, however, that the family which lost the job at Atherley Junction are good reliable people. In these estimates I see an item for the salary of the minister, and for his motorcar allowance. Then I see that the salary of the deputy minister is $12,000, as given at page 327. Then there is the chief executive officer. Is that the assistant deputy minister?

Mr. Rinfret: You might call him that. He is called the chief executive officer.

Mr. Hodgson: His salary is $8,500. Then there is special assistant, Post Office Department, $5,820; director of administration and personnel, $7,625; five regional directors at an average of $6,675.

Mr. Rinfret: That is correct.

Mr. Hodgson: Six postal superintendents, average $4,500; departmental solicitor, $5,520. Is that a full-time solicitor or a part-time solicitor?

Mr. Rinfret: A full-time solicitor.

Mr. Hodgson: He cannot be a very high-class lawyer.

Mr. Knowles: That is enough.

Mr. Hodgson: Executive assistant to the minister, $5,580. That is more money than your solicitor gets. Then there is private secretary to the minister, $5,472; assistant private secretary, $3,108, and so on all the way down. The rest of the items here run from $3,000 to $6,000 or $7,000. But this year, on top of all that, you have a new parliamentary assistant appointed.

Mr. Sinclair: Hear, hear.

Mr. Hodgson: How much salary does he get? I do not see any place for him in these estimates.

Mr. Rinfret: That is fixed, I understand, by statute, and it comes under legislation.

Mr. Knowles: Not by statute; by an item in the estimates.

Mr. Rinfret: Is it an item in the estimates?

Mr. Knowles: Yes.

Mr. Rinfret: It comes under legislation.

Mr. Hodgson: Do you not know how much he gets?

Mr. Rinfret: $4,000 a year.

Mr. Hodgson: Does he get an indemnity of $4,000 a year on top of that?

Mr. Rinfret: That is correct.

Mr. Hodgson: And $2,000 tax free?

Mr. Rinfret: Yes.

Mr. Hodgson: That means that he gets $10,000?

Mr. Rinfret: That is correct.

Mr. Hodgson: I do not blame the parliamentary assistant for taking part in the debate and doing some heckling now and then. Anybody would protect his job, if he can, especially when it is a good one.

On page 328, in connection with the same item, I want to ask the minister one question, and I think this will be my last one. There is an item: Films, displays, advertising and other informational publicity, $102,000.

Mr. Rinfret: The provision made here for $102,000 covers all publicity and advertising work carried on by the department. The break-down is:

Advertising—	
(1) General in newspapers, magazines and by radio designed to encourage greater public use of postal facilities and improved mailing practices	$ 53,300
(2) Mail early campaign by means of newspapers and radio	16,500
Films (national film board)—	
Mail early Christmas trailer	2,000
Historical film on the making of the postage stamp to commemorate the 100th year since the issue of the first postage stamp	18,200
Postal exhibits, displays and floats	5,000
Photographic services and prints by national film board	2,000
Art works on posters and exhibits	2,000
Truck signs and incidentals	3.000
	$102,000

Item agreed to.

Service—

320. Transportation—movement of mail by land, air and water, $36,919,486.

Mr. Knowles: This deals with transportation of mail, and gives me an opportunity to remind the minister that on several occasions I have taken up the case of the men known as the postal couriers who drive the trucks in the city of Winnipeg that pick up the mail from the letter boxes and transport it between stations, to trains and so on. I have pointed out to him and to the house that, contrary to the general opinion that the public has, these trucks are not owned by the government, nor are the men who drive them employees of the Post Office Department. Rather they come under contracts let by the Post Office Department to private contractors who in turn pay the wages received by these men. I have pointed out to him that the wages received by men doing this work in Winnipeg are below the wages for all comparable employment. I made two or three suggestions as to what might be done during this year. Can the Postmaster General say whether he has been able to do anything about it since the matter was last up for discussion?

Mr. Rinfret: Yes, I have. We have been reviewing all our city collection contracts. In the latter contracts we have some sort of clause drawn which allows the Postmaster General to raise the amount payable to the contractor in so far as the salaries to the truckers are concerned, to bring them in conformity with the prevailing wage in that particular locality. Unfortunately, in the old contracts we did not have that authority. We have redrafted our contracts and have asked council to give us that authority to bring the rate up to the level of the prevailing rate. At the same time we have also asked council to give us the authority to continue to do that if the prevailing rate goes up.

In the case of Winnipeg I have recommended to council that that be done in the various contracts. I am sorry I cannot give the exact date of the recommendation but I know it is before council now.

Mr. Knowles: Can the Postmaster General indicate the amount of the increase that is being provided for in these contracts?

Mr. Rinfret: The recommendation does not provide for a specific amount. It just mentions the words "prevailing rate" which is to be fixed by the Department of Labour.

Mr. Knowles: I am glad to hear that something is being done. I am sure it will mean something to the men to get an increase as a result of this action.

We all have had experience with the way in which these prevailing rates are set. There is a tendency for the information obtained by the Department of Labour to be a bit below what other people know to be the prevailing wages. I hope the minister will see to it that these men are treated properly. If he cannot give me the figures now, I will be able to give him the figures in the fall, and if he has not done what he should have done I am glad to know he is asking for authority to do it in the future. He can look forward to hearing from me if something more needs to be done.

Mr. Rinfret: I am quite sure they will be satisfied. While I am on my feet may I be permitted to read into the record an answer to the question that was put to me yesterday by the hon. member for Calgary East? I think the best way to answer his question is by reading into the record a letter I wrote to my colleague and deskmate, the Minister of Mines and Technical Surveys, about conditions in the Renfrew district of Calgary:

My dear colleague:

With the return of the attached telegram addressed to you by the mayor of Calgary in connection with letter carrier delivery service in the Renfrew district of that city, I am informed that the big difficulty in that case was the absence of proper pathways from the street line to the various houses, but we have now received a report from the postmaster to the effect that our requirements have been met and that the service can be given. We will, therefore, submit a recommendation to treasury board for authority to employ one extra man to take into delivery these 300 homes and to relieve the carriers on three adjoining walks where excessive overtime is being performed.

As soon as the approval of treasury board is received, I will further communicate with you.

Since then a recommendation has been made to the civil service commission which has to approve the new job. When the civil service commission approves this additional job it has to be submitted to treasury board and then to council. I admit that it is a long-drawn-out affair but the wheels are in motion, and I hope to be able to send the letter carrier within a short time.

Mr. Harkness: Can the minister tell me how long it is likely to be before the wheels go full circle?

Mr. Rinfret: I inquired this morning about that, and I think it will be much sooner than the hon. gentleman expects.

Mr. Hodgson: Just one more question. On page 331 of the details there is an item of boot allowance, $151,200. What is that?

Mr. Rinfret: Twice a year we give each of our letter carriers an allowance of $12.85. We supply them with boots.

Mr. McLure: On this item I should like to mention something about the tenders of the couriers. I am not going to go into it at

length, because I went into it thoroughly before. A few days ago I received a letter in regard to a contract. It seems that the department is calling for tenders. Instead of allowing the people to tender of their own accord, they think they are not going to get enough tenders in, therefore they send some agent or somebody from an agency to go and see John Brown and Tom Smith and ask them to tender on some mail route on which they think the mail courier is going to ask a little higher rate of pay. I should like to say to the department that it seems to be, well, almost a vile procedure, to ask one man to tender against his neighbour who has had a contract for probably eight or ten years under a nominal price. To keep him on a lower rate they get somebody outside that does not need it to tender. Let me draw this to the attention of the department. They might look into it to see if there is some other way to get people to tender, instead of urging that someone tender against his neighbour.

Mr. Rinfret: That will be the case where tenders have been received and considered too high. It is covered by section 69 of the present act, and when the new act is accepted it will be section 26.

Mr. Hodgson: I should like to speak to the minister about a man in my constituency whose wife is bedridden from arthritis. This man is a mail courier on a rural route which takes about two or three hours to cover. Because of his wife's condition he has to be at home, but he hesitates to let the job go because he requires the money it will bring in. Indeed, there is very little else he can do. The result is that a neighbour woman stays with his wife while he does the route.

This man believes he is entitled to an increase in pay, but he hesitates to have the job put up for tender through fear that someone else would underbid him. This man is a good workman, he is reliable, and I am sure the postmaster would bear out what I say. Is there any way in which he could obtain a 10 per cent increase? I believe his contract is for about $700 or $800.

Mr. Rinfret: If the hon. member would give me the particulars I would be glad to look into it. If the contract is for less than a thousand dollars, then, under the new act when it is sanctioned, we may have authority to do something.

Mr. Hodgson: I shall write to the minister as soon as I return home.

Item agreed to.

DEPARTMENT OF FINANCE

112. Departmental administration, $1,505,769.

Mr. Adamson: I should like to ask the parliamentary assistant a question concerning the operation of the department in connection with the Dominion Succession Duty Act. I understand it operates in this way: If a married taxpayer in the province of Quebec dies, for purposes of dominion succession duties it is understood that half of his estate belongs to his wife, and that dominion succession duties are therefore levied on half. In the other provinces, however, in the event of the man's death the tax is levied against the whole estate. I understand that this is the method of levying the tax under the Dominion Succession Duty Act. Would the parliamentary assistant comment in the matter?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Chairman, this is a matter for the Department of National Revenue, since the administration of the Dominion Succession Duty Act comes under that department. Perhaps the Minister of National Revenue could answer.

Hon. J. J. McCann (Minister of National Revenue): I must confess I was not paying close attention to the hon. member's question, but from what I understand the hon. member to say I think he is correct. The point is, however, that the other half of the estate becomes taxable when the widow dies. The rate is changed when the estate is cut in half.

Mr. Adamson: The schedule of rates is much lower in Quebec than in the common law provinces.

Mr. Blackmore: Mr. Chairman, before the item carries I wish to make several remarks. First of all I wish to say to the press gallery people and to the newspapers, as well as to members of the House of Commons, that in speaking now I am not entering upon a filibuster. I should like to make it abundantly clear that in my judgment the most important set of estimates coming before the House of Commons are those of the Minister of Finance.

The Department of Finance is responsible for our housing situation, for the agricultural prices afflicting us from coast to coast, for the cost of living from which we are now suffering, for the profits which are permitted to great corporations in this nation, profits which most people will agree are exorbitant at the present time, for the taxation that afflicts the Dominion of Canada, and for the tariffs that our people across the country suffer from so inequitably.

Surely the department which has under its control matters such as these is one which ought not to be considered hastily or lightly in the dying hours of any session of parliament. Yet during the fifteen years of my

membership in the House of Commons I have found invariably that the estimates of the Minister of Finance are completed as almost the last order of business at the end of the session, when everyone is tired and anxious to get away—and let me add that I am just as tired and anxious to get away as anyone else.

So I hope it will be made clear that the purpose I have in rising to speak upon the matter I am now going to discuss before the House of Commons is a sincere and honest purpose. I do believe that until the people of Canada and members of the House of Commons begin to concentrate upon the Department of Finance they will have very small chance of finding even a semblance of a solution for the difficulties now surrounding them.

I propose to ask five questions, and I shall ask the Minister of Finance, with his experts, to answer these questions. I have sent copies of them to the parliamentary assistant who, by the way, is left to carry the burden alone at this time. For some reason or other, the Minister of Finance is away. I have sent a copy of the questions to each of the experts who sit in front of the parliamentary assistant today. I have also sent a copy to the Prime Minister so that, along with us, he can consider these questions.

I will grant that to answer some of the points asked in the questions will require an expert knowledge and understanding of finance. Consequently I am sure that the parliamentary assistant will have to call quite freely upon the experts in front of him. However, they should be able to answer the questions, and answer them accurately.

Before asking these questions I have one more thing to say, and that is that if they are answered accurately they can be answered in one word. If they are answered with the right word there will be no further remarks from me today. I shall call it a day, and be well pleased with the achievement.

Let me say finally before I put the questions that they go right to the heart of the difficulty confronting the civilized world today.

The first question is this:

1. A dollar created today by the treasury of Canada without debt or interest, and spent into circulation, much as was each of the $26 million created by the treasury of Canada during world war I, and spent into circulation—such a dollar would be a sound dollar today, provided there were in Canada enough goods for such a dollar to "chase", would it not?

2. Notwithstanding the Bank of Canada Act and the Bank Act of Canada, it would be feasible for this parliament to pass an act similar to the Finance Act of Canada, 1914, or that of 1923, granting the treasury of Canada the power to issue state dollars, without debt or interest, and spend those dollars into circulation, would it not?

3. Possessing the power conferred by such an act, the treasury of Canada could soundly issue debt-free and interest-free, and scientifically spend into circulation, enough dollars into the hands of Canadian consumers, or potential consumers, so to supplement the dollars the consumers would be obtaining from sources available to them under our present system as to enable Canadian consumers to buy Canadian goods and services to the limit of their desires, or to the limit of Canadian productive capacity, whichever limit might be arrived at first, could it not?

4. Would it not appear that a logical means of scientifically spending such newly created debt-free dollars into the hands of consumers and potential consumers would be to compensate either manufacturers or retailers for giving a discount in the price consumers would have to pay, thereby in effect counteracting inflationary influences by buying lower prices?

5. Would it not appear, furthermore, that another logical means of scientifically spending such newly-created dollars into circulation, would be to provide consumers with direct issues of consumer purchasing power resembling cost-of-living bonuses, thereby counteracting deflationary tendencies by, in effect, purchasing markets?

I propose to go back over these questions one by one and give the minister a chance to answer them. If he will answer the question in one word, and it is the right word, I will go on to the next. If he does not answer with the right word I shall probably have to reason with him.

1. A dollar created today by the treasury of Canada without debt or interest and spent into circulation, much as was each of the $26 million created by the treasury of Canada during world war I and spent into circulation—such a dollar would be a sound dollar today provided there were in Canada enough goods for such a dollar to chase, would it not? What would the minister's answer be to that?

Mr. Sinclair: First of all, I certainly do not intend to say, "Yes" or "No". The hon. member can resume his seat because I will take a few minutes. The hon. member started off, as he started off when we were considering the finance estimates last year, by referring to the fact that the Department of Finance is the most important of all government departments. Naturally I agree with that. Secondly, he commented on the fact

that we bring on our estimates so late in the session that he and others who are interested in the financial policies of this country have little opportunity to debate financial matters.

I would remind the hon. member that there is no department of government which is brought before the house so often as the Department of Finance. The speech from the throne mentions many things, but its core is always the financial proposals being made for the year. That is followed by the debate on the speech from the throne. I notice that few members of parliament choose to use the throne debate as an opening gun in a debate on financial policy.

Then later there follows the motion to go into committee of ways and means, although actually the next step is the tabling of estimates. There are repeated motions on Monday, Tuesday and Wednesday of almost every week when we try to get into committee of supply. Again a financial motion would open up a complete financial debate if a member chose to move it. The fact that no hon. member chose to do so is of course his own choice.

As I remember, it is six weeks since my minister first attempted to introduce the Department of Finance estimates. They were not reached because hon. members chose to speak about everything else except finance, as is their right. But possessing that right they should not then rebuke us for bringing our estimates down at what they say is such a late date.

There have been fifteen financial bills brought before this house this session. I know that is the number because I have a summary here. The minister was good enough to entrust me with piloting almost all those bills through the house. Let us look over the list. We had amendments to the Farm Improvement Loans Act and to the Veterans Land Act. Under those acts our department guarantees bank loans. Then there was the amendment to the Quebec Savings Banks Act which opened up the whole field of banking on second reading.

Then there were the three major tax bills, the income tax bill, the excise tax bill, the customs tariff bill, which were debated at long length, especially by members of the Social Credit party who are understandably extremely interested in financial policies. We had a refunding bill covering $200 million which came before the house and which went through in not more than three minutes. That was followed by a bill for over $200 million for financing and guaranteeing Canadian National Railways securities.

Then we had the bill in connection with municipal aid and the amendment to the Canadian and British Insurance Companies Act. There was also the consumer credit bill. There certainly have been plenty of opportunities this session for anyone who wanted to debate financial matters. The Minister of Finance on every public occasion, in both public addresses and speeches over the radio, as well as in the House of Commons, has indicated his willingness to engage in a debate on financial policies when his estimates were opened. Almost a month ago we were two or three hours on the opening item, during which time the hon. member asked the minister pretty well the same series of questions, which the minister answered. After all, the minister is the man in charge of policy as far as the Department of Finance is concerned.

I do not think it would be expected at this dying hour of the session that either the minister or his parliamentary assistant should introduce new phases of financial policy. The opposition would not expect it, and as a matter of fact would resent it, and rightly so. As far as these questions are concerned, I appreciate the courtesy of the hon. member in sending me copies. I may tell him that I did him the courtesy of reading his speech very carefully today while I was waiting for the finance estimates to come on. I find that I did try to answer according to my views, which are similar to those held by the minister, these very questions during the same debate last year. His first question, which I take now because it comes first, was whether the creation of a dollar by the Bank of Canada and spent into circulation would be a sound dollar.

Mr. Blackmore: May I draw the attention of the parliamentary assistant to the fact that that is not what this question asks. This question asks whether or not a dollar created independently of the Bank of Canada by the treasury of Canada would be a sound dollar.

Mr. Sinclair: All right, by the treasury of Canada. Almost a year ago, when I was putting a bill through the house, I think it was the excise bill, there was one item which was going to raise another $18 million. At that time the hon. member asked me exactly the same question, whether or not it would have been just as easy for the treasury to have created that $18 million, and whether that would have caused a ripple on the economic waters of Canada.

Mr. Blackmore: I am sure the minister and I should be at one on this matter. The question I asked on that occasion was whether or not that money could be taken from the Bank of Canada, in which case it would be debt money but much cheaper. The question I am asking now is whether or not satisfactory

dollars could be created debt-free, just as was done in the case of the $26 million in world war I?

Mr. Sinclair: I do not intend to answer any of these questions. Questions were asked of the minister two or three weeks ago and he answered them from his viewpoint. The same question was asked, whether it would cause a ripple. It is quite true that with the great volume of money in circulation it might not cause a ripple, but the moment the people of Canada and the people of other countries felt that we were printing money then there would be a very grave ripple, a very great loss of confidence.

I do not want to be rude to the hon. gentleman but I certainly do not think that in the final passage of the details of administration of the Department of Finance he should ask questions which have been raised at almost every session since I have been here and put to different ministers of finance. Similar questions have been raised already this session and were answered by the Minister of Finance.

We are having a fall session when the hon. member will have an opportunity to launch a debate on the speech from the throne or on the budget, if we have a budget. What we are certainly going to have is a large financial bill during the consideration of which he could open his debate on policy. There will be ample opportunity for him to seek any replies he wants from the minister or the government.

