THE SENATE OF CANADA

SPEAKER: Hon. Élie Beauregard, P.C.

Official Report of Debates

1952-53

SEVENTH SESSION, TWENTY-FIRST PARLIAMENT
1-2 ELIZABETH II

The Session opened on November 20, 1952,
and was prorogued on May 14, 1953.

The Twenty-First Parliament was dissolved on June 13, 1953.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953

THE MINISTRY

According to Precedence as at November 20, 1952

THE RIGHT HONOURABLE LOUIS STEPHEN ST. LAURENT ..... Prime Minister and President of the Queen's Privy Council for Canada.

THE RIGHT HONOURABLE CLARENCE DECATUR HOWE ..... Minister of Trade and Commerce and Minister of Defence Production.

THE RIGHT HONOURABLE JAMES GARFIELD GARDINER ..... Minister of Agriculture.

THE HONOURABLE ALPHONSE FOURNIER .. Minister of Public Works.

THE HONOURABLE BROOKE CLAXTON .... Minister of National Defence.

THE HONOURABLE LIONEL CHEVRIER .... Minister of Transport.

THE HONOURABLE PAUL JOSEPH JAMES MARTIN ..... Minister of National Health and Welfare.

THE HONOURABLE DOUGLAS CHARLES ABBOTT ..... Minister of Finance and Receiver General.

THE HONOURABLE JAMES J. MCCANN ... Minister of National Revenue.

THE HONOURABLE WISHART MCL. ROBERTSON ..... Leader of the Government in the Senate.

THE HONOURABLE MILTON FOWLER GREGG ..... Minister of Labour.

THE HONOURABLE LESTER BOWLES PEARSON ..... Secretary of State for External Affairs.

THE HONOURABLE STUART SINCLAIR GARSON ..... Minister of Justice and Attorney General.

THE HONOURABLE ROBERT HENRY WINTERS ..... Minister of Resources and Development.

THE HONOURABLE FREDERICK GORDON BRADLEY ..... Secretary of State.

THE HONOURABLE HUGUES LAPOINTE .... Minister of Veterans Affairs.

THE HONOURABLE WALTER EDWARD HARRIS ..... Minister of Citizenship and Immigration.

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THE HONOURABLE GEORGE PRUDHAM.... Minister of Mines and Technical Surveys.

THE HONOURABLE ALCIDE CÔTÉ..... Postmaster General.

THE HONOURABLE JAMES SINCLAIR..... Minister of Fisheries.

THE HONOURABLE RALPH OSBORNE CAMPNEY* ..... Solicitor General and Associate Minister of National Defence.

** Appointed Associate Minister of National Defence, November 24, 1952.*

PARLIAMENTARY ASSISTANTS

November 20, 1952

G. J. MCILRAITH, ESQ., M.P. ..... To Minister of Trade and Commerce.

P. E. CÔTÉ, ESQ., M.P..... To Minister of Labour.

R. MCCUBBIN, ESQ., M.P. ..... To Minister of Agriculture.

J. W. MACNAUGHT, ESQ., M.P..... To Minister of Fisheries.

L. A. MUTCH, ESQ., M.P. ..... To Minister of Veterans Affairs.

J. A. BLANCHETTE, ESQ., M.P. ..... To Minister of National Defence.

WM. M. BENIDICKSON, ESQ., M.P. ..... To Minister of Transport.

J. G. L. LANGLOIS, ESQ., M.P. ..... To Postmaster General.

JEAN LESAGE, ESQ., M.P.* ..... To Secretary of State for External Affairs.

E. A. MCCUSKER, ESQ., M.P. ..... To Minister of National Health and Welfare.

J. H. DICKEY, ESQ., M.P. ..... To Minister of Defence Production.

** Appointed Parliamentary Assistant to Minister of Finance, January 1, 1953.*

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

Clerk of the Privy Council and Secretary to the Cabinet ..... J. W. PICKERSGILL, Esquire.

Assistant Clerk of the Privy Council.. A. M. HILL, Esquire.