Mr. Low: I wonder if the parliamentary assistant to the Minister of Finance would undertake on behalf of his minister that when we launch a debate on the fundamental financial policy of this country they will engage in that debate and not let it be a Dutch battle. The trouble thus far has been that there has been too little disposition on the part of the finance ministry to come out and engage in debate. There has been altogether too much tendency and inclination to shrug off these questions or to give an entirely inadequate answer. All during the time I have been in this house, since 1945, we have never been able on a single occasion to get a debate where mind meets mind, and where we engage in real honest to goodness debate. The parliamentary assistant quite rightly says that if we want to launch a debate on financial policy we have ample opportunity to do so.

I would ask him to go back and look over all the speeches members of this group have made on the speech from the throne, on the budget, and in fact on every conceivable opportunity where it is possible to raise financial issues, and he will see we have launched debates but we have not had any discussion. That is the trouble. A person cannot debate by himself any more than one bird can flock by itself. The minister knows that, and the whole problem is, when are we going to engage in something like a debate on this matter? That is all. The parliamentary assistant says that we have had something like fifteen opportunities this session—

Mr. Sinclair: Fifteen bills alone.

Mr. Low: Fifteen bills on which to launch a debate on financial policy. My hon. friend knows, when he says so, that the minute any member of this group attempted to introduce a debate on financial policy we would hear the chairman, and quite rightly, asking us to get back on the beam and to get in order because it would be out of order to debate general financial policy on these bills. The parliamentary assistant knows that. Therefore we have to discount about 95 per cent of the statement he made that we had fifteen opportunities to launch a debate. That is not true.

I am not going to hold up the house this afternoon because I have already made my position clear to the Minister of Finance. I made it clear the other night that I would give him one more opportunity. I do not know what the hon. member for Lethbridge intends to do about it. That is up to him, but I think I made it perfectly clear the other night that when the bill that is now before the house, having had first reading, is brought before us again this fall, it is my intention to launch a debate on fundamental financial policy. I think I served notice the other night on the minister that at that time we would expect him to engage us in debate, not just to try to shrug it off, not to say that this is not the time, not to give us halfhearted or inadequate answers, but to come right out and meet us head-on.

I want to make it clear that the reason I served that notice on the minister is twofold. First, we have not been able to get him to meet us head-on in debate yet on fundamental financial policy. Second, I think it is time that the minister either acknowledge that our contentions are correct or, in the alternative, stand up in this forum of the people and prove that we are wrong. It is one or the other. I do not want to go on indefinitely with people taking the position that simply because the Minister of Finance has not made a definite pronouncement on these things there is suspicion of the proposals that are put forward by the Social Credit group. I should like either to be proved wrong, in which case I would certainly acknowledge that I was wrong and would try something else, or to be able to prove that the Minister

of Finance has been wrong all these years in not having carried forward the proposals that we have placed before the house so often, the financial policy which I still believe is sound, and not only sound but absolutely essential if this country is ever to realize its potential.

That is all I want to say this afternoon. I will merely close with this statement: Surely it is no more than we can rightfully expect that the minister will agree, when the bill is before us in the fall, to enter into a real debate on fundamental financial policy. I should like to have the hon. member for Greenwood enter into that debate. I am sure he would, and let us make it a good one. If the Co-Operative Commonwealth Federation members who sit to my right should demand a debate on the question of government ownership of the means of production they would have a debate on their hands, right away. I say that we are just as entitled to recognition of our contentions as any group in the house. All we are asking is that people do not shrug this question off but engage in a real debate, get down to the fundamentals, and when we have finished either they will be able to say truthfully: "We have answered your questions, we met you on fair ground and we believe we vanquished you," or, in the alternative, "You have vanquished us."

Mr. Blackmore: Mr. Chairman, the parliamentary assistant made the kind of speech that I expected he would. He just covered the whole matter with red herrings so as to take attention off the questions that were asked. The only approach to this question which was asked the minister the other night was this question: Was one of the dollars of the $26 million created by the finance department of Canada between 1914 and 1917 under the Finance Act of 1914, and spent into circulation, sound? The minister knew perfectly well that he could not say "no" because the dollar was created under the Finance Act of 1914. And he did not like to say "yes".

He hesitated like the girl who could not make up her mind whether or not to accept a suitor. Finally he said it "probably" was sound, which was sidestepping the whole issue. Sidestepping that vital point is just not good enough for a nation suffering excruciating misery because of the faulty financial policy under which it is being governed. It is just simply not enough. The hon. member for Peace River says that this group has a right to have its questions answered. The people of Canada also have a right to have those questions answered.

The first question I ask is very simple. It is easy to say whether the answer is yes or no. The question was with reference to a dollar created today by the treasury of Canada without debt or interest, and spent into circulation, much as was each of the $26 million created by the treasury of Canada during world war I, and spent into circulation. It is not money to be taken out of the Bank of Canada, mark you; it would be created by the treasury just as the $26 million were. Such a dollar would be a sound dollar today, provided there were in Canada enough goods for such a dollar to "chase", would it not?

I believe it was pretty well agreed by the minister on the night of the 20th of June that what caused real inflation was having too many dollars chasing too few goods. Later on I said that I reasoned this way, that if you have too many goods being "chased" by too few dollars you would have a depression. That is what occurred in 1929, 1930, 1931, 1932 and 1933. Now, if you have just the right amount of dollars "chasing" the right amount of goods, you should have neither a depression nor an inflation. What is asked for in this question No. 1 is simply this: If there were enough goods for the created dollar to chase, would that created dollar be sound? The answer is either yes or no, whether the dollar was backed by gold or by securities or backed only by the credit of the Dominion of Canada.

Now, the answer is "yes", Mr. Chairman, the answer to question No. 1 is "yes". I defy the minister and all his experts to prove that it is not.

Mr. Riley: Give him time.

Mr. Blackmore: We shall give him time.

Mr. Riley: Three months.

Mr. Blackmore: Then, in three months we shall have the same difficulty all over again. Now is the time, now is the hour to answer. The answer to question No. 1 is yes. The minister cannot say anything to gainsay what I have said. I am not going to take the trouble here to prove it; I have proven it already in the speeches I have given. There was one on May 1, on Canadian financial policy, reviewing what was done in world war I, and what was done in 1932 under the Finance Act of 1923. Then there was the talk that I gave on the greenbacks, and the one I gave on June 20 on the Bradbury notes issued in Great Britain. All those illustrations indicated quite clearly that a one-dollar bill created by the treasury, independent of the banks, would be sound if there were enough goods in this country to justify putting that dollar into circulation.

If there is anyone in the committee who wishes to challenge that remark, let him do it. Otherwise, I am going to assume it is proven, right in the presence of the great

Bank of Canada experts and the parliamentary assistant to the Minister of Finance.

I do not suppose the minister would want to answer the second question, but let us go over it again. Notwithstanding the Bank of Canada Act and the Bank Act of Canada, it would be feasible for this parliament to pass an act similar to the Finance Act of 1914, under which $26 million were created and spent in world war I by the treasury of Canada without the banks having anything to do with the creation whatever, the passage of such act having the effect of granting the treasury of Canada the power to issue state dollars now, without debt or interest, and spend those dollars into circulation, would it not?

If the minister can say "no" to that, I am ready to give him a chance to say so. What is being asked for in that question is clear. Before the Bank of Canada was created in this country, the treasury of the Dominion of Canada had the authority and the power to create money and spend it if they chose. What we want to know is whether or not the Bank of Canada was a device for stealing away from the treasury of Canada that power to create money and spend it. Was it a means of putting that power inside an enclosure and locking it up so that no naughty government could get at it? That is what we want to know. The next thing we want to know is whether the parliament of Canada and the government of Canada has the courage, in the face of the Bank of Canada Act, to pass in 1951 or 1952 a finance act like that of 1914, giving the treasury of Canada the authority to print debt-free dollars just as it had the authority under the finance acts of 1914 and 1923.

Now, that is just as clear as ABC. No question like that has been asked during the time I have been here. I have not asked any such questions. I have been working since April 19 this year right up to the very point we are standing at today, so that I could ask these questions. The evidence is all on *Hansard* concerning each answer.

On April 19 I told the Minister of Finance that I would expect him to be able to answer these questions. There is no difficulty in saying yes. Has this government of Canada today the right to pass a finance act of 1914? Has it the power? Does it dare to use the power? I would say that if all that has been said about the independence of the government from the Bank of Canada is true, the government certainly has the power, and it ought to have the courage to use the power. If it passes a finance act in 1951 like the finance act of 1914, then this government of Canada will have the unquestionable authority to print the money independent of the banks, and use it for any purpose it chooses. It could use it for paying for any services which the government needs, granted an adequate supply of goods is on Canadian markets. If the minister has any argument against that position, now is the time to make it.

Just a few moments ago the parliamentary assistant said that if we started printing money in Canada a lot of other countries would begin to worry about it. I should like to know how serious that is. Have we reached the point now where this nation has not got the authority and the freedom to do what it could do in 1914? Have we reached the point where we would not dare pass a finance act like that of 1923, and use it? If the answer is yes, let us just find out why and set about rectifying the situation. If this nation is not as free in 1951 as it was in 1914, it is time everybody knew about it. Judging from the fact the minister makes no comment, I shall assume that the case is established in respect of question 2. The answer is unchallengeably yes.

With regard to question No. 3—incidentally I sent a copy of these questions to the member for Greenwood.

An hon. Member: You answer them.

Mr. Blackmore: I shall send a copy of them to anyone else who wants one. I shall say a word or two now illustrative of the significance of this question. We have listened to several debates about housing in this country. The last time we heard about housing we were told that we could not get the money, and the interest rate was very high. If we could use the finance act of 1914 or 1923, modernized for 1951, look at the difference it would make to the matter of housing in this country granted we have ample production. The same would be true throughout the whole round of our national interests, as finance affects them.

I assume that everyone in the committee is ready to grant that the answer to question No. 2 is "yes". That is right—the answer to question 2 is "yes".

Mr. Riley: Why don't you get Alberta to print a few?

Mr. Blackmore: The trouble is that Alberta has not got the authority to create money, under the constitution, because the British North America Act places all matters pertaining to banking, currency, the creation of currency and coinage, in the hands of the dominion government. Someone says it is a blessing. It is also a calamity to have that power in the dominion's hands if the government of Canada is not going to use it.

Mr. Riley: Why not introduce a bill?

Mr. Blackmore: Let us establish the principles first. What is the use of introducing a bill until one establishes the principle?

Mr. Riley: You could amend the British North America Act.

Mr. Blackmore: We do not want to amend the British North America Act. The province of Alberta first of all tried by several different acts—when the Social Credit government first went in under Premier Aberhart—to get control of the province's credit. I could enumerate those acts, but I do not propose to do so; but if there is any desire that I should, I will do it. Every last single one of those acts was either disallowed or declared to be ultra vires.

An hon. Member: Good work.

Mr. Blackmore: Yes, good work for the people who seek to destroy the freedom of man but very bad work for the people who want to be free; good work for the men who want to take away from Canada the power it possessed in 1914, 1923 and 1933, but bad work for the people who want to retain that freedom.

Mr. Riley: Now let us have No. 3.

Mr. Blackmore: No. 3, yes. I should first say with respect to Alberta that we came here and asked for a bank. We had a promise from Hon. C. A. Dunning, right from where the minister sits now. We had a promise, so nearly implied that it was almost a contract, that he would give us a bank. We came back the next year to get a bank; and the number of sordid devices and tricks that were resorted to in order to keep us from getting a bank would make a long story.

Mr. Riley: That language is not parliamentary.

Mr. Blackmore: I know whereof I speak, because I piloted the bank bill right through the committee.

Mr. Riley: Mr. Chairman, on a question of privilege, may I say that I do not think the language of the hon. member for Lethbridge is parliamentary.

Mr. Blackmore: Mr. Chairman, I do not want to argue with the hon. gentleman about parliamentary language. If there is anything in my words that offended him, I withdraw them; but he will know what I mean just the same.

Finally, do you know what they resorted to in connection with the bank of Alberta? Do you know the reason they gave why they could not let Alberta have that power? They said the dominion government had not the constitutional power to grant to Alberta power that was given to the dominion government under the constitution.

An hon. Member: What item are we on?

Mr. Low: No. 1.

Mr. Blackmore: We are on the estimates of the Department of Finance, item No. 1, under which we can review the whole financial policy. I maintain that the financial policy of this country is gravely at fault, and that the cause of all our troubles is a faulty financial system.

Question No. 3 is this:

Possessing the power conferred by such an act as the Finance Act of 1914, the treasury of Canada could soundly issue debt free and interest free, and scientifically spend into circulation, enough dollars into the hands of Canadian consumers, or potential consumers, so to supplement the dollars the consumers would be obtaining from sources available to them under our present system as to enable Canadian consumers to buy Canadian goods and services to the limit of their desires, or to the limit of Canadian productive capacity, whichever limit might be arrived at first, could it not?

Will the minister undertake to say that the answer to that question is no?

An hon. Member: Silence.

Mr. Blackmore: All right. The answer to question No. 3 must be "yes".

A year ago we were all worrying about a depression, and we were asking ourselves what on earth we would do if the amount of goods this country was producing became so great that the people could not buy those goods. The result would be that prices would fall, factories would go on part-time production, men would be laid off and we would be heading straight down into a depression. Is that not exactly what was in the mind of every member sitting in this chamber? If there is a man who will say that it was not in his mind, let us hear him talk.

What was the matter all during the long period of depression? What was the answer given?

Mr. Low: Money.

Mr. Blackmore: They said: "We have overproduction." Why did our government in those days not create money to enable our people to buy that production? They could soundly have done it. Why did they not do it? If we again get on the skids leading down into a depression, what are we going to do to stop it? Is it not reasonable to say that this government should be able to create enough money and put it into the hands of our people to "chase" the many goods bringing on the depression? To enable them to buy those goods? If that cannot be done, is there anything under the sun that can be done? And the answer to this query must be no.

Then are we to say that this government in Canada—in this majestic nation so packed with productive capacity—cannot do anything about overproduction?—are we to say that they cannot increase consumption by creating money and putting it into the hands of the people, when the thing that fundamentally makes money sound is goods and services? If we were to pass in 1951, in the fall session, a finance act similar to the finance act in 1914, and then we were to find that we had more goods in this country than we could with our then purchasing power consume, we could start creating debt-free money enough to match our overproduction and put it into the hands of the people in the form even of old age pensions, or a dozen other forms. Can the minister give any reason why he should answer question No. 3 by no? Can his experts give any reason why they should answer it no? I hear no reply. Then the answer to question 3 unquestionably is "yes".

Question No. 4 is this:

Would it not appear that a logical means of scientifically spending such newly created debt-free dollars into the hands of consumers and potential consumers would be to compensate either manufacturers or retailers for giving a discount in the price consumers would have to pay, thereby in effect counteracting inflationary influences by buying lower prices?

Is there any reason why the answer to that question should be no? I am waiting for an answer in the presence of about fifty witnesses. I hear no answer. Then there is no reason why the answer should be no. In other words we could commence right now, Mr. Chairman. If we had an act of that sort on the statute books of Canada, and if the finance department would use that act, we could if our supply of goods is adequate commence right now bringing down prices in this country, by paying a part of the retail price of the goods; and we would pay that price with dollars created by this treasury under the new finance act, and those dollars would all be sound because there would be sufficient goods to keep them sound.

By judiciously using the power which would be given to the treasury under a finance act like that of 1914, passed in 1951, this government would be enabled to attack the high prices now prevailing and progressively to bring them down to a reasonable level. The government could attack any new increase like the increase in connection with wood pulp and could say: No, we do not want that increase in price; that would increase costs all across the board. We will subsidize you where you have got to have some money, and we will subsidize you with this money we will create under this new finance act.

[Mr. Blackmore.]

Can anyone see any reason why that should not be done, provided there are enough goods in the country? If the minister can see any reason why the answer to question No. 4 should be no, let us hear it.

I am maintaining that the answer to question No. 4 should be "yes"; and further that some such procedure as I have just indicated constitutes the only possible harmless means of attacking the so-called inflation of today. If anyone in this chamber or anywhere else can see any other way, let him please come forward and give it.

What is the present government apparently trying to do about inflation, or what they call inflation, the present high prices?

Apparently they are trying to get the inventories in possession of the various manufacturers concerned all across the country so great that there will be heavy price cuts, and we shall have what will bring on a depression, unemployment and all that kind of thing, to the point that we shall have great numbers of people unemployed. Is that what we are working for?

In the course of the slashing of prices, bringing them down, there will be vast losses to the people producing in the country. Is that what we are working for? That is apparently the only device the Department of Finance in Canada is endeavouring to use to combat the so-called inflation today. I think the hon. member for Greenwood would agree with me that that is the case. I believe that the parliamentary assistant to the minister would have to agree that that is the case, and the Prime Minister, to whom I sent a set of these questions, will have to agree that that is the case. It sounds pretty ugly, does it not?

We shall take great numbers of manufacturing concerns all over this country who have had their costs increased by the faulty policies employed by this government since 1946. We shall take these men with their high costs and force them to sell at a loss all over this nation, with loss following loss as heavy as those in the great depression. Is there anyone who is prepared to question that statement? Would it not be far sounder to ease ourselves down by a monetary device until we bring the price structure down to something like what it ought to be?

So we shall agree the answer to question No. 4 is "yes". And the top ranking experts of the Bank of Canada cannot find any reason why it should not be yes. The minister would not dare say yes if he could, although he has been a very progressive young man, and is today.

If you could take these same fine young men such as the parliamentary assistant to the

minister and the minister himself, who are two of the most brilliant young men in Canada today, two of the most capable; if you were to put these two young men in charge of a financial system, where they would be operating in accordance with reality, concerning themselves about the welfare of the country rather than about the welfare of the banks, of the mortgage companies and a whole lot of other financial people, concerning themselves about using Canada's resources rather than blocking production and generally upsetting the whole economy; if you could take two such young men and then put into their hands a real financial system, one that was genuinely realistic, they would produce results which would delight everybody in the Dominion of Canada inside of five years.

Some hon. Members: Carried.

Mr. Blackmore: Yes, I know you would like to carry it. Just let the prices keep rising and rising and rising, as they are doing now! Wood pulp went up the other day, and there is an agitation to bring the price of telephones up, the cost of railroad freight rates up, and the wages of the textile workers up, everything going up, forcing the cost of production up, so that when things come down there will be a disastrous loss on everybody's part, with demoralization of the whole economy.

Let no one try to smile that off because that is exactly what happened in the great depression. It is exactly what happened in the United States, and the same thing happened in Canada. We said we could not help it because the United States went down. Well, we can help it if we take realistic measures in respect of finance.

Now, take No. 5. If we can answer No. 5 with "yes", then I do not need to talk at all. If the minister will say that the answer to No. 5 is yes, I will not have to reason with him. No. 5 reads as follows:

> Would it not appear, furthermore, that another logical means of scientifically spending such newly-created dollars into circulation would be to provide consumers with direct issues of consumer purchasing power resembling cost of living bonuses, thereby counteracting deflationary tendencies by, in effect, purchasing markets?

Old age pensions, family allowances, and all that kind of thing, increasing pensions for the blind, for the incurables—we can produce all the goods to supply them with the needs of life—food, clothing, shelter, services—vast amounts of them. Why should not we be able to use financial means to help to distribute these good things, rather than prevent the things from being used, or leave them unproduced? Is there anyone who has anything to say against what I am saying now?

Some hon. Members: No.

Mr. Blackmore: If there is I will do a little more reasoning.

This is the first time, Mr. Chairman, since I have been in the house that we have had a chance to have a real showdown on this financial question. The minister will not answer question 5. But if the minister had answered and answered truthfully, his answer to every single one of these five questions would have been "yes", and I will challenge any man in Canada to prove the opposite—I do not care who he is.

Now, what I am talking about, Mr. Chairman, simply and briefly is this. These questions that I have asked are fundamentally the social credit idea.

Some hon. Members: Carried.

Mr. Blackmore: If the minister agrees and says the answer to these questions is yes, then he agrees that the fundamental techniques of social credit are absolutely sound.

I do not propose to detain the committee any further. I thank the committee for having listened to me. And I warn the government that it cannot afford to attempt to shrug this matter off. We are right up against realities today. If we do not make the right kind of changes in our financial policy there will be plenty of cause for regret in the heart of every person in Canada. I thank you, Mr. Chairman, and again I thank the committee.

Mr. Macdonnell (Greenwood): There was a time when I had proposed to deliver myself at some length on this item, but as the days have gone by I have jettisoned more and more of my speech until very little of it is left, and I think if it were an hour or so later it might have all disappeared. But there are one or two things that I should like to say, and I think they can be said in a very few minutes, although one might well desire a more enthusiastic audience. Nevertheless I will proceed.

I just want to put on record this simple fact which perhaps may have escaped the notice of most of the people of Canada. Within the last six months the government, and in particular the Department of Finance, has in fact ditched the whole of the policy which they have been following for years, in spite of repeated urgings that they should not do so. Of course I would not expect anyone to take my word for it, because it is conceivable that it might be prejudiced, and therefore I wish to quote a little from a pamphlet I have here reprinted from the editorial pages of the Winnipeg *Free Press* and marked "Inflation II". I would not take

the time to deal with it in the very few minutes that I shall speak if it were not for the fact that I think the people of Canada have suffered a good deal, and perhaps are going to suffer some more from what I may call, using a phrase which has become quite familiar, namely, "the economic consequences of Mr. Abbott." I want to read from page 11 of this pamphlet under the subheading "A government on trial."

> The government of Canada is now engaged not only in a gigantic deflationary fiscal operation but in a political adventure which should test its strength and quality to the limit before the year is out.
>
> As explained in previous dispatches, the government undertook a few weeks ago to grapple with the problem of inflation by drastic fiscal measures. Understandably it said little about this decision, the largest it has made in the economic field since the war.

I would like to digress a moment and say that somehow we in the opposition do not seem very successful in getting across to the people of Canada some things which we think are important. I do not think I have the gift of interesting the press to the extent that one would like to do in the things that of course one feels are important merely because one has said them oneself; but at any rate I believe that this statement which I have already read, and which I think is a sample, if it could be put to the ordinary citizens of Canada, would give them quite a surprise. Let me continue:

> In the first place it did not know—

That is, the government did not know.

> —and does not know yet, whether its measures will work. In the second place, these measures are bound to hurt a lot of people temporarily and no government likes to break bad news to an electorate.

If it were not for the fact that I have jettisoned most of this speech, I would have liked to take time to point out some of the things which are not now quite as lovely in the garden as they have been in the past. I think it was the Minister of Finance a year or two ago—1949 I believe it was—who said, "I know of no country in the world that has a better record." Well, that covered a lot of territory. I am glad to know that the minister, or whoever said it—and I have said that I think it was the Minister of Finance—was as pleased as he was.

I wish to go on quoting briefly from this same source. I would ask hon. members to note the clear words used to designate the policy which is followed, and which we have tried year after year after year to get the government to abandon. I am not suggesting that we have any special wisdom; but there were a great many people who had the same feeling. There were a great many people who did not believe that it was possible to control men's minds, people who believed that in the long run the decisions of the business community and of what we might call the marketplace would one day become effective, as they have become effective. They were troubled about these measures which came so largely from the classroom and from government departments.

Let me read again from this source, which I hope I can at least call independent, or at least is certainly not inclined to our views. It says:

> The Canadian government's policy of vigorous monetary deflation . . . raises a question complex in detail, simple in substance.

Mr. Chairman, I ask particularly that attention be given to the words I shall read now:

> It is whether a democratic society, having followed a distorted Keynesian policy of inflation for a long period, with "cyclical" budgets and other methods of expanding the public's purchasing power can suddenly throw the gears into reverse before the economic machine goes into the ditch That question faces us starkly in Canada today and we need not think that it will be answered without pain.

I would like to digress to remind the committee how often we have urged—I repeat how often we have urged—that these pains would arise and that this policy of expanding purchasing power which has gone on and on, and on and on, by various devices we all remember, would have serious results. I remember years ago we tried to get the government to slow up on the policy of double depreciation. That was a most stimulating expedient to increase production at a time when, as we all remember, it was already high.

These things went on. Now we are in reverse. It reminds me of the mythical character, I believe called Procrustes, who had a bed into which he fitted everybody. If you were too long he cut off a bit so that he could fit you in; if you were too short he lengthened you so that you fitted the bed.

That is what we have been doing. First of all we had double depreciation to lengthen people out and then since that time we have had deferred depreciation to shorten them up.

I shall go back to quote from the *Free Press* —because I think it is good:

> It is true also—

And it is only fair to say that the government has of course told us that this comes from outside; it comes from heaven; it comes from Providence; it comes from the United States. But whatever is wrong, do not blame the government for it. They say, blame somebody else. The *Free Press* has something to say about that. It says:

> It is true also that Canada cannot answer it alone.

I have never argued that it could answer it alone. We have argued there were glad periods when we have told the world the way we were living. I continue the quotation:

> As an integral part of the North American economy, Canada is subject daily and hourly to the fluctuations of prices and other economic factors in the United States and, indeed, throughout the world.

That is true. We must not blame the government for everything.

> Nevertheless, within its powers the Canadian government at last—and very late—is beginning a fundamental attack on inflation. Since high prices are not themselves the cause but only the effect of inflation—of a money supply in excess of goods to satisfy it—the government wisely is not attempting the futile task of price control. It is trying by drastic monetary means to reduce the money supply while, at the same time, expanding the supply of goods.

That is sound, in principle. The question is when you apply it. Now I come back for a moment to refer to the expression "throwing the gears into reverse". We have tried to suggest remedies time and time again, and there have been appeals to deal with it in that way. As this writer says, we are now throwing the gears into reverse, and inevitably causing distresses which might have been avoided.

We have of course the 59-cent dollar. I need not mention that. We have Canadian bond prices which have been allowed to seek something near their natural level, and which have caused distress to hundreds of thousands of people.

Now, what has happened is that the government has been on a kind of currency drunk. It is now sobering up, but the trouble is that the sobering-up process affects other people besides the government.

I said at the outset that I was not going to speak long. I think it has been worth while to put on the record this statement from a reputable source indicating that it agrees with what I have said. I wish to make it clear that there are things which are bothering the people, and which are not things of yesterday or today. Three years ago we argued with the government that prices had gone up twenty points from 1942 to 1948. These are not things that have developed yesterday or today. We argued the sales tax and pointed out to them that many of the taxpayers who have bought bonds have seen them go down, as they have gone down.

I said at the outset that I would be brief, and I think I have been brief.

Mr. Fulton: I should like to ask a question having to do with the operation of the Canadian Farm Loan Act. As the parliamentary assistant just pointed out, there is no separate item for the farm loan board this year because, as I am glad to learn, it made a profit last year and there is no need for an item. However, this matter comes under the Department of Finance.

My question is directed towards finding out whether the Department of Finance will consider making an amendment either in legislation or in the regulations so that no longer will we require the security of a complete farm unit before making a loan.

I should like to give a simple illustration of the point I have just made. The condition I shall describe causes a hardship to those who would like to obtain some assistance under the act. A farmer who has settled on the land under the Veterans Land Act and has taken assistance under that act has to give a mortgage to the director under the Veterans Land Act. That mortgage covers the whole unit upon which he has been settled. In the case I have in mind, the farm is worth a good deal more than the $6,000 advanced under the Veterans Land Act. The mortgage covers only the part of the farm which contains the farm buildings. There is security for an advance over and above that, on this $6,000 maximum under the Veterans Land Act. Then he turns to the farm loan board, but he finds that because the Veterans Land Act mortgage covers the farm unit, the home place, and the farm loan board requires similar coverage, that although the total or the whole of the farm is security for a good deal more than the $6,000, nevertheless because of the regulations he cannot secure a loan under the Canadian Farm Loan Act.

I should like to ask the parliamentary assistant if he will bring to the attention of the minister and the farm loan board administration the desirability of some amendment so as to permit the making of loans when there is adequate security. I am not suggesting that it be done where there is not adequate security, but where there is adequate security in the value of the land could not a loan be made even though the home buildings are covered by a prior advance?

Mr. Sinclair: Section 7(c) of the Canadian Farm Loan Act specifies that a loan can be made only on a farm unit as such. It also says that the farm cannot be otherwise encumbered. The Canadian Farm Loan Act does provide for second mortgages if the farm loan board has the first mortgage. In the case referred to by the hon. member it was much to the settler's interest to have a veteran's land loan because of the much more generous terms. The stand taken by the farm loan board is that taken also by ordinary lending

companies, that they will not lend on land already encumbered. As a rule those who have a Veterans Land Act loan would not turn to the farm loan board for help. However, the board will review the situation.

Mr. Fulton: What I have in mind is that loans under the Veterans Land Act can be restricted to only one part of the farm, leaving another part even without buildings to be security for what would then be a first mortgage under the farm land board act. At the present time the requirement under both acts is that the loan shall cover the buildings and there does not seem to be room for any adjustment.

Item agreed to.

Administration of various acts and costs of special functions—

114. Superannuation and retirement acts, administration, $176,603.

Mr. Macdonnell (Greenwood): My recollection is that $75 million was put into the superannuation fund last year.

Mr. Sinclair: That is correct.

Mr. Macdonnell (Greenwood): At that time the explanation was given that that was so to speak a payment on account of arrears; in other words, that the fund was not actuarially sound. Could the parliamentary assistant give us the present position?

Mr. Sinclair: When the minister discussed this matter in the house when he introduced the $75 million he said he had asked the actuarial branch to make a full investigation into the position of the government superannuation fund. The report on that matter has been prepared and the minister hopes to table it at the beginning of the fall session. It is a very detailed and technical report because there are so many peculiar features in the government superannuation fund.

As long ago as 1933 when the government of the day had an investigation made the fund was $53 million below what an actuary would require as an adequate fund. Since that time two things have happened. There have been a great number of new entries which have been given credit for previous service and which have paid their contributions, but the government had not matched those contributions.

The second thing which has had a great effect is the sharp rise in salaries in the last ten years. The present government superannuation fund is based on the average salary for the last ten years. We have a situation now where the great bulk of civil servants who have been some years in the service were on a low salary scale and were therefore making small contributions. During the last few years of their service their salaries have gone up and they are going to be paid pensions on a markedly increased scale.

That is the reason for the lengthy and detailed study by the chief actuary of our insurance branch. It was as a bookkeeping entry that we made this payment of $75 million into the fund. The minister told me that it was his intention to table this report in the fall at which time it would be appropriate to have a discussion of this matter.

Mr. Macdonnell (Greenwood): Does that report show a total which could be given now?

Mr. Sinclair: I do not know whether it would be proper for me to give it before the report is tabled, but it is here.

Mr. Macdonnell (Greenwood): Is it to be the policy to go on from year to year meeting deficits? Perhaps that is another question which the parliamentary assistant does not feel he can answer and I shall not press it.

Mr. St. Laurent: The government has been giving careful attention to this problem on the principle that it is only proper that the amount of the liability of the fund as it increases each year should be taken care of out of the revenues of that year. Whatever be the cause of the increase in the liability, as the actuarial liability of the fund is increased, either because more are brought in or because there have been salary increases, or as the expected outgoings are larger, there should be an attempt made to estimate that as closely as possible and have it regarded as a charge against the revenues of the current year in which it arises.

A report was prepared on the condition of the fund from an actuarial viewpoint as of December 31, 1947. In order to do that they had to establish a long series of tables of probabilities. Those tables of probabilities having been established, they have now been asked to bring the report along from year to year so we can see what the trend is. I expect that there will come a time when stability will have been reached and when it will be possible to see how much has to be paid into the fund annually so that as a going fund the amount taken in would always overbalance the amount paid out.

It is strange that although the actuarial deficit is said to have increased by many millions since 1933 the amount in the fund, even prior to this credit of $75 million, was larger in 1947 than it was in 1933. I suppose that is due to the proportion of the debts that were being incurred being larger than the proportion of the debts that were being extinguished by the mortality of pensioners.

A query has been put to the actuaries as to whether it would not be possible to forecast at what point it might be anticipated that there would be a balance between the debts extinguished by the mortality of pensioners and the liability being incurred by the increase in the number of beneficiaries or of those having protection under the fund.

The general principle is that we are trying to get to the point where it can be put in such a condition so that each year there will be a charge against the revenues of that year equal to the calculated liability incurred during the year.

Mr. Macdonnell (Greenwood): I thank the Prime Minister for his statement. I understand that this report will perhaps be tabled by October?

Mr. Sinclair: That is what the minister said he hoped to do.

Mr. Macdonnell (Greenwood): I take it that we will be able to discuss this matter some time or other?

Mr. St. Laurent: It may be that the government will wish to have the additional periods shown before tabling the 1947 report. I found it difficult to get any clear conception of what was happening merely by comparing the report of 1933 with the report of 1947. I did feel that if I had 1948, 1949 and 1950 that would probably throw some light upon what was happening and what was apt to happen in the future.

Item agreed to.

116. Administration of the Farmers Creditors Arrangement Act, 1943, and the Municipal Improvements Assistance Act, 1938, $19,582.

Mr. Macdonnell (Greenwood): I have read the last report concerning the Farmers Creditors Arrangement Act, and the operations have really come down now to almost nothing. Would the parliamentary assistant say a word about the organization? Is it an organization which is carried in another office, or is it an organization on its own?

Mr. Sinclair: We closed the Alberta office and we are going to close the Saskatchewan office some time this summer or fall. The local office in Ottawa will be able to handle the few accounts still outstanding.

Mr. Macdonnell (Greenwood): I take it the local office does other things as well?

Mr. Sinclair: Oh, yes.

Item agreed to.

118. Foreign Exchange Control Act, 1946—administrative costs (other than those provided by the Bank of Canada), $140,000.

Mr. Macdonnell (Greenwood): Will the parliamentary assistant give us a word about this item? I presume that the changes made a year ago are gradually lessening the work. Perhaps we might be given an idea of the numbers engaged. That would be as illustrative as anything else, if the parliamentary assistant has those figures.

Mr. Sinclair: The actual detailed work of course was greatly cut by the relaxation of foreign exchange controls announced last year. A great deal of the actual paper work of course was done by the banks. The staff is supplied by the Bank of Canada. I can give the hon. member the estimates by objects of expenditure if he would like that.

Mr. Macdonnell (Greenwood): Yes.

Mr. Sinclair: 1951-52, enforcement expenses, $7,500—it is on page 166 of the details of the estimates.

Item agreed to.

122. Commodity Prices Stabilization Corporation—adjustment payments in respect of subsidies previously paid, and costs of administration, $75,000.

Mr. Macdonnell (Greenwood): What does this board do now?

Mr. Sinclair: Of course the corporation's job is ended. Last year we had a vote of $500,000 because there were quite a few cases still in dispute. Which item are you questioning?

Mr. Macdonnell (Greenwood): Item 122.

Mr. Sinclair: Last year we had an item of $500,000 in expectation of accounts still outstanding, but actually we made no payments at all. The settlements were all in favour of the crown rather than in favour of the people who were applying for payment of subsidies. This year there are some still outstanding, but in view of last year's experience the estimate at the outside is $75,000.

Item agreed to.

Contingencies and miscellaneous—

129. Cost of telephone service at Ottawa for all departments, $605,000.

Mr. Knowles: Would the parliamentary assistant tell us whether this increase is due mainly to more telephones or to the increased cost of telephone service?

Mr. Sinclair: It is due to three things. The first thing is we had a standard agreement on switchboards and general service with the Bell Telephone Company which was renewed last year. The old agreement had been in effect for twelve years. The second thing was the increase in rates granted as a consequence of the board of transport commissioners' review of Bell Telephone Company rates. The third fact is the increase in the number of telephones on circuits.

Item agreed to.

General items of payroll costs including superannuation payments—

130. To provide for a government contribution to the superannuation fund in an amount equal to the estimated current payments of individual contributors in the previous fiscal year, $7,966,800.

Mr. Macdonnell (Greenwood): Why is there no reference to the contribution of $75 million last year?

Mr. Sinclair: This is the government's contribution matching the employee's contribution of 5, 5½ or 6 per cent.

Mr. Macdonnell (Greenwood): Yes, but I understand that last year the government put up in addition to this, and I grant you on a different basis, $75 million. Am I not right?

Mr. Sinclair: Are you worrying about the printed comparison, the fact that it is not included in the printed comparison?

Mr. Macdonnell (Greenwood): Yes.

Mr. Sinclair: Unfortunately the printed comparison was compiled before the last supplementary estimate was brought down. It will be reflected in next year's.

Item agreed to.

General administration—

689. Comptroller of the treasury—central office and branch offices administration—further amount required to organize for payment of universal old age pensions, $643,700.

Mr. Knowles: I should like to take a moment to indicate to the parliamentary assistant the terms of a speech I might have made but which I am not going to make at this stage of the session. I draw his attention to it in the hope that the department may look into the matter between now and the next session. I have in my hand some material obtained from the United States bureau of the budget which comes under the office of the president at Washington. It relates to the plan they have in effect there on the basis of which they make awards to civil servants of various departments and branches of the government for suggestions that result in improvements or economies in government administration. Among this material is a very interesting and exhaustive table showing particulars of suggestions received from a wide range of departments, the number of suggestions acted upon, the amounts of the awards, and the estimated savings resulting from the suggestions.

I will only give two figures, and just the round figures at that. The table shows that for the fiscal year 1949, which is the last one I was able to get, awards were paid to civil servants amounting to something over $500,000. The table shows that something more than $18 million was saved as the result of implementing the suggestions for which the awards were given. The material is very interesting, and I am sure the Department of Finance, if it has not already got it, can get it from Washington. I will do no more now than simply say that I hope the matter will be looked into.

Mr. Sinclair: I am very happy to tell the hon. member that the government has already anticipated that, and that in the financial administration bill, which was introduced last week and stood over until the fall, there is provision for such payments for the first time in our statutes.

Mr. Knowles: I am very glad to hear that.

Item agreed to.