SENATORS OF CANADA

ACCORDING TO SENIORITY

NOVEMBER 20, 1952

THE HONOURABLE ÉLIE BEAUREGARD, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JAMES A. CALDER, P.C.	Saltcoats	Regina, Sask.
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
WILLIAM ASHBURY BUCHANAN	Lethbridge	Lethbridge, Alta.
WILLIAM H. McGUIRE	East York	Toronto, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
GUSTAVE LACASSE (1)	Essex	Tecumseh, Ont.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
JAMES H. KING, P.C.	Kootenay East	Victoria, B.C.
ARTHUR MARCOTTE	Ponteix	Ponteix, Sask.
WILLIAM HENRY DENNIS	Halifax	Halifax, N.S.
RALPH BYRON HORNER	Blaine Lake	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	Rosetown	Rosetown, Sask.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
IVA CAMPBELL FALLIS	Peterborough	Peterborough, Ont.
JOHN T. HAIG	Winnipeg	Winnipeg, Man.
WILLIAM DUFF (2)	Lunenburg	Lunenburg, N.S.
JOHN WALLACE DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
J. FERNAND FAFARD	De la Durantaye	L'Islet, Que.
ARTHUR LUCIEN BEAUBIEN	Provencher	St. Jean Baptiste, Man.
JOHN J. STEVENSON	Prince Albert	Prince Albert, Sask.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
DONALD MacLENNAN	Margaree Forks	Port Hawkesbury, N.S.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.

(1) *Deceased, January 18, 1953* (2) *Deceased, April 26, 1953*

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ÉLIE BEAUREGARD (Speaker)	Rougemont	Montreal, Que.
ATHANASE DAVID *	Sorel	Montreal, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN MCLEOD PATERSON	Thunder Bay	Fort William, Ont.
WILLIAM JAMES HUSHION	Victoria	Westmount, Que.
JOSEPH JAMES DUFFUS	Peterborough West	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont.
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal, Que.
WILLIAM RUPERT DAVIES	Kingston	Kingston, Ont.
JAMES PETER MCINTYRE	Mount Stewart	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCL. ROBERTSON, P.C.	Shelburne	Bedford, N.S.
TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
ARMAND DAIGLE	Mille Iles	Montreal, Que.
CYRILLE VAILLANCOURT	Kennebec	Levis, Que.
JACOB NICOL	Bedford	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.
WILLIAM HORACE TAYLOR	Norfolk	Scotland, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
VINCENT DUPUIS	Rigaud	Longueuil, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queen's-Lunenburg	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER MCDONALD	King's	Halifax, N.S.
ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John, N.B.
FREDERICK W. PIRIE	Victoria-Carleton	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland	South Nelson, N.B.
JEAN MARIE DESSUREAULT	Stadacona	Quebec, Que.
JOSEPH RAOUL HURTUBISE	Nipissing	Sudbury, Ont.
PAUL HENRI BOUFFARD	Grandville	Quebec, Que.
JAMES GRAY TURGEON	Cariboo	Vancouver, B.C.
STANLEY STEWARD MCKEEN	Vancouver	Vancouver, B.C.
THOMAS FARQUHAR	Algoma	Little Current, Ont.

* *Deceased, January 26, 1953*

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
JOSEPH WILLIE COMEAU	Clare	Comeauville, N.S.
GEORGE HENRY ROSS	Calgary	Calgary, Alta.
JOHN CASWELL DAVIS	Winnipeg	St. Boniface, Man.
THOMAS H. WOOD	Regina	Regina, Sask.
JAMES ANGUS MACKINNON, P.C.	Edmonton	Edmonton, Alta.
THOMAS VINCENT GRANT	Montague	Montague, P.E.I.
HENRY READ EMMERSON	Dorchester	Dorchester, N.B.
J. J. HAYES DOONE *	Charlotte	Black's Harbour, N.B.
JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg, Que.
WILLIAM ALEXANDER FRASER	Trenton	Trenton, Ont.
WILLIAM HENRY GOLDING	Huron-Perth	Seaforth, Ont.
GEORGE H. BARBOUR	Prince	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD	St. John's	St. John's, Nfld.
RAY PETTEN	Bonavista	St. John's, Nfld.
THOMAS REID	New Westminster	New Westminster, B.C.
J. WESLEY STAMBAUGH	Bruce	Bruce, Alta.
VINCENT P. BURKE	St. Jacques	St. John's, Nfld.
GORDON B. ISNOR	Halifax-Dartmouth	Halifax, N.S.
CHARLES G. HAWKINS	Milford-Hants	Milford Station, N.S.
CALVERT C. PRATT	St. John's West	St. John's, Nfld.
MICHAEL G. BASHA	West Coast	Curling, Nfld.

* *Deceased, April 6, 1953*

SENATORS OF CANADA

ALPHABETICAL LIST

NOVEMBER 20, 1952

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, WALTER M.	Rosetown	Rosetown, Sask.
BAIRD, ALEXANDER BOYD	St. John's	St. John's, Nfld.
BARBOUR, GEORGE H.	Prince	Charlottetown, P.E.I.
BASHA, MICHAEL G.	West Coast	Curling, Nfld.
BEAUBIEN, ARTHUR L.	Provencher	St. Jean Baptiste, Man.
BEAUREGARD, ÉLIE, (Speaker)	Rougemont	Montreal, Que.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOUCHARD, TELESPHORE DAMIEN	The Laurentides	St. Hyacinthe, Que.
BOUFFARD, PAUL HENRI	Grandville	Quebec, Que.
BUCHANAN, WILLIAM A.	Lethbridge	Lethbridge, Alta.
BURCHILL, GEORGE PERCIVAL	Northumberland	South Nelson, N.B.
BURKE, VINCENT P.	St. Jacques	St. John's, Nfld.
CALDER, JAMES A., P.C.	Saltcoats	Regina, Sask.
CAMPBELL, G. PETER	Toronto	Toronto, Ont.
COMEAU, JOSEPH WILLIE	Clare	Comeauville, N.S.
CRERAR, THOMAS ALEXANDER, P.C.	Churchill	Winnipeg, Man.
DAIGLE, ARMAND	Mille Isles	Montreal, Que.
DAVID, ATHANASE (1)	Sorel	Montreal, Que.
DAVIES, WILLIAM RUPERT	Kingston	Kingston, Ont.
DAVIS, JOHN CASWELL	Winnipeg	St. Boniface, Man.
DENNIS, WILLIAM H.	Halifax	Halifax, N.S.
DESSUREAULT, JEAN MARIE	Stadacona	Quebec, P.Q.
DOONE, J. J. HAYES (2)	Charlotte	Black's Harbour, N.B.
DUFF, WILLIAM (3)	Lunenburg	Lunenburg, N.S.
DUFFUS, JOSEPH J.	Peterborough West	Peterborough, Ont.
DUPUIS, VINCENT	Rigaud	Longueuil, P.Q.

(1) *Deceased, January 26, 1953* (2) *Deceased, April 6, 1953*
(3) *Deceased, April 26, 1953*

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUTREMBLAY, PAMPHILE RÉAL	Repentigny	Montreal, Que.
EMMERSON, HENRY READ	Dorchester	Dorchester, N.B.
EULER, WILLIAM D., P.C.	Waterloo	Kitchener, Ont.
FAFARD, J. FERNAND	De la Durantaye	L'Islet, Que.
FALLIS, IVA CAMPBELL	Peterborough	Peterborough, Ont.
FARQUHAR, THOMAS	Algoma	Little Current, Ont.
FARRIS, JOHN WALLACE DE B.	Vancouver South	Vancouver, B.C.
FRASER, WILLIAM ALEXANDER	Trenton	Trenton, Ont.
GERSHAW, FRED WILLIAM	Medicine Hat	Medicine Hat, Alta.
GODBOUT, JOSEPH ADÉLARD	Montarville	Frelighsburg, Que.
GOLDING, WILLIAM HENRY	Huron-Perth	Seaforth, Ont.
GOUIN, LÉON M.	De Salaberry	Montreal, Que.
GRANT, THOMAS VINCENT	Montague	Montague, P.E.I.
HAIG, JOHN T.	Winnipeg	Winnipeg, Man.
HARDY, ARTHUR C., P.C.	Leeds	Brockville, Ont.
HAWKINS, CHARLES G.	Milford-Hants	Milford Station, N.S.
HAYDEN, SALTER A.	Toronto	Toronto, Ont.
HORNER, RALPH B.	Blaine Lake	Blaine Lake, Sask.
HOWARD, CHARLES B.	Wellington	Sherbrooke, Que.
HOWDEN, JOHN POWER	St. Boniface	Norwood Grove, Man.
HUGESSEN, ADRIAN K.	Inkerman	Montreal, Que.
HURTUBISE, JOSEPH RAOUL	Nipissing	Sudbury, Ont.
HUSHION, WILLIAM J.	Victoria	Westmount, Que.
ISNOR, GORDON B.	Halifax-Dartmouth	Halifax, N.S.
KING, JAMES H., P.C.	Kootenay, East	Victoria, B.C.
KINLEY, JOHN JAMES	Queen's-Lunenburg	Lunenburg, N.S.
LACASSE, GUSTAVE *	Essex	Tecumseh, Ont.
LAMBERT, NORMAN P.	Ottawa	Ottawa, Ont.
MACKINNON, JAMES ANGUS, P.C.	Edmonton	Edmonton, Alta.
MACLENNAN, DONALD	Margaree Forks	Port Hawkesbury, N.S.
MARCOTTE, ARTHUR	Ponteix	Ponteix, Sask.