Grants to universities—

690. To provide grants to universities and equivalent institutions of higher learning in amounts not exceeding in total for each province 50 cents per head of population of that province, as determined by the dominion bureau of statistics, and in accordance with regulations to be made by the governor in council on the recommendation of the Minister of Finance, who is authorized to consult a committee drawn from the national conference of Canadian universities in regard to the apportionment of such grants among institutions within each province on the general principle of making such grants proportionate to the enrolment of students at the university level and pursuing courses recognized as leading to a university degree, $7,100,000.

Mr. Boisvert: I should like to ask the Prime Minister a short question. Is it intended that the money to be paid out to universities, pursuant to the Massey commission report, will be for the benefit of all institutions?

Mr. St. Laurent: Yes. The government of course wants to avoid doing anything that would look like interference with educational matters in the provinces, but the declaration I made was that an amount approximately equal to 50 cents per capita would be provided for each province, and that within the province it would be allocated for university aid in proportion to the number of registrations of full-time students at university level proceeding to university degrees. The item provides that the Minister of Finance will have the right to set up a committee drawn from the national council of Canadian universities for the preparation of regulations. As between the provinces there can be no discussion. It will be a mathematical calculation as to what amount each province will get. Then within the province that will be divided according to the number of registrations in that province. The subsidy should go to the institution which has the registration that creates entitlement to a portion of the grant. Whether that would be paid directly to each institution or paid to the university will depend upon regulations that will be established, but it would seem to

me that the payment to which a registered student entitles an institution should go to the institution where he is registered.

Mr. Coldwell: I think this is one of the most satisfactory proposals the government has made with regard to higher education. As the Prime Minister has explained, it seems that the government is placing upon the province the responsibility for the division of the money after it has been granted on a per capita basis. In other words, the province is still responsible for everything that is done with regard to the disbursement of the grant after the amount paid to the province has been decided upon on a per capita basis.

Mr. St. Laurent: I did not intend to imply it was going to be remitted to the provincial governments for distribution.

Mr. Coldwell: I did not mean that.

Mr. St. Laurent: I intended to indicate that, within a province, it would be the authorities of the institutions in the province who would determine how many registered students there were in the province, and the institutions in which they were to be found, and the grant would then be mathematically, I would hope, contributed to the institutions where those registrations occurred.

Mr. Coldwell: I might have said government, but I did not mean government. I presume that all recognized universities would get the grant.

Mr. St. Laurent: What is intended is that all the institutions, authorized by provincial legislatures to grant degrees, would be recognized as of university level, and then they would determine what grades constitute the registrations at university level.

Mr. Nowlan: I do not want to delay the passage of this item for thirty seconds, but I commend the Prime Minister and the government for the speed with which they have dealt with this matter. I know that all of those who were associated with universities in Canada will appreciate the recognition which has been given to this fine report of the Massey commission. In our peculiar situation in the maritimes, with the numerous universities we have and with Mount Allison on one side of the border and Acadia on the other, I think there may be some difficulty in working out this mathematical proportion to which the Prime Minister has referred. I know that can be worked out later on, so I simply point it out in passing and commend the government for bringing this measure into effect.

Mr. MacInnis: I was not able to hear everything the Prime Minister said in connection with this vote, but I suppose care will be taken to make sure the provinces do not reduce their contributions to the universities because of this grant. As the member for Rosetown-Biggar has said, I believe this is a desirable vote. The information I have seen seems to indicate that during the next four years there will be a drop in the number of graduates from universities. I believe the drop is about two thousand or three thousand. I should like to be assured that the provinces will not be allowed to diminish their contributions just because of this grant.

Mr. St. Laurent: We are being very careful not to appear to interfere with the responsibilities of the provincial governments with respect to universities. This is a vote for one year only, and in announcing it to the house I said that we hoped this would not be regarded as an occasion for reducing the normal assistance given by provincial administrations to their respective universities. I hope, and I feel confident, that the provincial governments will so regard their responsibilities. If anything different did occur, that would become known to parliament, and when another application was made to parliament, I have no doubt that parliament would take it into consideration.

Mr. Noseworthy: Before this item passes, I want to add my voice to those who have already spoken in commending the government for this grant. To me this indicates one more instance in which the government is recognizing the national importance of education, and one more step along the way towards federal aid to education, not only at the university but at secondary and public school levels. I sincerely hope that, when the report of the royal commission is being considered, and legislation based on that report introduced, grants similar to this will become annual grants to universities. I know that there is a committee to be set up which is to give some assistance in apportioning the grant money to the various provincial institutions. We agree with the Prime Minister that the government is anxious not to interfere in any way with provincial rights in the matter of education.

I sincerely hope that when this grant is apportioned to the institutions, those institutions will use the major part of this grant to supplement the salaries of their professors, lectures and if possible to reduce the fees to incoming students. There is a great need for help in both of those fields. Last week end I had a good illustration of the need so far as university men are concerned. I met a university professor who was spending his summer working for one of the breweries. He is pushing beer cartons around. He told me

he was getting more money for that job than he was earning at the university. He did admit, however, that the job was very restful mentally.

We noted a few months ago that all the universities had increased the fees to incoming students. I am confident that if in the 1920's, and the decade preceding that, university fees had been what they are today there are a great many of us who would never have seen the inside of a university. Today the fees are such that it is making it extremely difficult for those who come from working class homes to go through the universities. This grant, if it could be used to reduce those fees or to provide bursaries for students to assist them, will have rendered a great service to Canadian education and to the building of Canadian citizens.

Mr. McLure: I want to ask the Prime Minister one question. This vote provides grants to universities and equivalent institutions of higher learning. Would they be institutions that were not in the category of granting degrees? Does it take in both of those?

Mr. St. Laurent: No, I understand it is institutions authorized by the provincial authorities to grant degrees or institutions affiliated with them and which get their degrees through their affiliations.

Item agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Welfare branch—

734. Old age security—to conduct the necessary registration for universal old age pensions and to organize and administer the payment of such pensions, $508,500.

Mr. Knowles: I want to ask the Minister of National Health and Welfare if he can make a brief statement as to the plans the minister and the department have in mind with respect to the registration for the universal pension? Can the minister tell us when an announcement will be made as to where people can get their forms, where to apply and so on?

Mr. Martin: I am trying to catch a plane in eight minutes, and that is the reason that I have risen.

I should like to say in answer to my hon. friend that the forms for application are practically completed. We hope to have them in the hands of our regional family allowance offices not later than the end of July. This next week, over the Canadian Broadcasting Corporation, I am taking advantage of the opportunity to outline some of the procedures.

We have made arrangements with the provincial authorities to assist us in this respect. Some of the money now being voted is to provide for temporary personnel who will be allocated to our ten offices; and we will also use the permanent staff of the family allowance offices for the purpose of supplementing the work that will be done by those who are engaged in the process of registration that will go on between now and the end of the year.

Ample opportunity will be taken in the press, over the radio and through other appropriate media to inform the public as to the steps being taken. Those who are now in receipt of the old age pension do not need tc register and we urge that they do not register, inasmuch as our task will be an extremely difficult one, and we do not want it to be unnecessarily complicated. But my hon. friend may be sure that every step is being taken so that there will be no delay.

Mr. Knowles: The minister said that the necessary forms would be out in the regional offices by the end of July. May we take it that the advertising in the newspapers and the announcements over the radio will appear and be made at about that time?

Mr. Martin: That is the intention.

Mr. Diefenbaker: There is one question I should like to ask the minister, and it is in connection with proof of age. There are numbers of cases that arise from time to time where it is impossible to prove age by reason of the fact that the people in question came from continental Europe where there is not available today any registration system that is helpful, or where the registration systems have been destroyed; and when those people came to Canada, the situation was that they had no registration.

Mr. Martin: The interprovincial old age pensions board will be meeting on July 16. We expect that that question—which, of course, is one which has also to be arranged with regard to the Old Age Assistance Act—will be reviewed with them at that time, and the principles that will apply to proof of age with regard to that measure will presumably apply to universal pensions when they come into effect.

Mr. Knowles: The minister said that the forms in connection with the universal pension were already prepared. I assumed that they would deal with the question of age.

Mr. Martin: No. They do not deal with the question of proof. They deal with assertion of age. The matter of proof is a matter of regulation.

Item agreed to.

DEPARTMENT OF JUSTICE

171. Departmental administration, $278,399.

Mr. Diefenbaker: Many of these items have been dealt with on previous occasions and for that reason the same careful examination may not take place on this occasion. However, I should like to ask the minister with regard to the case of Nolan, Hallet and Carey, a case from Manitoba, where the department interested itself in litigation as between two private parties in reference to an order in council passed by the government under emergency powers.

The trial court made its decision. The Department of Justice carried the appeal to the appeal court of Manitoba, and the appeal court decided against the contention of the Attorney General of Canada. Then the case was carried to the supreme court; and again the supreme court decided against the viewpoint of the Department of Justice in the interpretation being given to the right of the court to review the question whether or not there was an emergency that justified the order in council.

I remember so well the Minister of Justice, when he introduced the bill abolishing appeals to the privy council, pointing out that in abolishing the appeals the last vestiges of colonialism were being swept aside. I also remember that he pointed out that appealing to the privy council weakened the authority, the dignity and the sense of responsibility of the members of the Supreme Court of Canada.

Mr. Garson: Will my hon. friend quote that statement? I do not remember having said that. I wish he would turn it up.

Mr. Diefenbaker: I have not the quotation here.

Mr. Garson: Mr. Chairman, I am sure that I never made any such statement.

Mr. Diefenbaker: That was my conclusion from his words. But when the minister says that, I, not having the quotation here, must accept his statement that he never made any such statement or gave any such impression. However, the supreme court was established as the final court. I understand that the decision of the supreme court on this important matter is now being carried to the privy council, a course which is scarcely the tribute to the supreme court that I believe should be paid to that court by the Minister of Justice who introduced the legislation giving finality to its decisions. However that may be, the appeal is being made, a fact which indicates that the Minister of Justice is not satisfied that the decision of the Supreme Court of Canada was the correct one. Otherwise there would not be the appeal.

Then the minister gave utterance to the expression of a viewpoint that was scarcely a proper one to be expressed by a person occupying the position of the upholder of the rule of law. I care not what the principles at stake are in the Nolan, Hallet and Carey case, the supreme court, if upheld by the privy council, will in fact be establishing the law in reference to this important subject. After all, the rule of law demands recognition that the decisions of the court, as to matters that have already taken place prior to that date, shall be accepted as finally decided upon. However, the Minister of Justice has given notice that if the privy council does not decide the way that the Department of Justice believes the law should be on the question of emergency, an order in council is going to be passed to deny the application of the decision in the Nolan case to any of the other parties regarding whom the litigation has been proceeded with. Are the press reports correct in that regard? Will the minister make a statement showing the expenditures up to date for legal fees and the like for the carrying on of this case, as well as the prospective costs of the appeal to the privy council? This is more than just difficulties between parties. This move of appealing to the privy council is one of very considerable concern to the establishment of that regard for the supreme court that the supreme court deserves.

The supreme court has been strengthened by the additions that were made. The right of appeal is there, and it has been exercised by various private litigants in so far as litigation is concerned that commenced prior to the abolition of the right of appeal to the privy council. I feel that the taking of the appeal from so august a court, so firmly established as it is now as the final court, by the action of the government of Canada, strikes at the supreme court in a way that should not be countenanced. When I say that I am not speaking of any of the issues as between the plaintiff and the defendant in this action, or the intervener, the attorney general. I am speaking of the principle at stake. Now that the supreme court is the final court, surely the first blow at a decision of that court should not be made by the Department of Justice and by the Minister of Justice who introduced the legislation in order to remove that feature, as it was called, or badge of colonialism. The first blow at the decision of that court should not be taken by the people of Canada as a whole.

I am not going to labour it, but I feel most keenly that the appeal that is being taken

indicates at least a suspicion of the view that the supreme court was not correct in its judgment, otherwise there would be no appeal. The taking of the appeal by the Department of Justice on behalf of the government of Canada is an action that cannot but have an effect that is not desirable, having regard to the importance that the supreme court now assumes in being established as Canada's final court of appeal.

Mr. Garson: Mr. Chairman, to begin with, I am sure that my hon. friend will realize that this case to which he refers is *sub judice* because, within the matter of a few days, the government will be applying to the privy council for leave to carry this appeal to the privy council. Therefore my scope for discussing a case which is *sub judice* is very considerably narrowed.

Mr. Diefenbaker: I was limited in the same way.

Mr. Garson: I agree that my hon. friend was limited in the same way. The government took the action about which my hon. friend complains because they regarded the moral issue which was involved in this matter as being a very clear one. That issue was that in war there is danger of inflation. It is the government's duty, as far as it can, to prevent inflation. To this end it introduced controls, and when they had served their purpose, after the war was over, the government took off these controls by a policy of decontrol. Now, when these controls are taken off there can result from decontrol large unearned profits.

The moral issue is: should the government, by its policy of decontrol, prevent those unearned profits, or should it create and bestow them upon a few favoured persons holding large quantities of the commodity being decontrolled? Should the government provide those unearned profits for these favoured persons at a time when the mass of the nation is making sacrifices? The government's answer to those questions is that it should certainly prevent such unearned profits, and that has been its policy. And it was in the carrying out of this policy that this appeal has been taken, and that the statement to which my hon. friend took exception was made by me.

Now, the question arises in this connection as to where my hon. friend and his party stand on this policy. Do they support the government's policy, or are they opposed to it? And if they are opposed, are they opposed openly and directly; or does the opposition take the more indirect and subtle form of opposing the things which the government must do in order to make this policy effective?

[Mr. Diefenbaker.]

The secondary moral issue which is involved in this policy of preventing unearned profits on decontrol is whether the policy should apply uniformly to all commodity owners, or apply only to those who acquiesce in its application? The government believes that it should apply these provisions uniformly to those who acquiesce in them, and also and equally to those who resist their application; and that is what the government has tried and plans to do.

Then there is the legal issue, and which, because this case is *sub judice*, I am not in a position now to discuss; but I think I should say that the government has an interest in this judgment which goes much further than the outcome of this case itself. We now may be moving into another period in which controls may be necessary. It is therefore of the highest importance that we should know what the law concerning controls and decontrol is before we begin any consideration of amending it to suit our present needs. If the supreme court judgment in the Hallet and Carey case stands, the law with regard to this subject matter will in our opinion be left in a less certain position than it was before the Hallet and Carey case was decided. It seems to us that, if there is any possibility of clarifying the law in relation to this subject matter by means of an appeal to the privy council, it is our responsibility to take such an appeal; and that is what we are now attempting to do. That brings me to the third issue, the one which the hon. member for Lake Centre has raised, namely, the issue of the propriety of appealing from the supreme court to the privy council.

It is alleged that the passage by parliament at the request of the government of an act making the Supreme Court of Canada the court of last resort was—and it was indeed—an expression of our great confidence in the competence of the supreme court. I do not know how we could express our confidence more completely than by this act. My hon. friend from Lake Centre now argues from this, that because we have great confidence in the supreme court we should never let our minds entertain any doubt whatever as to the propriety of every single decision of every single judge of that court. I cannot agree with him upon this point. The court is made up of jurists who are extremely able and competent, but who, being human beings, are not infallible. Therefore, the fact that we have the greatest possible confidence in our supreme court is no reason why we should automatically agree with every single judgment and every reason for judgment of every judge on that bench, even although the

reasons for judgment may not all agree with one another, as in this case all of them did not.

Now I grant you that, leaving out other serious considerations, it would have been preferable for the government not to appeal any of the decisions of the Supreme Court of Canada at this particular juncture. That was one reason why we did not appeal other judgments, as we might otherwise have done.

Mr. Diefenbaker: Which things?

Mr. Garson: There were other judgments which we might have appealed, but which we did not. But in this particular Hallet and Carey case, it was the fact that the much less critical issue of propriety was so far overweighed by the legal issue and by the moral issues, particularly by the latter, that we took the step that we did. For the real issue here is whether the government is to carry out effectively its policy of preventing unearned profits directly attributable to a government control or decontrol policy.

It would seem that any policy or attitude other than the one which the government has followed would be unacceptable. I do not think that Canadians will willingly submit to the reduction in their standard of living which is unavoidably involved in meeting the cost of preparing to prevent a modern war if they think that, as a direct result of government policies, some of their fellow citizens at the same time are reaping millions of dollars of fortuitous profits arising directly out of control or decontrol policy, while the government and parliament stand by without using their power to prevent such profits.

Mr. Diefenbaker: That argument advanced by my hon. and learned friend denies every principle and rule of law. That is an argument I did not expect my hon. friend to make. He says the government is now entering into the period of control against inflation. He does not say that is the reason the appeal is being taken, but he says there is a great moral issue to be determined. Mr. Chairman, I ask the minister: Is the Supreme Court of Canada as at present constituted not able to deal with moral issues? Is the privy council, to which my hon. friend made such direct references two years ago, regarded by him today as more fitted to deal with moral issues than the Supreme Court of Canada, which dealt with the issues that were before that court in this case?

My hon. friend says the purpose is to prevent the unjust reaping of profits. Why, then, wait until the privy council decides? Why make an appeal from the supreme court, after having first set up the supreme court as the final court, and then take a judgment as important as this and make the statement that on the moral issues, by implication at least, the supreme court did not properly deal with the matter? Why did he not pass an order in council?

Mr. Garson: Mr. Chairman, I must ask my hon. friend to withdraw any suggestion that there was any implication in my remarks that the supreme court did not deal with the moral issues of the matter. I think my hon. friend will agree with me that it is the duty of the supreme court, like all other courts, to deal with legal issues before them. That is all it can deal with.

Mr. Diefenbaker: That is what I am coming to. And the privy council can deal only with legal issues and not with questions of moral issues? And that is the appeal that will be made there. And the only one that my hon. friend intends to make under the moral issue is to tell the privy council in advance, by his public statements, that if it does not decide that the supreme court was wrong in the matter he intends to use the prerogative and power of the governor in council by order in council to say that, regardless of what the law may be declared to be, the government will say that the law shall be as defined by the government by order in council.

That is exactly the point I am making. I regard this as a most serious thing in this country. I can still hear my hon. friend in stentorian tones speaking in these words—and again I have not *Hansard* before me and am just quoting a quotation by my hon. friend:

> The real issue in this matter, I submit, is whether we, as members of parliament, can rise above lesser loyalties and lesser considerations to think and act as citizens and legislators of a great country . . . If in smallness of mind and meanness of spirit we needlessly perpetuate such a situation (as privy council appeals), we are unworthy of the efforts and sacrifices of our fellow-Canadians, and undeserving of the bounty which providence has bestowed upon our country.

Mr. Garson: I am sorry my hon. friend did not make my speech for me. It sounds pretty good when he delivers it.

Mr. Diefenbaker: Those words were spoken in this chamber three years ago. I remember my hon. friend speaking about fetters and colonialism, that those things were in the past. And the first person to utilize the right of appeal to the privy council against a decision affecting every part of our country is the Minister of Justice, who says that moral issues transcend the question as to the propriety of appealing against a decision of the supreme court.