* *Deceased, January 18, 1953*

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
McDONALD, JOHN ALEXANDER	King's	Halifax, N.S.
McGUIRE, WILLIAM H	East York	Toronto, Ont.
McINTYRE, JAMES P	Mount Stewart	Mount Stewart, P.E.I.
McKEEN, STANLEY STEWART	Vancouver	Vancouver, B.C.
McLEAN, ALEXANDER NEIL	Southern New Brunswick	Saint John, N.B.
NICOL, JACOB	Bedford	Sherbrooke, Que.
PATERSON, NORMAN McL	Thunder Bay	Fort William, Ont.
PETTEN, RAY	Bonavista	St. John's, Nfld.
PIRIE, FREDERICK W	Victoria Carleton	Grand Falls, N.B.
PRATT, CALVERT C	St. John's West	St. John's, Nfld.
QUINN, FELIX P	Bedford-Halifax	Bedford, N.S.
RAYMOND, DONAT	De la Vallière	Montreal, Que.
REID, THOMAS	New Westminster	New Westminster, B.C.
ROBERTSON, WISHART McL., P.C	Shelburne	Bedford, N.S.
ROEBUCK, ARTHUR WENTWORTH	Toronto-Trinity	Toronto, Ont.
ROSS, GEORGE HENRY	Calgary	Calgary, Alta.
STAMBAUGH, J. WESLEY	Bruce	Bruce, Alta.
STEVENSON, JOHN J	Prince Albert	Prince Albert, Sask.
TAYLOR, WILLIAM HORACE	Norfolk	Scotland, Ont.
TURGEON, JAMES GRAY	Cariboo	Vancouver, B.C.
VAILLANCOURT, CYRILLE	Kennebec	Levis, Que.
VENIOT, CLARENCE JOSEPH	Gloucester	Bathurst, N.B.
VIEN, THOMAS, P.C	De Lorimier	Outremont, Que.
WILSON, CAIRINE R	Rockcliffe	Ottawa, Ont.
WOOD, THOMAS H	Regina	Regina, Sask.

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SENATORS OF CANADA

BY PROVINCES

NOVEMBER 20, 1952

ONTARIO—24

	SENATORS	POST OFFICE ADDRESS
	THE HONOURABLE	
1	ARTHUR C. HARDY, P.C.	Brockville.
2	WILLIAM H. MCGUIRE	Toronto.
3	GUSTAVE LACASSE *	Tecumseh.
4	CAIRINE R. WILSON	Ottawa.
5	IVA CAMPBELL FALLIS	Peterborough.
6	NORMAN P. LAMBERT	Ottawa.
7	SALTER ADRIAN HAYDEN	Toronto.
8	NORMAN MCLEOD PATERSON	Fort William.
9	JOSEPH JAMES DUFFUS	Peterborough.
10	WILLIAM DAUM EULER, P.C.	Kitchener.
11	WILLIAM RUPERT DAVIES	Kingston.
12	GORDON PETER CAMPBELL	Toronto.
13	WILLIAM HORACE TAYLOR	Scotland.
14	CHARLES L. BISHOP	Ottawa.
15	ARTHUR WENTWORTH ROEBUCK	Toronto.
16	JOSEPH RAOUL HURTUBISE	Sudbury.
17	THOMAS FARQUHAR	Little Current.
18	WILLIAM ALEXANDER FRASER	Trenton.
19	WILLIAM HENRY GOLDING	Seaforth.
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* *Deceased, January 18, 1953*