I ask the Minister of Justice this: Did he say he was going to pass an order in council, provided the privy council did not decide the way he wants them to? If he did, then why

does he not pass an order in council, now that the supreme court has made its decision, and not undermine the dignity, the respect, the finality and the regard that the supreme court deserves, now that it is our final court.

I am not up to now prepared to trust the governor in council to decide moral issues by order in council in our country.

Mr. Garson: On a point of privilege, my hon. friend is quite incorrect when he suggests that at any time I suggested we were going to pass any orders in council in relation to this matter. That is quite incorrect.

Mr. Diefenbaker: I am glad to have the denial, because the press carried that statement, allegedly made by the Minister of Justice.

Mr. Garson: No, I suggest the press did not.

Mr. Diefenbaker: I will say what it was, and I will withdraw if I am wrong, because I have not the clipping here.

Mr. Garson: I have.

Mr. Diefenbaker: I understood the minister was reading from something, and apparently it was the interview he gave. The minister allegedly stated that if the privy council did not decide the issue in accordance with the claim of the dominion government he would see to it that an order in council would be passed.

Mr. Garson: No, I never said that at all.

Mr. Diefenbaker: Let me finish, and then the minister can say whether he said it. He said he would see to it that an order in council would be passed that would deprive all parties who took unjust advantage of the judgment of any illicit gains. If the minister did not say that, was he correctly reported?

Mr. Garson: In this particular connection I said:

> Should this appeal not be successful, the government of Canada, being desirous of applying to the decontrol measures in oats and barley the same principles of preventing fortuitous profits as were applied to other commodities, gives notice that it will, in order to carry out the principle of preventing such fortuitous profits, introduce legislation in parliament—

My hon. friend has orders in council on the brain.

Mr. Diefenbaker: What date was that? There was an earlier edition.

Mr. Garson: This is the only statement that was ever given out.

Mr. Diefenbaker: I am asking the minister the date.

Mr. Garson: This is the only statement that was ever given out to any person at all and it was on or about February 15, 1951. I think perhaps it would be better if I completed that. It reads:

[Mr. Diefenbaker.]

> —in order to carry out the principle of preventing such fortuitous profits, introduce legislation in parliament confirming the settlements with all of the commercial traders in oats and barley, other than Mr. Nolan, and will, therefore, not recognize claims made on behalf of such commercial traders upon the wheat board or upon the government in derogation of the settlements already made.
>
> Meanwhile the government is authorizing application for leave to appeal rather than seeking legislation at this time, because it feels no exception in favour of Mr. Nolan should be recognized until every possibility still open for judicial determination of the question has been exhausted.

Mr. Diefenbaker: The minister has given his statement and I have no hesitation in saying that that statement does not contain the reference to which I have referred, in spite of the fact that reference was made to it in the press. The minister says that he did not say that an order in council would be passed and I accept his statement. I ask him a simple question: Does he regard it as being necessary to go overseas to the privy council in search of justice in connection with this case?

Mr. Garson: I cannot answer that question without being repetitious.

Mr. Diefenbaker: Be repetitious.

Mr. Garson: I apologize for being repetitious. I shall put it in this way. My hon. friend is quite right in saying that when the supreme court judgment was delivered we were of the opinion, quite respectfully and deferentially but nevertheless of the opinion, that it had the effect of changing the jurisprudence upon that subject from what it had been up until that time. Maybe we were wrong in that view, but that was the view which we entertained.

We were of the opinion also that, if the view as we conceived it to be of the law prior to the supreme court judgment were still to obtain, it would be very much in the interest, not only of the disposition of this particular case but of the operation of any control measures which future circumstances might make necessary. With that end in view and because the judgment of the Supreme Court of Canada was not unanimous and because the reasons for judgment of those judges who found against the government were not in agreement one with another, we considered that in this particular case upon balance it was wise and proper that we should take an appeal to the privy council which, as my hon. friend knows, gives one judgment of the court which if given will be definitive of the law upon that point. The moral question with which my statement dealt as to what action might be taken after that would not arise until after the privy council judgment had been given, and might not arise at all.

It was thought in the meantime upon an issue of this sort that it was more honourable and more honest with everyone concerned for the government to state its position fairly even in advance of the appeal.

Mr. Diefenbaker: What does the minister mean by saying that the privy council would clarify the law? Would not the Supreme Court of Canada clarify the law? I ask a second question which is part of my other question. Does the minister believe that the Supreme Court of Canada, now that it is the final court, should deliver just one judgment instead of judgments by the various judges?

Mr. Garson: Dealing with the first question, our view in the Department of Justice is that the law as it stood before the supreme court judgment was given was not clarified by that judgment. I ask my hon. friend not to urge me to go any further than that because this case is *sub judice*. We are on the verge of being improper in discussing it to the extent we have, but I want to be frank for the purposes of the present debate. That is the reason why we took the appeal.

With regard to the second matter which my hon. friend has raised, I do not think that that is relevant to the present discussion and I would prefer not to express an opinion upon a matter which involves the court's control over its own business.

Mr. Diefenbaker: When I made reference to the order in council, and I accept the minister's statement that he did not say that, I was not referring to the speech he made in the house on February 16 last. I was referring to the statement made the night or day following the decision being handed down by the supreme court. That appeared in various papers across Canada. I was not referring to what the minister said on February 16 in the house, I was referring to the statement which the minister said he did not give to the Canadian Press or to any press that if the privy council decision upheld the supreme court it was the intention to proceed by order in council.

The minister says that he never said that, and I accept his statement in that regard. However, the explanation he has given does not meet the challenge—I want to repeat this —which goes to the ability and the capacity and the judgments and the learning of the supreme court. We set up this court as a final court of appeal. We say that its decisions will be final in this country. Parliament intended that each member of the court would give his own individual judgment, or at least that the various views would be represented in the judgment, as was the case in the matter of Nolan.

We are going to follow the system followed in the United States supreme court rather than in the privy council. Yet on this case, a case of vast importance to the interpretation of our constitution and constitutional powers, the taking of an appeal will in my opinion have the effect and the result of not paying to that court the abiding respect which its judgments deserve as a final court. No amount of explanation as to moral issues will suffice because our court is fitted to decide moral issues. There is no question as to consequences because courts are not concerned with consequences. In this case the chief justice of the Manitoba court of appeal stated that he could not understand what the government had done here.

Mr. Garson: I do not want to interrupt my hon. friend but I do not think he should discuss this case in those terms when it is *sub judice*.

Mr. Diefenbaker: What the Manitoba court of appeal said is not in issue.

Mr. Garson: As my hon. friend knows, it may emerge finally as a reason for judgment adopted by the privy council. It would not be the first time they have adopted a Manitoba appeal court judgment.

Mr. Diefenbaker: I say to the minister that I for one feel that the action of the government in this regard has struck at the very vitals of the independence and the sense of responsibility that the supreme court deserves to have now that parliament has given to it finality in the matter of judgment.

Mr. Drew: I think that there is a great deal of importance in the fact that the Minister of Justice has decided to pursue this course as has been outlined by the hon. member for Lake Centre, after himself asserting strong reasons why this should not be done. I suggest they cannot be passed over now because these were the reasons given for asking that this legislation be passed when the bill was presented for second reading on September 20, 1949. One of the reasons given by the Minister of Justice was the practical reason which he put forward that there should be no threat against the less wealthy individual of having to take his appeal to another continent and to accept the expenses involved. He said that that threat should be withdrawn.

Mr. Garson: If my hon. friend is worrying about the litigant in this case, I can inform him, if my doing so will not be interpreted as an attack against wealth, that this is a wealthy man who is quite able to look after himself.

Mr. Drew: We are not dealing with individuals. We are dealing with the principle of carrying this case to a court where the minister thought that cases should not longer be carried. In this particular case the minister did say exactly what the hon. member for Lake Centre interpreted in his own words at the outset, and it is found at page 73 of *Hansard* of the autumn session of 1949. The minister said:

> Indeed, sir, we desire in our supreme court to emulate that greatness—

He is referring to the privy council.

> —as a court of ultimate exclusive appellate jurisdiction; and we think that the best, if not the only way, in which we can begin to do so, is to make our own supreme court also one of exclusive appellate and ultimate jurisdiction, by passing the bill we now have before us.

In other words, to give our own supreme court its dignity we must stop going to the privy council. Then in his closing remarks he said:

> Surely, Mr. Speaker, we have here a country which from the beginning has had many qualities of greatness, which is more united, magnanimous and powerful today than it has ever been, and whose resources and possibilities seem to require only that we should ourselves act as the citizens of a great country to make our Canada achieve the destiny of which she is capable. We, the citizens of such a country, should not ask those of another, even though they be of our own blood, to decide our lawsuits for us, interpret for us the laws which we pass here, and provide amendments for our constitution at our request when we need them.

The same minister who said that on September 20, 1949, now says that they seek a definitive judgment to interpret our laws for us. What is more, the same minister has indicated that in addition they are making public, at the time that this case is *sub judice*, the threat that no matter what the decision is they will take care of it anyway. If that is consistent with an approach to our judicial processes, then I think that we still have a great deal to learn in this country about the dignity of our courts. In any event, whether or not this case proceeds, the minister has one course before him which he could well adopt to be consistent with what he has said before. He could make it perfectly clear that he has no thought of carrying out the threat that he made in saying: Unless we get what we want at the privy council then we will ride high, wide and handsome over the laws as they have been interpreted by this final court of appeal.

Mr. Wylie: Mr. Chairman, it is not very often that I speak in the house, and I have no intention of getting into an argument with the Minister of Justice. I also have no intention of delaying the house, but I have a problem that I think should be brought before the Minister of Justice. I regret having to wait until the last day of the session to discuss it.

An hon. Member: So do we.

Mr. Wylie: However, it has happened that the minister's estimates have come up on the last day. The matter has to do with comics, sex comics, crime comics, or whatever you might call them. Perhaps the Minister of Justice knows something about what has developed in Medicine Hat during the past two months so far as crime comics are concerned. Possibly I could discuss this matter under a particular item but as it is fairly general I feel I am quite in order now. We have got into a situation where I feel something should be done about it. It will be recalled that I took an active part in trying to get crime comics and sexy comics banned in Canada. I certainly appreciated what the government did in 1949 to do away with many comics that were on our newsstands.

However, what has happened today is that they have changed the outside cover while the inside is still the same. In Medicine Hat we have a news agent who is very well known and is a highly respected citizen. He had no intention of making money out of sex comics as they were published before 1949. Mr. Watson has the same idea today. I admire him for it, but just because he has refused to handle some publications put out by certain firms in Toronto he is going to lose the handling of many good publications. I am going to refer to a few of the publications that he is liable to lose. I have two letters here that I might read to the minister. However, I am sure he will give the matter consideration without my wasting time doing that. This man is liable to lose the handling of *Time, Life, Newsweek, Look, Popular Mechanics, Field and Stream, Collier's, Woman's Home Companion* and *American*. Those are just a few. I should like to read to the minister what I have on file.

Some hon. Members: Carried.

Mr. Wylie: You can yell "carried" all you like but it will not make any difference to me. It seems to me that there is a monopoly in comics and magazines in Canada. I think it is about time that the government, through the Minister of Justice, did something about it so that news agents in our cities will not be compelled to handle all this—I do not know just what word to use; I know what I should like to use.

Mr. Knowles: Trash.

Mr. Wylie: Yes, trash, as the hon. member for Winnipeg North Centre says. I do not think our news agents should be compelled to

handle trash in order to get the agency for the other magazines. This is something for the Minister of Justice to look into. So far as I am concerned there is a situation developing in connection with crime comics and other magazines which should not be allowed. The sooner it is stopped, the better.

As I said earlier I have some letters here which I could read to the minister. If he wants to see them, I shall be glad to send them over to him. I think it is unfair, when we have an agent of the calibre of the man we have in Medicine Hat, a good family man, that he is compelled to handle all the trash that comes along. If he does not handle it he loses the agency for every other magazine. I hope the minister will take this all into consideration and see that the Combines Investigation Act is used to stop this sort of thing.

Mr. Fulton: Before the minister replies to that I have—

Mr. Garson: I think I should reply to this.

Mr. Fulton: But I have a suggestion to make.

Mr. Garson: But my remarks will perhaps obviate the necessity for the suggestion. We have already taken action by passing laws to prohibit crime comics. The enforcement of those laws, in so far as prosecutions under them are concerned, is entirely the responsibility of the provincial attorneys general. When a publishing company, as a condition to furnishing its purchasers with copies of decent magazines, insists that they take a lot of trash of this sort through the exercise of what perhaps may be some monopoly position, then we have regarded that as the responsibility of the combines investigation branch. Several days ago we took action in this very matter upon the basis of complaints that came to us from the province of the hon. member. In so far as it lies within our power we want to back up a news dealer who is decent and honourable enough that he will even entertain the possibility of some sacrifice to himself rather than handle this rubbish.

Mr. Wylie: I want to thank the minister for that information. I do think something must be done. We know that it is up to the provincial governments to see that decent literature is placed on the newsstands. We did pass a law here in 1949 in connection with crime comics. At that time there was a long debate on the matter, and I took part in it. Perhaps I got into trouble with some of the publishers in Toronto. If those publishers in Toronto still want to publish that trash, let us not conceal it. Let us make them put it right out in the open, and not cover it up with a plain piece of paper.

Mr. Fulton: I have been waiting until this stage because, along with the member for Medicine Hat, I feel that the question has now reached serious proportions. As he has said, in 1949 the minister, in a spirit of the utmost co-operation, accepted a suggestion which came at that time from here and he went the whole way and introduced as a government measure a bill banning crime comics. Like the member for Medicine Hat, though I will not take the time to do it at this stage, I could produce a great volume of representations to the effect that crime comics, while they have disappeared in their previous form, are taking new forms and to some extent are being replaced by most offensive sex and other forms of trashy material. "Trashy" is not quite the right word, because this stuff is dangerous.

While I agree with the minister that the responsibility for law enforcement is provincial, I should like to see more effort in that direction to make the legislation effective. Nevertheless, I think the situation is developing to the point where existing legislation does not cover the new types of offensive and harmful material which have appeared. I appreciate that this is an extremely difficult subject. I am not going to be dogmatic or didactic as to the form in which the legislation might be enacted. I merely put this out as a suggestion. It seems to me it is comparatively easy—I say only comparatively easy—to define the offence of publishing crime comics, because the literature itself is dealing with something which is a crime. Because sex, love and such things are not crimes, it is extremely difficult to draft a definition stating when literature dealing with these subjects is offensive and should be banned, and when it is not offensive and should not be banned. I realize it is very difficult. But I think an effort has to be made because I think the earlier situation is again reaching the position where some legislative action must be taken.

I suggest, therefore, and I shall not enlarge upon it at this time, that the minister might consider between now and the next session the appointment of a committee of this house to look into the whole question of comic literature, and to consider whether legislation could be enacted which would provide an effective control of this type of offensive literature without any invasion of the freedom of the press. It seems to me that the problem is to reconcile the question of controlling and proving the publication of offensive literature, and at the same preserving the freedom of the press. I think it is a problem which it is not beyond the capacity of the members of this house and of the Senate, who are experts in the law, to solve. I think it is a problem which does require to be dealt

with so I put forward the suggestion which I hope the minister will consider between now and next session.

Mr. Garson: I am quite willing to consider any suggestion which comes from the hon. member who has shown a special interest in this matter. But I would remind him that on a previous occasion he brought forward a bill, the government considered it, and then in consultation with the practical man who has to enforce it in the various provinces, we greatly strengthened that bill from the form in which it had originally been put, and passed it in the form which it now is on the statute books. In that strengthening process we had the advice of the people who, in my judgment, are best qualified, and that is those who have the onerous job of enforcing the law. We were grappling with this question of where one is going to draw the line between freedom of speech and the beauties of literature on the one hand and obscenity upon the other. That is an extremely difficult question which has not been solved with complete satisfaction, I think, in any free society in the world as yet.

Mr. Fulton: If I might just make this observation, that amendment did not deal with obscenity at all.

Mr. Garson: If I might just finish this sentence, I should like to do so. I would doubt whether any committee we might set up would add much to the law which we have on the statute books at the present time; because this represents the expert views of people who have been charged with the administration of justice. I should have thought that perhaps what we need now is a little bit more enforcement of that law rather than any tinkering with it or trying to improve it.

Mr. Fulton: I am sorry if I did not make myself clear, because the minister does not appear to have grasped the point I was getting at. He has referred to the law enacted in 1949 as dealing with the problem of controlling obscene literature. He referred to the question of obscenity. I wish to point out to him, as I did at the moment when he was speaking, that it did not deal with the question of obscenity or obscene literature. That amendment which we passed in 1949 dealt exclusively with the comic literature known as crime comics.

Mr. Garson: No.

Mr. Fulton: Yes. If my hon. friend reads the amendment, I think he will find that it did. It dealt entirely with crime comics. What is being suggested now is that although crime comics, at least in the form in which they were then being published, appear to have gone from the newsstands, their place is being taken by another form of literature to which I am directing my remarks in the main, a most offensive and vicious type of obscene literature, namely, this trashy, rubbishy, and dangerously offensive sex material. That is the kind of thing which was not dealt with by the amendment of 1949. It is because, as I have said, it seems to me more difficult—more tricky, if you like—to deal with that kind of offensive literature than it is to deal with the crime comic type of literature, that I am suggesting that the whole question be taken under advisement first of all by this committee which I have suggested; and that would not preclude in any way the subsequent step of referring the suggestions of that committee to the attorneys general of the provinces, as I think should be done. It is to deal with that type of literature that I am now making this suggestion.

Mr. Garson: I do not know whether my hon. friend became aware of this fact during the course of that bill through the house, but while his original amendment dealt only with crime comics, it was an amendment to that section of the code which dealt with crime comics, obscene literature and the like; and in the course of submitting his suggestion and others of our own to the attorneys general of the various provinces and their staffs, we necessarily obtained their views upon this related question of obscenity.

The only difficulty about opening up the matter again is, I should think, that unless some extreme ingenuity is exercised by the members of this proposed committee, we shall probably end up by submitting to provincial crown prosecutors what in substance would be the same material that we submitted on this previous occasion. As my hon. friend knows, this effort of ours was a tidying up of one or two sections of the code. My hon. friend suggested that an amendment be made to them. In the course of consideration of his amendment we necessarily considered the provisions of the sections themselves. If he will examine the remarks of other hon. members—and certainly in my own remarks upon that same amendment I dealt with the matter at great length—he will find that particular question of obscenity was dealt with.

Mr. Wylie: Mr. Chairman, may I repeat what I said when I first spoke. There appears to be a combine and a monopoly in connection with comics in Canada. When one publisher who is publishing crime comics, sex magazines or anything else, gets together with another company publishing what you might call good comics and tells an agent such as the

one we have in Medicine Hat that his contract is cancelled because he will not handle this trashy stuff, there is a monopoly in existence. That is what I am objecting to today. It seems to me that a situation of that kind should come under the Combines Investigation Act. Without a doubt there is a monopoly in connection with the handling of crime comics and many of our other good magazines today. I think it is about time that the matter was looked into.

Mr. Garson: Mr. Chairman, I told my hon. friend in the clearest language I could command that we have been looking into it. In order to make it abundantly explicit, I may add that it is two or three weeks since we started looking into it; the matter is still being considered, and will be carried right along.

Mr. Wylie: We are glad to hear that.

Mr. Drew: The minister has just said, in effect, that what we require is better administration of the laws we have rather than tinkering with those laws. It is in relation to that remark and that point of view that I wish to refer to the fact that every statement that may be made in the House of Commons or may have been made during this present session in regard to the strengthening of the laws dealing with subversive or traitorous activities is utterly meaningless unless the laws are acted upon when they are passed. As an example, I would just draw to the minister's attention the sort of thing that is going on and with which it must surely be possible to deal under the laws as now widened if not under the laws which already existed.

On May 2 last there appeared in different papers in Ontario the report of a May-day gathering in Toronto. I give this particular quotation from the Toronto *Star* perhaps with the idea that it might be regarded as the favourite Toronto newspaper of the Minister of Justice. As to what was said at that May-day meeting, where the name of several well-known communists appeared, the report reads as follows, and I quote from the Toronto *Star* of May 2:

> He was followed—

And the "he" in that case was a well-known communist, Mr. Norman Freed.

> —by one of two women on the committee, Mrs. Kari Levitt, Vienna-born leader of the year-old National Federation of Labour Youth.
>
> Mrs. Levitt, who has been in Canada three years, told the heckling students, "The poor boys in the U.S. are being drafted. You might be next. But you can go to college and have fun, not like the men of the Gloucester regiment who were slaughtered the other day. The workers will fight for you.

Mr. Chairman, I would point out that if this report is correct—and it would appear to be correct because of the unanimity of the reports which appeared—it seems to be quite clear that this woman is not a citizen of this country, and that she had the effrontery to go before a group of Canadian young people and tell them to stay here, to have fun and not to bear their responsibilities which they might be ready to accept at a time like this.

Without invoking any of the provisions in regard to treason or any of the new provisions made in that respect, we were told that the amendments to the citizenship act would make it possible to deport people who acted in that way. I am drawing this matter to the attention of the minister with the suggestion—I will go further; with the most urgent request—that without delay he take appropriate steps to have this matter investigated; and if the facts are as they are found here, I suggest that this woman be deported without any further delay.

Then, Mr. Chairman, may I add that at this particular time, while we are hopefully waiting for the possibility that the fighting in Korea might be brought to a termination, while we know who caused that, we are still permitting the publication of scores of openly declared communist newspapers in languages other than English or French—and some in English and French—which have as their declared purpose the undermining of confidence in our democratic system, papers which contain week after week the most treasonable kinds of statements. I am confident that if they were properly examined plenty of ground would be found for action under the Criminal Code. I do suggest that, in the words of the minister, we will find that amongst the laws we have and under the laws we have we can deal with traitors of that kind.

Item agreed to.

Administration of justice—

173. Miscellaneous expenditure, including expenses of litigated matters, $25,000.

Mr. Diefenbaker: A while ago I asked the minister what the legal costs were to date in connection with the Nolan case. I expect it comes under this item.

Mr. Garson: I will get these costs; I have not got them with me but I will have them ready by eight o'clock.

Item agreed to.

178. Combines investigation branch, $248,060.

Mr. Knowles: Will the minister tell us what the status is of the commission that was set up to consider possible amendments to the Combines Investigation Act—the status of the commission's work?

Mr. Garson: The status of the commission is the same as it was at the beginning. That

is, they have complete carte blanche with no limiting terms of reference of any kind at all. They are given the act and they can bring back any kind of finding on it that they see fit by conducting any kind of investigation they see fit. They have found a very great public interest in their work, I think perhaps even more than they expected. They had hoped that all of the necessary briefs would come in by at least the late fall of last year. They were still receiving briefs well on past the new year. That has held up their work in two ways. First, because they could not get down to drafting of the report until they had a complete complement of briefs and materials and oral presentations; and second, because the members of the committee, all of whom are quite eminent men, with heavy duties of their own, had set aside time from their own work within which they had figured in advance that their work on the committee would be completed. When this allotted time was exhausted they found it increasingly difficult to make other times available from their own work. The result is that, as I was recently discussing with Mr. Justice McQuarrie, the chairman of the committee, just the other day, they now think that they will be able to bring down the report perhaps before the close of the fall session of parliament. I want to emphasize that they do not give a firm commitment upon that point, but that is their present target; and they say that given a reasonable amount of good fortune they think they can make it.

Mr. Knowles: The minister will table that report, I take it, as soon as it is in his hands?

Mr. Garson: Decidedly.

Mr. Knowles: Within fifteen days?

Mr. Garson: Quite.

Mr. Benidickson: Is this the committee that is considering at the present time the question that is much thought about these days, namely, the question of resale price maintenance agreements?

Mr. Garson: Yes, I think it would be in the sense that their terms of reference are so wide that they are in no way restricted. For my own part I do not see how they could deal with the subject with which they are dealing without including in their consideration this matter of resale price maintenance; and I understand they have sought representations concerning it.

Item agreed to.

General—

180. To provide for the revision, classification and consolidation of the public general statutes of Canada, $57,500.

[Mr. Garson.]

Mr. Knowles: How is this work getting on? When may we expect the new revised statutes?

Mr. Garson: By good fortune we might possibly be able to bring them in in 1952, but I would not want to make a firm commitment in that regard. This is a very large body of work.

Item agreed to.

704. To provide for the revision of the Criminal Code—further amount required, $20,000.

Mr. Higgins: If the chairman will excuse me I have a couple of remarks to make. The minister knows what I want to say. It has to do with the question of the establishment of district courts in Newfoundland. There is something very wrong about it, as the minister knows. The minister has said in answer to questions that the provincial legislature has not made application, or at least has not passed laws in regard to it, and he cannot do anything about it. Something has to be done. Will the minister tell me what can be done?

Mr. Garson: I hope my hon. friend will permit me a slight correction in his remarks. I did not allege at all that the legislature of Newfoundland has not passed a district court act for that province which creates judicial vacancies for us to fill. What I do allege is that in connection with this matter we have been in close touch with the government of Newfoundland, which has set up what for that province is, I understand, an entirely new type of court. The minute you appoint judges to such courts it puts the whole system into operation and, from that point crystallizes it. From that point it is difficult for the provincial authorities to make any changes which on second thought might seem advisable.

The provincial government has been agreeable to our not making these appointments before now. I think we will be making some shortly. In the meanwhile I do not think it can be contended that litigants in Newfoundland are being seriously prejudiced because the last information that I have is to the effect that in the last judicial year the number of cases tried in the supreme court of Newfoundland, which, by their nature and by the amount involved would have fallen within the district court jurisdiction, was nine. Having regard to the fact that supreme court judges there, as I am informed, are not terribly overburdened with the volume of supreme court litigation and the fact that they have under the terms of the district court act the express authority to exercise judicial powers under that act, and therefore, as supreme court judges, can try these district court cases under the district court act as

supreme court judges, I think the needs of district court litigants are being met during this interval. Otherwise I can assure the hon. member that perhaps we would not have been so deliberate in our consideration of the matter.

Mr. Higgins: I think the minister said an appointment was to be made shortly.

Mr. Garson: Fairly shortly.

Mr. Higgins: Where would it be made?

Mr. Garson: That is a matter we still have to consider. We would not like to say which district.

Mr. Knowles: It will be announced next week, after the house adjourns.

Mr. Garson: No—if I may reply to the interjection; there will not be an announcement next week after the house adjourns.

Mr. Knowles: It is standard practice.

Mr. Garson: Not in this case.

Mr. Higgins: Can something be done fairly quickly, because they do not know where they stand. Would the minister appoint these people soon?

Mrs. Fairclough: Today, let us say.

Item agreed to.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

244. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $4,000,000.

Mr. Harkness: Why has order in council P.C. 1903 of April 26, 1951, which provided subventions under this item for coal mined in strip mines, been cut off?

Hon. George Prudham (Minister of Mines and Technical Surveys): That whole matter is under consideration. We hope to make a decision in the near future to the satisfaction of those concerned.

Mr. Harkness: I am glad to hear that, because I can see no reason why strip coal mines which have been in operation for a number of years and are now in some cases almost out of business should be discriminated against in the matter of subventions.

Item agreed to.

727. Geological surveys—administration, operation and maintenance, further amount required, $150,314.

Mr. Adamson: I should like to make a suggestion which I believe would expedite the handling of estimates of this department. My suggestion would be that the estimates of this department and those of the Department of Resources and Development should be submitted to the mines, forests and waters committee. These estimates are technical, and there are technical experts in both departments. To try to obtain information in committee of the whole is most unsatisfactory. In the great development of our natural resources now taking place I think all hon. members should have an opportunity to hear the experts from these departments. I hope my suggestion will be accepted because in the twelve years I have been here I believe the committee on mines, forests and waters has not met.

Mr. Higgins: The minister will understand that certain areas in Newfoundland, because of the Newfoundland-Labrador bill, have been more or less alienated recently. These areas are of interest because of the mines and timber they contain. Has the minister considered that it might be advisable to ask for disallowance of that bill?

Mr. Prudham: I know nothing of the bill, other than what I have heard in the house.

Mr. Higgins: When he is aware of the bill, will he recommend its disallowance in October?

Mr. Prudham: I do not pretend to be a lawyer. That is a matter for the Minister of Justice to decide. I should think the point to which the hon. member refers would be dealt with on its merits.

Mr. Higgins: In that case—

The Chairman: Order. The hon. member is not in order in discussing a bill which is not before us.

Mr. Higgins: I believe I am right in asking the question, but I shall not press it. Would the Minister of Justice take notice and, when that bill comes before him, consider disallowance?

Mr. Garson: No doubt the hon. member is aware that in all cases all provincial legislation is so considered, as a matter of routine. In every case I sign a certificate to the effect that the law has been considered and that it shall take its course or, as in the very infrequent case, that consideration has been given to disallowance. So I am bound by the law to do what the hon. member suggests.

Mr. Higgins: It is a most unconscionable act, as I see it. Before we resume our sittings in October I would ask him to consider seriously what I have suggested. Otherwise I shall have to make a direct application to him.

Item agreed to.

LEGISLATION

723. General administration, estimates of the clerk, further amount required, $45,000.

Mr. Knowles: Before this item carries I think it might be noted that one of the reasons

these legislation items are going through so rapidly is the great measure of confidence all of us in the House of Commons have in Mr. Speaker, the Clerk of the House, the Sergeant-at-Arms, and all those who are in charge of the administration of the affairs of this House of Commons.

Item agreed to.

Mr. Speaker: I thank the hon. member for Winnipeg North Centre for his remarks. During the session hon. members have asked whether consideration would be given to granting an extra allowance to sessional employees of the house because of the extra work they have had to do during the session. That question was asked both on the floor of the house and privately by hon. members. The officers of the house have taken this matter into consideration and have decided, if it meets with the approval of the house, to allow three days' additional to each sessional employee of the house.

Some hon. Members: Agreed.

DEPARTMENT OF AGRICULTURE

Special—

669. To provide assistance in apple tree removal in the province of Nova Scotia under such terms and conditions as may be approved by the governor in council, $200,000.

Mr. Knowles: I wonder if the minister who is piloting these estimates through can tell us the total amount that has been spent for this purpose and whether it is intended to spend any more?

Mr. Harris (Grey-Bruce): To date the assistance given by the federal government has amounted to $1,962,960. Discussions with the provincial authorities this spring indicated that the tree removal program could be completed this year, and the $200,000 in this vote is the final contribution by the federal government as their share of this project.

Mr. Knowles: Does the minister have the total amount?

Mr. Harris (Grey-Bruce): The explanation here covers only the $200,000 item and does not give the total.

The other night the hon. member for Brant-Wentworth asked for certain information, and with the permission of the committee I should like to place the following statement on *Hansard:*

With the exception of the peace river land recording district in British Columbia, and part of the provinces of Alberta and Newfoundland, the entire country has been established as a restricted area for the eradication of bovine tuberculosis, and all cattle in the provinces of Prince Edward Island, New Brunswick, Nova Scotia, Quebec, and Ontario, have been once tested or are in the process of being tested; 80 per cent in Manitoba, 56 per cent in Saskatchewan, 25 per cent in Alberta, 40 per cent in British Columbia, and one per cent in Newfoundland, with a total of 5,896,500 cattle at March 31, 1951, or 75 per cent of all cattle in Canada.

Three million three hundred and thirty thousand of these are in 228 accredited areas; 30 of which (counties) with 1,250,676 cattle are in Ontario, and it is expected that all counties in the province will reach fully accredited status in the very near future. In addition there are 336,000 cattle in individually tested accredited herds.

During the fiscal period ending March 31, 1951, 2,854,152 tuberculin tests were conducted revealing 21,040 reactors with $1,173,901 paid in compensation. The incidence of infection found was ·81 per cent, or a decrease from 2·29 per cent in 1948-49.

Fiscal Year	Total Tests	Cattle Tested	Reactors	Compensation
1946-47 ..	785,096	735,238	3,852	$ 159,710
1947-48 ..	1,234,671	1,180,221	12,701	463,295
1948-49 ..	1,446,860	1,339,153	31,241	1,181,934
1949-50 ..	2,571,587	2,319,283	31,464	1,332,974
1950-51 ..	2,854,152	2,579,300	21,040	1,173,901
Total .	8,892,366	8,193,195	100,271	$4,311,815

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

Hon. W. E. Harris (for the Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Dion in the chair.

Mr. Harris (Grey-Bruce) moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1952, the sums of $1,852,975,067 and $195,172,180, respectively, be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in.

Hon. Stuart S. Garson (for the Minister of Finance) thereupon moved for leave to introduce Bill No. 406, for granting to His Majesty certain sums of money for the public service of the fiscal year ending March 31, 1952.

Motion agreed to, and bill read the first time.

Mr. Garson moved the second reading of the bill.

Mr. Knowles: By leave.

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

On section 1—*Short title.*

Mr. Macdonnell (Greenwood): Are there any copies of this bill available? We are acting absolutely in the dark. How can we be

sure, having had no time to check these things, that the totals here are the totals of the estimates less the amounts which have been already appropriated in the usual form?

Mr. Garson: My hon. friend can be assured of that. I have checked with the treasury officers and I pass that assurance on to the committee.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On schedule A.

Mr. Higgins: Mr. Chairman, I do not want to object, but I have not seen the bill, and I am supposed to be one of the people who pass the bill. I have asked for a copy of it and I have not seen it. I do not believe anyone else, other than the hon. member for Greenwood, has seen it. Of course I have no objection to his having seen it.

Schedule agreed to.

Schedule B agreed to.

Preamble agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Macdonnell (Greenwood): By leave.

Mr. Garson (for Mr. Abbott) moved the third reading of the bill.

Motion agreed to, bill read the third time and passed.

THE ROYAL ASSENT

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

Mr. Speaker, the Honourable Deputy Administrator 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 Administrator had been pleased to give, in His Majesty's name, the royal assent to the following bills:

An act to amend The Emergency Gold Mining Assistance Act.

An act to vary the Manitoba Natural Resources Agreement.

An act respecting an Income Tax Agreement between Canada and Sweden, signed at Ottawa on the sixth day of April, 1951.

An act respecting a Succession Duty Convention and Protocol between Canada and France, signed at Paris on the sixteenth day of March, 1951.

The Royal Assent

An act respecting an Income Tax Convention between Canada and France, signed at Paris on the sixteenth day of March, 1951.

An act respecting Industrial Loan and Finance Corporation.

An act respecting Canadian Pacific Railway Company.

An act respecting Canadian Slovak Benefit Society.

An act to incorporate Co-operative Fire and Casualty Company.

An act to incorporate The Missisquoi and Rouville Insurance Company.

An act respecting Canadian National Railways and to authorize the acquisition of the railway of The Quebec Railway, Light and Power Company.

An act to vary the Alberta Natural Resources Agreement.

An act to vary the Saskatchewan Natural Resources Agreement.

An act respecting the construction of a line of railway by Canadian National Railway Company from Sherridon to Lynn Lake, in the province of Manitoba.

An act to amend the Supreme Court Act.

An act to incorporate The Ukrainian Catholic Episcopal Corporation of Saskatchewan.

An act respecting the Canada Post Office.

An act to amend The Income Tax Act.

An act respecting Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

An act to incorporate The Great Lakes Reinsurance Company.

An act to amend The Veterans' Business and Professional Loans Act.

An act respecting Benefits for Members of the Canadian Forces.

An act to amend the Pension Act and change the title thereof.

An act to amend The Veterans Insurance Act.

An act to amend The Returned Soldiers' Insurance Act.

An act respecting Grants to Municipalities.

An act respecting The Trust and Loan Company of Canada.

An act to provide for Allowances for Blind Persons.

An act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1951, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An act to amend The Federal District Commission Act, 1927.

An act to amend The Judges Act, 1946.

An act to amend The Prairie Farm Rehabilitation Act.

An act to provide for Old Age Assistance.

An act to amend The Dominion Elections Act, 1938.

An act to establish national standards for dairy products and to regulate interprovincial and international trade in dairy products.

An act to amend the Criminal Code.

An act for the relief of Ellen Agnes Evans Boisvert.

An act for the relief of Muriel Bruce Higgins Greenleaf.

An act for the relief of Real Levesque.

An act for the relief of Mary Ruth Langlois Michael.

An act for the relief of Betty Roseman Feigelman.

An act for the relief of Rachel Aizer Forman.

An act for the relief of Romeo Paradis.

An act for the relief of Joseph Arthur Neveu.

An act for the relief of Kathleen Harrington Courcy.

An act for the relief of Anna Goralczyk Jurewicz.