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	DONAT RAYMOND	De la Vallière	Montreal.
2	ADRIAN K. HUGESSEN	Inkerman	Montreal.
3	J. FERNAND FAFARD	De la Durantaye	L'Islet.
4	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
5	ELIE BEAUREGARD (Speaker)	Rougemont	Montreal.
6	ATHANASE DAVID *	Sorel	Montreal.
7	WILLIAM JAMES HUSHION	Victoria	Westmount.
8	LÉON MERCIER GOUIN	De Salaberry	Montreal.
9	THOMAS VIEN, P.C	De Lorimier	Outremont.
10	PAMPHILE RÉAL DUTREMBLAY	Repentigny	Montreal.
11	TELESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe
12	ARMAND DAIGLE	Mille Iles	Montreal.
13	CYRILLE VAILLANCOURT	Kennebec	Levis.
14	JACOB NICOL	Bedford	Sherbrooke.
15	VINCENT DUPUIS	Rigaud	Longueuil.
16	JEAN MARIE DESSUREAULT	Stadacona	Quebec.
17	PAUL HENRI BOUFFARD	Grandville	Quebec.
18	JOSEPH ADÉLARD GODBOUT	Montarville	Frelighsburg.
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* *Deceased, January 26, 1953*

NOVA SCOTIA—10

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 WILLIAM H. DENNIS	Halifax.
2 FELIX P. QUINN	Bedford.
3 WILLIAM DUFF*	Lunenburg.
4 DONALD MACLENNAN	Port Hawkesbury.
5 WISHART MCL. ROBERTSON, P.C.	Bedford.
6 JOHN JAMES KINLEY	Lunenburg.
7 JOHN ALEXANDER MCDONALD	Halifax.
8 JOSEPH WILLIE COMEAU	Comeauville.
9 GORDON B. ISNOR	Halifax.
10 CHARLES G. HAWKINS	Milford Station.

* *Deceased, April 26, 1953*

NEW BRUNSWICK—10

THE HONOURABLE	
1 CLARENCE JOSEPH VENIOT	Bathurst.
2 ALEXANDER NEIL MCLEAN	Saint John.
3 FREDERICK W. PIRIE	Grand Falls.
4 GEORGE PERCIVAL BURCHILL	South Nelson.
5 HENRY READ EMMERSON	Dorchester.
6 J. J. HAYES DOONE*	Black's Harbour.
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* *Deceased, April 6, 1953*

PRINCE EDWARD ISLAND—4

THE HONOURABLE	
1 JAMES PETER MCINTYRE	Mount Stewart.
2 THOMAS VINCENT GRANT	Montague.
3 GEORGE H. BARBOUR	Charlottetown.
4	.....

BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 JAMES H. KING, P.C.	Victoria.
2 JOHN WALLACE DE B. FARRIS	Vancouver.
3 JAMES GRAY TURGEON	Vancouver.
4 STANLEY STEWART MCKEEN	Vancouver.
5 THOMAS REID	New Westminster.
6	

MANITOBA—6

THE HONOURABLE	
1 JOHN T. HAIG	Winnipeg.
2 ARTHUR L. BEAUBIEN	St. Jean Baptiste.
3 THOMAS ALEXANDER CRERAR, P.C.	Winnipeg.
4 JOHN POWER HOWDEN	Norwood Grove.
5 JOHN CASWELL DAVIS	St. Boniface.
6	

SASKATCHEWAN—6

THE HONOURABLE	
1 JAMES A. CALDER, P.C.	Regina.
2 ARTHUR MARCOTTE	Ponteix.
3 RALPH B. HORNER	Blaine Lake.
4 WALTER M. ASELTINE	Rosetown.
5 JOHN J. STEVENSON	Prince Albert.
6 THOMAS H. WOOD	Regina.

ALBERTA—6

THE HONOURABLE	
1 WILLIAM ASHBURY BUCHANAN	Lethbridge.
2 ARISTIDE BLAIS	Edmonton.
3 FRED WILLIAM GERSHAW	Medicine Hat.
4 GEORGE HENRY ROSS	Calgary.
5 JAMES ANGUS MACKINNON, P.C.	Edmonton.
6 J. WESLEY STAMBAUGH	Bruce.

NEWFOUNDLAND—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 ALEXANDER BOYD BAIRD	St. John's.
2 RAY PETTEN	St. John's.
3 VINCENT P. BURKE	St. John's.
4 CALVERT C. PRATT	St. John's.
5 MICHAEL G.BASHA	Curling.
6	.....

PRINCIPAL OFFICERS OF THE SENATE

November 20, 1952

L. Clare Moyer, D.S.O., Q.C., B.A., Clerk of the Senate, Clerk of the Parliaments, and Master in Chancery.

John F. MacNeill, Q.C., LL.B., B.A., Law Clerk and Parliamentary Counsel.