The Royal Assent

An act for the relief of Colette Clement Carrieres.
An act for the relief of Bertha Barbara Bishop Wheatley.
An act for the relief of Carl Marius Nielsen.
An act for the relief of Doris Eileen Rowe Brenan Stavert.
An act for the relief of Gertrude Job Fraser.
An act for the relief of Ruth Fishman Wynn.
An act for the relief of Beatrice Vida Harriett Hunnisett Glenday.
An act for the relief of Salfeda Busko Williams.
An act for the relief of Margaret Isobel Barnett.
An act for the relief of Thelma Rosenberg Schwarz Bard.
An act for the relief of Rollande Cecile Larocque Duquette.
An act for the relief of Etta Smolkin Shapiro.
An act for the relief of Jeanne Wigdor Millman.
An act for the relief of Capitola Jodoin Ranger.
An act for the relief of Gaston Deguire.
An act for the relief of Jean Troster Fink.
An act for the relief of Rae Goldstein White.
An act for the relief of Phyllis Eileen Paris Gibson.
An act for the relief of Lorraine Colville Watson Anderson.
An act for the relief of Edward Stanley Darby.
An act for the relief of Bernard Kenneth McCormack.
An act for the relief of Mansell Reginald Jacques.
An act for the relief of Julia Starr Melnick.
An act for the relief of William Alfred Jameson.
An act for the relief of Jean Camille Antoine Coutu.
An act for the relief of Mary Jenner Watkins.
An act for the relief of Geraldine Mae Cuffe Kennedy.
An act for the relief of Lucille Ida Fenlon Ashmore.
An act for the relief of Ela Raizman.
An act for the relief of Julia Saad Shagory.
An act for the relief of Lottie Aileen Wright Robinson.
An act for the relief of Arthur David Prosser.
An act for the relief of Edmund Vaughan Stewart.
An act for the relief of Marie Madeleine Clemence McKenzie Caron.
An act for the relief of Meinerth Aage Arsvold Wick.
An act for the relief of Myrtle Louise Vassel Evans.
An act for the relief of Margo Clare McManus McKeown.
An act for the relief of Eli Wilson Jewer.
An act for the relief of Beulah Nellie Elliott.
An act for the relief of Terez Baranyai Jekkel, otherwise known as Therese Baranyai Jekkel.
An act for the relief of Andrew Krilyk.
An act for the relief of Harold Dimond Parsons.
An act for the relief of Peter Seniw.
An act for the relief of Dorothy Agnes Bell Bissonnette.
An act for the relief of Gertrude Banner Jones.
An act for the relief of Selma Schenker Wyler.
An act for the relief of Frances Helen Shulman Cohen.
An act for the relief of Agnes Mary Binnie Bullock.
An act for the relief of Marie Rose Berthe Bernard Greco.
An act for the relief of Paul Emile LeBlanc.
An act for the relief of Taras Pieluch.
An act for the relief of Joyce Margaret Wright Roxburgh.
An act for the relief of Elsie Mary Harrop Cameron.
An act for the relief of Anna Kirk Rosborough Finlayson.

[Mr. Garson.]

An act for the relief of Marie Madeleine Pauline Parent Bjarnason.
An act for the relief of Mona Patricia Kiddie Heaney.
An act for the relief of Irmgard Magdalena Hetzel Lichtenstein.
An act for the relief of Anna Boronow Walter.
An act for the relief of Ann Smith Couldrey.
An act for the relief of Phoebe Ross Kidd.
An act for the relief of Alice Ann Gordon Lewis.
An act for the relief of Evelyn Serchuk Desjardins.
An act for the relief of Vivian June Pomeroy Walker.
An act for the relief of Vivian Edna Bartlett Tribe.
An act for the relief of Jeannine Lafleur Leatherdale.
An act for the relief of Bertram Kenneth Kidman.
An act for the relief of Louis Elie Yon.
An act for the relief of Doris Mary Thompson Lummis.
An act for the relief of Estelle Tetreau Latour.
An act for the relief of Mona Fern Barton Kirkman.
An act for the relief of Addie Jane Monica Wright Brock.
An act for the relief of Evelyn Maria Bianchi Lippiatt.
An act for the relief of Leon Simon Marchand.
An act for the relief of Ruth Helen Findlay Paterson Priestman.
An act for the relief of Ilse Helen Kneutgen Jorgensen.
An act for the relief of Howard Wesley Bartlett.
An act for the relief of Stephanos Katinoglou.
An act for the relief of Yetta Handler Meller.
An act for the relief of Raymond Landry.
An act for the relief of Lloyd William Lane.
An act for the relief of Lovannez Chartrand Dinelle.
An act for the relief of Sophie Kotsos Moscoutis.
An act for the relief of Mae Kert Sigman.
An act for the relief of Sarah Jane Greeley Smith.
An act for the relief of John Cook Donaldson.
An act for the relief of Cecily Chandler Troop.
An act for the relief of Doris May Thompson Ewaldt.
An act for the relief of Laurette Trudel Charland.
An act for the relief of William Stevenson Greenshields.
An act for the relief of Clare Kent Gerrie Jorgensen.
An act for the relief of Beatrice Watson Bell.
An act for the relief of Marion Cruickshank MacArthur.
An act for the relief of Annie Mendelson Teitelbaum.
An act for the relief of Gwendoline Mary Teresa Sullivan Duddridge.
An act for the relief of Jane Stirling Stephens.
An act for the relief of Mavis Elizabeth Thomas Wrathall.
An act for the relief of Ida Courland Rubin Flesch.
An act for the relief of Yvonne Winifred Kathleen Walker Andrews.
An act for the relief of Elizabeth Cochrane Aitchison Lalonde.
An act for the relief of Violet Taylor Carey.
An act for the relief of Julia Saykaly Hajaly.
An act for the relief of Doris Auclair Gingras.
An act for the relief of Georges Paquin.
An act for the relief of Marion Agnes Kelsch Cleghorn.
An act for the relief of Marie Laure Jacqueline Patenaude Racine.
An act for the relief of Muriel Edna Glass Fryer.

An act for the relief of Emma Laronde Bell, sometimes known as Emma DeLaronde Bell.

An act for the relief of Birute Elena Vaitkunaite Akstinas.

An act for the relief of Georges Keith Henderson.

An act for the relief of Joseph Alfred Sabourin.

An act for the relief of Sarah Kamichik Coviensky.

An act for the relief of Yvette Marsan Valiquette, otherwise known as Marie Fernande Yvette Marsan Valiquette.

An act for the relief of Margaret Elizabeth McIntyre Williams.

An act for the relief of Mildred Ann Sinclair Allen.

An act for the relief of Gabrielle Robert Mallette.

An act for the relief of Archibald Kenneth MacLean.

An act for the relief of Marion Evelyn Peak Collins.

An act for the relief of John Brock Short.

An act for the relief of Joseph Duchesne.

An act for the relief of Eugenie Marjorie Ross Finley.

An act for the relief of Helen Marion Peacock Rondeau.

An act for the relief of Ruth Mary Halsey Shaw.

An act for the relief of Rodolphe Boisjoly.

An act for the relief of Theresa Verna Brisson Humphreys.

An act for the relief of Dorothy Shapiro Ram.

An act for the relief of Ivy Grace Barnsdale Moore.

An act for the relief of Dorothy Chaffee Caduc.

An act for the relief of Flora Muriel Crane Keane.

An act for the relief of Opal Jean Ellis Pike.

An act for the relief of Elphege Fournier.

An act for the relief of Marie Elizabeth Rose Ange Cousineau Brousseau.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name the Honourable the Deputy Administrator doth assent to these bills.

Then the Speaker of the House of Commons addressed the Deputy Administrator as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1952.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Deputy Administrator, did thereupon say:

In His Majesty's name, the Honourable the Deputy Administrator thanks his loyal subjects, accepts their benevolence, and assents to this bill.

BUSINESS OF THE HOUSE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to move the adjournment of this house and to move that in accordance with the order made earlier it stand adjourned until October 9 at eleven o'clock in the forenoon, unless in the meantime you find it necessary to request the members to return earlier. I am sure that we all hope sincerely that the international situation and domestic situation will continue such that you will not have to exercise the power which was provided in the resolution adopted by this house.

I think it is a most fortunate coincidence that we are able to adjourn at this time and that we may be able to participate with our fellow Canadians tomorrow and the next day in the celebration of Dominion day, the national festival of Canada. I think it is also a fortunate coincidence that there have occurred in recent days incidents which enable us to look rather hopefully for possible developments which we look for in the relatively near future. I have no further information about those developments, but nothing has been communicated to us which would dampen the hopes with which I am sure we and all Canadians have received the news that efforts are being made to bring about a cessation of hostilities in Korea. I hope that we shall not be disappointed and that the events of the immediate future will be such that we shall be able to attend to matters other than debates in this house between this time and October 9. If I may be allowed to say a personal word, I should like to extend to you, sir, and to all my colleagues in this house my best wishes for a restoring period of relaxation which will enable us to come back at the fixed time in a state of body and mind which will be conducive to a proper consideration and determination of the many important matters that will have to be dealt with during the course of the autumn session.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, may I join with the Prime Minister (Mr. St. Laurent) in the expression of hope that the encouraging signs that there may be some expectation of the cessation of hostilities in Korea will in fact be realized. On the eve of the 84th anniversary of the adoption of the basic constitution of this nation it must be a matter of pride for all of us to realize the extent to which Canada has grown in stature and dignity over the years and to see this country occupying a place of such responsibility in the councils of the world.

In the attainment of that growth and dignity, this house and the parliament of Canada have played an immensely important part. To every one of us this house and the free debates which take place are cherished because we recognize the immense value of the free discussion of the affairs of the nation in the way in which they can be conducted here. In that discussion of the nation's business the senior commoner, who occupies the Speaker's throne, does accept very great responsibilities in maintaining the traditions which are so closely associated with all that we have achieved. May I say to the Speaker that all of us are very proud of the way

in which he has conducted that high office. May I also say that with all of us there is an admiration for the gracious and extremely fair manner in which he has always dealt with the business of this house.

This parliament of ours, and the house in which we now are members, have a very particular significance at this time. No matter what differences of opinion we may have as to the details of procedure or manner in which the business of the country is to be carried out, the dignity and the responsibility of this house are, I know, a source of pride to every one of us. The Speaker has played an extremely important part in that democratic process for each one of us here. During the past year he has won distinction outside this house, and when he visited London last autumn was most highly and justly praised for the manner in which he represented us at Westminster in the memorable meetings that took place there at that time. May I express the hope to you, Mr. Speaker, that we shall all be able to co-operate with you in carrying forward those great traditions.

During the course of the debates that have taken place I for one have perhaps at times added to your difficulties. May I say without reservation that I hope you will accept my assurance that I regret if anything I may have done may have added to the problems of the very high and responsible office that you hold. May I also say without any reservation whatever that in the rapid and somewhat interrupted exchange of debate within the past few days I used an expression which was both unparliamentary and inappropriate. I mention it only for this reason the Prime Minister (Mr. St. Laurent), who is the chosen leader of the government of Canada in these days, will be called upon to accept heavy responsibilities during the months ahead. In the performance of those responsibilities the thoughts of all of us, regardless of party, will be with him, and we shall all be hoping that out of those deliberations which are going to take place there may be the fulfilment of all our hopes.

No matter what may have been said in the heat of debate, I wish to assure the Prime Minister that I have no reservations whatever about my confidence in his personal courage and in his willingness to accept the full responsibility of the high office which he holds. May I say, and in this perhaps I may presume to speak for all members, that during the months ahead, when the Prime Minister will be called upon to speak on behalf of Canada in days of great responsibility, I feel sure that each one of us will be wishing and hoping that he may have health, strength and success in the performance of these great tasks. As we approach the eighty-fifth year of this still young nation, I do not think there is a better birthday wish that any of us could have than that out of the deliberations that are to take place there may be found a basis for continuing peace which is the reason for the heavy contributions that this nation is about to make.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, so far as I can remember, and my memory goes back some times, the adjournment of the house over a long period, as it is being adjourned now, has seldom, I think, been preceded by speeches such as we have heard this evening. Because of the tenor of those speeches, I think it might be well if such a procedure became a custom. The Prime Minister (Mr. St. Laurent) and the leader of the opposition (Mr. Drew) referred to the Korean situation and the hope that the negotiations for a cease-fire that have now commenced may terminate in a peaceful settlement of that situation. I think that must be the fervent hope not only of the members of this house and the people of this country but of the people of the entire world. Nothing that could happen in the world today would be so acceptable as the advent of peace.

The Prime Minister wished us a pleasant vacation. Perhaps those are not the words that he used, but as the one who must of necessity take the heaviest share of the load of the work that is done during a session, I hope that he will find time for relaxation so that he will come back in October refreshed and ready for whatever the days ahead may demand.

Mr. St. Laurent: I hope that we may all have some little time for relaxation, and I wish to thank the leader of the opposition (Mr. Drew) and the hon. member for Vancouver East (Mr. MacInnis) for their very kind words. I wish to say to the leader of the opposition that I am very pleased to accept his words in the spirit in which he spoke them, and I merely add that if we were not occasionally somewhat impetuous we might not have the other qualities that are required to discharge the responsibilities that are ours. I think perhaps the addition of a little spice to the proceedings of the house does no permanent harm to the traditions of parliamentary institutions because after all they are institutions which have to be used and managed by human beings, and it is perhaps not amiss that from time to time we should reveal the natural traits of human beings generally.

Mr. Speaker: May I extend to the Prime Minister on behalf of all members the good wishes that have been expressed for him by the leader of the opposition and by the hon. member for Vancouver East. I would also thank him for his gracious remarks concern-

ing me, and I would especially express my appreciation to the leader of the opposition. The days we have gone through have not been easy days for leaders in this house. I think you will all agree with me that it took great courage to make the remarks that were made by the leader of the opposition this evening. He says he regrets if he has made my task as Speaker more difficult. I can assure him he has not made my task more difficult, he has merely helped to make it more interesting than it would otherwise have been.

Motion agreed to and the house adjourned at 7.40 p.m., until Tuesday, October 9, 1951, at eleven o'clock a.m., unless otherwise ordered, pursuant to the provisions of the special order made Wednesday, June 27, 1951.

[The following items were passed in committee of supply]:

DEPARTMENT OF VETERANS AFFAIRS

818. Departmental administration—further amount required, $37,000.

819. Canadian pension commission—administration expenses—further amount required, $47,000.

Pensions and other benefits—

820. Pensions for disability and death, including pensions granted under the authority of the Civilian Government Employees (War) Compensation Order P.C. 45/8848 of 22nd November, 1944, which shall be subject to the Pension Act—further amount required, $1,570,000.

821. Assistance fund (war veterans' allowances)—further amount required, $100,000.

822. To provide financial assistance after the thirty-first day of May, 1951, in accordance with regulations to be made by the governor in council, to unemployable veterans who are in receipt of pensions under the Pension Act for a disability which is a factor contributing to their unemployability; such financial assistance to be exempt from income tax under the provisions of the Income Tax Act, $2,000,000.

Soldier Settlement and Veterans' Land Act—

823. To authorize and provide, subject to the approval of the governor in council in each case, for the completion of necessary remedial work to houses and services constructed under the 1945 building program (revote)—further amount required, $32,000.

DEPARTMENT OF LABOUR

186. To provide for expenses of the economics and research branch, $460,711.

187. Annuities Act administration, $808,684.

188. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $348,542.

189. Canada labour relations board, $8,000.

190. International labour conferences, $61,118.

191. *Labour Gazette*, authorized by Labour Department Act, $120,948.

192. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council, $255,000.

Vocational Training Co-ordination Act, 1942—

193. Administration, $30,431.

Expenditures for vocational training under the Vocational Training Co-ordination Act, 1942, and agreements between the dominion and provinces approved by the governor in council, including vocational school assistance, projects for training of persons to fit them for gainful employment or for defence industries, youth training, apprenticeship training, vocational training at secondary school level, foremanship and supervisory training and for training of members of His Majesty's forces and other persons to fit them for skilled armed service occupations and to authorize the Minister of Labour to enter into an agreement with any province on terms approved by the governor in council for such expenditures, as well as to provide for undischarged commitments of previous years—

194. Training payments to the provinces, $3,332,000.

195. Payments to the provinces for capital expenditures for vocational schools, buildings and equipment, $1,250,000.

Government employees compensation—

196. Administration of the Government Employees Compensation Act, $59,716.

Terminable services—

197. To provide for expenses including authority to establish advisory committees on industrial matters and manpower co-ordination to act in an advisory capacity to the Minister of Labour, $27,848.

198. Vocational training for discharged members of Canada's armed forces, including undischarged commitments of previous years, $10,000.

199. To provide for payment to the national film board for educational films for exhibition, $24,000.

200. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements and administrative expenses connected therewith, $667,956.

B—Unemployment Insurance Act, 1940—

201. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $23,847,199.

202. Government's contribution to the unemployment insurance fund, $27,500,000.

203. To provide for the transfer of labour to and from places where employment is available in agriculture and industry and expenses incidental thereto, in accordance with regulations of the governor in council, $200,000.

204. To provide for the payment of unemployment assistance to certain residents of Newfoundland to give effect to the terms of union of Newfoundland with Canada, in accordance with regulations of the governor in council and such assistance shall be deemed to be a benefit or payment within the meaning of sections 33 and 67 of the Unemployment Insurance Act, 1940, $500,000.

A—Department—

General administration—

707. Departmental administration—further amount required, $13,057.

Annuities Act—

708. Administration—further amount required, $50,000.

709. To provide, notwithstanding the Government Annuities Act, authority for payment out of the government annuities fund to Fred Clare and

Celia Clare, purchasers of Canadian government annuity contracts Nos. 313,519 and 313,520 of the premiums paid with respect to said contracts less amounts of the instalments of annuity paid under the contracts, $1.00.

710. Notwithstanding the Government Annuities Act, to authorize the Minister of Labour in consequence of the transfer of employees from the original employers to the new employers specified in the details of the estimates to enter into contracts with the original employers and the new employers, to provide that the new employers shall, effective on the dates respectively specified in the details become parties to group annuity contracts specified in the said details respectively in the place of the original employers with respect to employees to whom those contracts applied and who were transferred to the new employers and for the application of the contracts in respect of service with the original employers and the new employers and for such other terms as the minister deems necessary for the maintenance and continuity of pension rights of the employees under those contracts, and to provide for payments in the current and subsequent fiscal years in accordance with the contracts so entered into out of the government annuities account, $1.00.

711. To authorize payments after as well as before the end of the current fiscal year out of the government annuities fund in discharge of obligations purported to have been made with respect to hourly-rate employees under paragraph 2 of subsection (b) of section 3 of group annuity contract G565 entered into under the Government Annuities Act with the subsidiary companies of General Motors Corporation (U.S.A.) operating in Canada, $1.00.

Vocational Training Co-ordination Act, 1942—

712. Expenditures for vocational training under the Vocational Training Co-ordination Act, 1942, and agreements between the dominion and provinces approved by the governor in council, including vocational school assistance, projects for training of persons to fit them for gainful employment, or for defence industries, youth training, apprenticeship training, vocational training at secondary school level, foremanship and supervisory training and for training of members of His Majesty's forces and other persons to fit them for skilled armed service occupations and to authorize the Minister of Labour to enter into an agreement with any province on terms approved by the governor in council for such expenditures, as well as to provide for undischarged commitments of previous years—Training payments to the provinces—further amount required, $320,000.

Terminable services—

713. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements and administrative expenses connected therewith—further amount required, $131,200.

714. To authorize the Minister of Labour to arrange for a program of rehabilitation for the physically handicapped, including the appointment of an advisory committee, and to provide for expenditures in connection therewith, $48,000.

715. To provide for expenditures to be incurred on preparatory work to implement recommendations made by the national advisory council on manpower, $30,000.

Special—

716. To authorize and provide for federal contributions to reimburse the province of Quebec for one-half the expenditure for reconstruction of buildings of technical and marine schools, Rimouski, Quebec, and one-half the cost of re-equipping the technical school in accordance with the agreement entered into between the Minister of Labour and the province of Quebec (revote), $65,419.

B—Unemployment Insurance Act, 1940—

717. To reimburse the unemployment insurance fund under section 87F(1) of the Unemployment Insurance Act, 1940, as amended by statute of 1950, $40,000.

POST OFFICE DEPARTMENT

318. Departmental administration, $951,541.

319. Operations—including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, also including administration, $54,256,849.

320. Transportation—movement of mail by land, air and water, including administration, $36,919,486.

321. Financial services, including audit of revenue, money order and savings bank business; and postage stamps, $2,292,813.

736. Departmental administration—further amount required, $59,000.

737. Operations—including salaries and other expenses of staff post offices, district offices, railway mail service staffs and supplies, equipment and other items for revenue post offices, also including administration—further amount required, $2,411,975.

738. Transportation—movement of mail by land, air and water, including administration—further amount required, $100,000.

DEPARTMENT OF FINANCE

General administration—

112. Departmental administration, $1,505,769.

113. Comptroller of the treasury—central office and branch offices administration, and to authorize payment to Norman Bell of compensation at a rate equivalent to £4-10-0 per week in respect of injuries received while employed in the overseas office of the comptroller of the treasury, $12,084,941.

Administration of various acts and costs of special functions—

114. Superannuation and retirement acts, administration, $176,603.

115. The Bank Act—salaries and expenses of the inspector general of banks' office, $27,968.

116. Administration of the Farmers' Creditors Arrangement Act, 1943 and the Municipal Improvements Assistance Act, 1938, $19,582.

117. Administration of the Farm Improvement Loans Act, 1944, and the Veterans' Business and Professional Loans Act, 1946, $66,011.

118. Foreign Exchange Control Act, 1946—administrative costs (other than those provided by the Bank of Canada), $140,000.

119. Expenses of the tariff board, $112,023.

120. Expenses of the Royal Canadian Mint and the assay office, Vancouver, B.C., and to authorize commitments against future years in the amount of $200,000, $929,245.

The wartime prices and trade board—

121. Administration, $186,750.

122. Commodity Prices Stabilization Corporation—adjustment payment in respect of subsidies previously paid, and costs of administration, $75,000.

123. Administration of employees' instalment purchase plan, including sale and delivery of Canada savings bonds to government employees, and of employees' group insurance plans, $99,082.

124. Administration of the Consumer Credit (Temporary Provisions) Act, $80,500.

Public debt charges—

Servicing of public debt—

125. Commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc., $339,700.

126. To provide, subject to the approval of the treasury board, and as detailed in the estimates, for losses incurred in the issue and redemption of Canada savings bonds, and for miscellaneous losses arising from the sale or distribution of war savings certificates, war savings stamps, victory bonds or Canada savings bonds, $8,000.

Payments to municipalities—

Grants to municipalities in lieu of taxes on federal property—

127. To provide for administration of the program respecting grants to municipalities in lieu of taxes on crown property outlined in the House of Commons, on November 14, 1949, including grants and other payments to be made in accordance with regulations of the governor in council, $1,845,000.

Contingencies and miscellaneous—

128. To provide, subject to the approval of the treasury board, for miscellaneous minor and unforeseen expenses, including recoverable advances for working capital purposes, and for the re-use of any sums repaid to this appropriation from other appropriations, $1,000,000.

129. Cost of telephone service at Ottawa for all departments, $605,000.

General items of payroll costs including superannuation payments—

130. To provide for a government contribution to the superannuation fund in an amount equal to the estimated current payments of individual contributors in the previous fiscal year, $7,966,800.

131. To provide, subject to the approval of the treasury board, for supplementing other votes for the payment of salaries, wages and other pay list charges, $1,500,000.

132. 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, $1,150,000.

Miscellaneous grants—

133. Canadian general council of the Boy Scouts, $15,000.

134. Canadian council of the Girl Guides Association, $9,000.

135. Royal Astronomical Society of Canada, $2,000.

136. Royal Canadian Academy of Arts, $2,025.

137. Canadian Writers Foundation, $4,000.

138. Canadian Olympic Association, $20,000.

139. Boys' Clubs of Canada, $12,500.

General administration—

Comptroller of the treasury—

689. Central office and branch offices administration—further amount required to organize for payment of universal old age pensions, $643,700.

Grants to universities—

690. To provide grants to universities and equivalent institutions of higher learning in amounts not exceeding in total for each province fifty cents per head of population of that province, as determined by the dominion bureau of statistics, and in accordance with regulations to be made by the governor in council on the recommendation of the Minister of Finance, who is authorized to consult a committee drawn from the national conference of Canadian universities in regard to the apportionment of such grants among institutions within each province on the general principle of making such grants proportionate to the enrolment of students at the university level and pursuing courses recognized as leading to a university degree, $7,100,000.

Auditor general's office—

52. Salaries and expenses of office, $612,836.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—

Health services—

731. Immigration medical services—further amount required, $154,460.

732. Industrial health—further amount required, $17,200.

Welfare branch—

Old age pensions and pensions to the blind—

733. Administration—further amount required, $31,260.

Old age security—

734. To conduct the necessary registration for universal old age pensions and to organize and administer the payment of such pensions, $508,500.

DEPARTMENT OF JUSTICE

A—Department—

171. Departmental administration, $278,399.

172. Remission service, including remuneration to members of the Royal Canadian Mounted Police, other police forces and members of social welfare organizations (to be expended under order in council, and not to exceed $5,400) for assistance to this service, and an amount of $18,422 to reimburse the Royal Canadian Mounted Police force the amounts disbursed by them in ordinary pay and allowances to their men on loan to this service, $119,331.

Administration of justice—

173. Miscellaneous expenditure, including expenses of litigated matters, $25,000.

Supreme Court of Canada—

174. Administration, $143,199.

Exchequer Court of Canada—

175. Administration, $81,694.

Yukon territorial court—

176. Administration, $12,050.

Other courts—

177. Payments of gratuities to the widows or other dependents of judges who dies while in office, $15,000.

178. Combines investigation branch, $248,060.

179. Bankruptcy Act administration, $38,678.

General—

180. To provide for the revision, classification and consolidation of the public general statutes of Canada, $57,500.

181. To provide for the revision of the Criminal Code, $32,725.

B—Penitentiaries—

Office of the commissioner of penitentiaries—

182. Administration of the office of the commissioner of penitentiaries, including $35,000 for grants to recognized prisoners' aid societies, as may be approved by the governor in council, $306,014.

183. Operation and maintenance of penitentiaries, including supplies and services relating thereto: administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of convicts; compensation to

discharged convicts permanently disabled while in penitentiaries, $7,433,900.

184. 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 and to authorize commitments against future years in the amount of $200,000, $1,332,411.

Insurance—

169. Departmental administration, $377,445.

170. Expenses of work in the interests of fire prevention, $38,928.

Royal Canadian Mounted Police—

428. General administration, $356,361.

Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

429. Operation and maintenance, $21,278,916.

430. Construction or acquisition of buildings, works, land and new equipment, $3,251,129.

Marine services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

431. Operation and maintenance, $1,092,030.

432. Construction or acquisition of new equipment, $28,700.

Aviation services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

433. Operation and maintenance, $182,696.

434. Construction or acquisition of new equipment, $21,000.

435. Grant to the chief constables' association of Canada, $500.

Pensions and other benefits—

436. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates, $6,133.

437. Pension to Basil Burke Currie, $685.

438. Pension to Annie A. Greer, $254.

Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

784. Construction or acquisition of buildings, works, land and new equipment—further amount required, $810,070.

Aviation services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—

785. Operation and maintenance—further amount required, $13,523.

A—Department—

701. Departmental administration—further amount required, $6,000.

Supreme Court of Canada—

702. Administration—further amount required, $8,000.

703. To provide for the revision, classification and consolidation of the public general statutes of Canada—further amount required, $200,000.

704. To provide for the revision of the Criminal Code—further amount required, $20,000.

B—Penitentiaries—

Office of the commissioner of penitentiaries—

705. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries—further amount required, $125,291.

706. 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 and to increase the authority for commitments against future years from $200,000, included in vote 184, main estimates, 1951-52, to $400,000—further amount required, $556,380.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

B—Dominion coal board—

243. Administration and investigations of the dominion coal board, $108,685.

244. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $4,000,000.

Mines branch—

Mineral resources investigations—

725. Administration, operation and maintenance—further amount required, $50,177.

Investigations of radioactive ores—

726. Administration, operation and maintenance—further amount required, $15,025.

Geological survey of Canada—

727. Geological surveys—administration, operation and maintenance—further amount required, $150,314.

LEGISLATION

The Senate—

The Speaker of the Senate—

205. Allowance in lieu of residence, $3,000.

206. General administration, $362,185.

House of Commons—

The Speaker of the House of Commons—

207. Allowance in lieu of residence, $3,000.

Deputy Speaker of the House of Commons—

208. Allowance in lieu of apartments, $1,500.

209. General administration—estimates of the clerk, $967,046.

210. Estimates of the sergeant-at-arms, $548,824.

211. Subscriptions to publications of the commonwealth parliamentary association to be distributed to members of the House of Commons, and to provide for the Canadian share of expenses of the commonwealth parliamentary association, $10,000.

212. To provide hereby, notwithstanding anything contained in the Consolidated Revenue and Audit Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine

and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year, $56,000.

213. To provide for an allowance to the deputy chairman of committees, $2,000.

General—

214. Printing of parliament, including salaries of staff of the joint distribution office, $269,026.

Library of parliament—

215. General administration, $147,411.

Pensions and other benefits—

216. Pension to the unmarried sister of the late Colonel Harry Baker, M.P., $700.

The Senate—

718. To provide for the payment of the full sessional indemnity for the third and fourth sessions of the twenty-first parliament, to members of the Senate for days lost through absence caused by public business, by illness, or on account of death. Payments to be made as the treasury board may direct, $19,000.

719. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the Senate who attended the first part of the present session which commenced on January 30, 1951, and ended on March 21, 1951, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 21, 1951, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the present session, $5,000.

720. General administration—further amount required, $18,193.

House of Commons—

721. To provide for the full sessional indemnity to members of the House of Commons—days lost through absence caused by illness, official public business, or order of the house, or on account of death, during the third and fourth sessions of the twenty-first parliament notwithstanding anything to the contrary in chapter 147 of the revised statutes, 1927, an act respecting the Senate and House of Commons, or any amendment thereto. Payments to be made as the treasury board may direct, $18,500.

722. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the House of Commons who attended the first part of the present session, which commenced on January 30, 1951, and ended on March 21, 1951, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 21, 1951, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at other one time during the present session, $20,000.

723. General administration—estimates of the clerk—further amount required, $45,000.

724. Estimates of the sergeant-at-arms—further amount required, $61,600.

DEPARTMENT OF AGRICULTURE

668. 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 1950-51, $1,743,515.

669. To provide assistance in apple tree removal in the province of Nova Scotia under such terms and conditions as may be approved by the governor in council, $200,000.

HOUSE OF COMMONS

Tuesday, October 9, 1951

The house met at eleven o'clock.

HIS MAJESTY THE KING

EXPRESSION OF GRATIFICATION AT PROGRESS TOWARD RECOVERY

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, before you ordered a moment ago that the doors be opened you led us all in our usual prayers, including that for the health and well-being of His Majesty the King, which I am sure we all followed with special fervour this morning.

We have each one of us been so relieved at the constant good news of the king's progress towards a speedy recovery since the grave surgical operation which he underwent two weeks ago—good news that was confirmed to me by Her Royal Highness The Princess Elizabeth when I had the honour of welcoming her and the Duke of Edinburgh at Dorval yesterday—that I am sure we would all wish you, sir, to convey to His Majesty on our behalf, with the expression of our respectful duty and of our loyal devotion, our gratification at his constant progress towards recovery and our sincere good wishes.

After conferring with the leader of the opposition (Mr. Drew) and the leaders of the other groups as to what might be the best way of giving public expression to our sentiments in that regard at this time, in a manner in which each one of us would feel he had some personal part, I venture to propose, with your permission, that we do now rise and sing together "God Save the King".

Whereupon the members of the house rose and sang

God Save the King

PROROGATION OF PARLIAMENT

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

Ottawa, September 22, 1951

Sir:

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber at 11.30 a.m. on Tuesday, the 9th October, for the purpose of proroguing the fourth session of the twenty-first parliament.

I have the honour to be,
sir,
Your obedient servant,

J. F. Delaute,
Assistant Secretary to the Governor General.

NEW MEMBERS

Mr. Speaker: I have the honour to inform the house that during the adjournment the Clerk of the House has received from the chief electoral officer certificates of the election and return of the following members, viz.:

Of Gordon Churchill, Esquire, for the electoral district of Winnipeg South Centre.

Of J. Angus MacLean, Esquire, for the electoral district of Queens.

Of Howard Meeker, Esquire, for the electoral district of Waterloo South.

Of Walter Dinsdale, Esquire, for the electoral district of Brandon.

NEW MEMBERS INTRODUCED

Gordon Churchill, Esquire, member for the electoral district of Winnipeg South Centre, introduced by Mr. George A. Drew and Mr. J. G. Diefenbaker.

J. Angus MacLean, Esquire, member for the electoral district of Queens, introduced by Mr. George A. Drew and Mr. W. Chester S. McLure.

Howard Meeker, Esquire, member for the electoral district of Waterloo South, introduced by Mr. George A. Drew and Mr. L. E. Cardiff.

Walter Dinsdale, Esquire, member for the electoral district of Brandon, introduced by Mr. George A. Drew and Mr. J. A. Ross.

VACANCY

Mr. Speaker: I have the honour to inform the house that during the adjournment I received the resignation of Arthur LeRoy Smith, Esquire, as member for the electoral district of Calgary West.

Accordingly I have issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

COUNCIL OF EUROPE

INVITATION TO SEND OBSERVERS TO OCTOBER SESSION

Mr. Speaker: I have the honour to inform the house that I have received a communication from Mr. P. H. Spaak, president of the consultative assembly of the Council of Europe, in which he invites the Canadian parliament to send observers to the second part of the current session of the assembly

Council of Europe

which will open at Strasbourg on October 15. I have written to Mr. Spaak thanking him for this invitation and advising him that I would bring it to the attention of parliament. I also informed him that as parliament would not open until October 9 it might not be possible to make the necessary arrangements to have observers appointed. I did, however, assure him that the members of the Canadian parliament would be deeply interested in what takes place at Strasbourg.

ORDERS IN COUNCIL

TABLING OF SUMMARY, JUNE 1 TO SEPTEMBER 30, 1951

Right Hon. L. S. St. Laurent (Prime Minister): I should like to lay on the table the summary of orders in council passed during the period June 1 to September 30, 1951.

EMERGENCY POWERS ACT

TABLING OF FOUR ORDERS IN COUNCIL

Right Hon. L. S. St. Laurent (Prime Minister): I should like to table four orders under the Emergency Powers Act which have not yet been published. They are Nos. 3417, 3484, 4558, and 5122. No. 3417 of July 4, 1951, relates to the disposition of offences committed prior to the coming into force of the code of service discipline; P.C. No. 3484 of August 8, 1951, concerns the operation of certain radio stations in Canada by the United States government, notwithstanding the provisions under the Radio Act; P. C. No. 4558 of August 29, 1951, appointed the transport controller; No. 5122 of September 26, 1951, concerns weighing over of grain at elevators. I am sure that these have already been brought to the public notice but as yet they have not been published in Orders and Regulations. I thought it would be convenient for members to have them available on the table of the house.

PROROGATION OF PARLIAMENT

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

Mr. Speaker, the Right 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.

The Deputy Governor General was pleased to close the fourth session of the twenty-first parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The people of Canada, in common with His Majesty's subjects elsewhere, were deeply concerned that the state of the King's health made a surgical operation necessary, and they rejoice at the rapid progress of the King's recovery.

My ministers are gratified that the world situation did not require the resumption of the session before the date originally set when you concluded your deliberations in June. The international situation continues nevertheless to give constant concern to the government.

In Korea, despite prolonged discussions, it has not yet been possible to arrange a cease-fire and hostilities are continuing. To this United Nations' action to defeat aggression, our Canadian forces are making an effective contribution.

Since you adjourned, the state of war with Germany has been terminated by proclamation, and normal diplomatic relations have been established with the federal republic of Germany. A treaty of peace has been signed with Japan which you will be asked to approve at a forthcoming session.

While hostilities have been confined to restricted areas, the government is convinced that general peace can be assured only by the continued build-up of the combined strength of the free nations.

To this end, my ministers welcomed the holding in Ottawa of the most recent meeting of the council of the North Atlantic Treaty Organization. Certain of the recommendations of the council will require to be considered at a future session.

Arrangements are now under discussion with India and Pakistan for certain projects to be financed from the contribution you approved to the Colombo plan for co-operative economic development in south and southeast Asia.

You also made provision for a Canadian contribution to the United Nations relief and rehabilitation program in Korea.

At the outset of the session, you enacted a measure to vest in the governor in council additional powers which might be necessary to ensure adequate defence preparations to meet the emergency arising out of the present international situation.

The legislation to establish the Department of Defence Production has been implemented and the new department is in full operation.

Agreements are being worked out with the provincial governments to implement the measure you enacted to provide for federal contributions for the payment of old age assistance to those in need between 65 and 70 years of age. Registration is being proceeded with for universal contributory pensions to persons over 70 years of age to facilitate administration when the necessary legislation has been enacted.

You also enacted a separate measure respecting allowances for blind persons; as well as several measures extending the benefits of the veterans charter, and providing for an increase in pensions to certain groups of veterans and their dependents.

You authorized the provision of grants to universities and equivalent institutions of higher learning.

The requirement of the fiat in the case of petitions of right has been abolished.

The Indian Act was completely revised and the new legislation is now in operation. The Post Office Act was also extensively revised.

Other measures were enacted respecting grants to municipalities; the regulation of consumer credit; the grading of dairy products; the construction of a railway from Sherridon to Lynn Lake in the province of Manitoba; and the bequests of Laurier house and Kingsmere.

Among other measures, you amended the Canadian Citizenship Act; the Supreme Court Act; the Prairie Farm Rehabilitation Act; the Federal District Commission Act; the Dominion Elections Act; the Judges Act; the Northwest Territories Act;

the Yukon Act; the Central Mortgage and Housing Corporation Act; the National Housing Act; the Foreign Exchange Control Act; the Canadian Wheat Board Act; the Emergency Gold Mining Assistance Act; and the Criminal Code.

Your approval was given to agreements between Canada and France, and Canada and Sweden respecting income tax and to a convention between Canada and France respecting succession duties.

Members of the House of Commons:

I thank you for the provision you have made for the public services and for defence obligations on a scale unprecedented in time of peace.

Honourable Members of the Senate:

Members of the House of Commons:

Our people will, I am sure, continue to pray for the complete restoration of the health of the King and for the blessing of Divine Providence upon our nation and the forces of our own and other nations who are striving to maintain the rule of law in the relations between nations.

This concluded the fourth session of the twenty-first parliament.

END OF SESSION