Rodolphe Larose, E.D., First Clerk Assistant.

Louvigny de Montigny, Litt.D., Second Clerk Assistant and Chief Translator.

Major C. R. Lamoureux, D.S.O., Gentleman Usher of the Black Rod.

Harvey Armstrong, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury Officer and Assistant to the Clerk of the Parliaments.

H. H. Emerson, C.S.R., Editor of Debates and Chief of Reporting Branch.*

* *Retired, December 31, 1952.*

STANDING COMMITTEE ON DEBATES AND REPORTING

The Honourable Senators

Aseltine
Bishop
DuTremblay
Fallis
Grant
Haig*
Lacasse (Chairman)[1]
Robertson*

(*) *Ex officio member.*
(1) *Deceased, January 18, 1953.*

Reporters: (English) B. P. Lake, C.S.R.,* Graydon Hagen, C.S.R., P. H. Shelton, C.S.R., T. S. Hubbard, Jr., C.S.R., F. C. K. Crockett, C.S.R. (From March 2, 1953).
(French) Victor Lemire, M.B.E., C.S.R.

(*) *Appointed Editor as of January 1, 1953.*

Translators: The Bureau for Translations.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, November 20, 1952

The Parliament of Canada having been summoned by Proclamation of the Governor General to meet this day for the dispatch of business:

The Senate met at 2.30 p.m., the Speaker in the Chair.

OPENING OF THE SESSION

The Hon. the Speaker informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would arrive at the Main Entrance of the Houses of Parliament at 3 p.m., and, when it had been signified that all was in readiness, would proceed to the Senate Chamber to open the Seventh Session of the Twenty-first Parliament of Canada.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At three o'clock His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and that House being come, with their Speaker, His Excellency was pleased to open the Seventh Session of the Twenty-first Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

You resume your labours on behalf of the Canadian people at a time of continuing international tension. Nevertheless, because of the steadfast resistance of our Canadian forces and their comrades in arms to aggression in Korea and because of the increasing strength of the forces of freedom in Europe, there are signs of a lessening of the danger of an outbreak of war on a global scale.

My ministers are convinced that a lasting peace can be assured only so long as the combined strength of the free world continues to be built up and maintained.

The sacrifices of those directly involved in the United Nations police action in Korea and the anxieties of their families are an inevitable and most regrettable part of the price we are paying to prevent another world war.

To meet our nation's international responsibilities certain of my ministers are attending the seventh session of the General Assembly of the United Nations.

Because of the continued international tension you will be asked to approve legislation providing for the continuation of the Emergency Powers Act and you will also be asked to provide for the appointment of an Associate Minister of National Defence.

My Prime Minister and my Minister of Finance will attend a meeting of the prime ministers of the commonwealth to open in London later this month to consider important economic and monetary problems.

Her Majesty the Queen has been pleased to set June the second next as the date of her coronation.

Arrangements will be made for Canadian representation at the ceremonies and plans are being formulated for the celebration in Canada of this historic event.

Canada has been blessed this year with a record grain crop.

Our economic conditions remain favourable and the level of external trade is high. While the dangers of inflation have not disappeared, pressures have eased and it has been possible to suspend the operation of some of the anti-inflationary measures.

Under an amendment to the income tax regulations the provisions for deferred depreciation which have been in effect since April 11, 1951, will not apply to property acquired after December 31, 1952, nor to taxation years commencing after that date.

Early in 1953 negotiations will be carried on in Washington for a new international wheat agreement to replace the existing agreement which expires on July 31 next. You will be asked to consider amendments to the Canadian Wheat Board Act.

The international joint commission has issued an order of approval for the development of hydro-electric power in the international section of the St. Lawrence river.

Because of this latest step the Canadian government has informed the government of the United States it considers that the agreement made in 1941 in respect of the St. Lawrence seaway has been superseded.

Pending the establishment of the St. Lawrence seaway authority, an engineering planning staff has been set up in Montreal to begin work on detailed plans for the seaway, and the Gut Dam in the river near Iroquois is now being removed.

You will be asked to make financial provision for certain improvements to Vancouver harbour and for engineering studies of that harbour and of other possible improvements to navigation on the Pacific coast. You will also be asked to make further provision for the Canso causeway, the ferry service from North Sydney to Port aux Basques and the terminal facilities at Port aux Basques, and the new ferry service between Yarmouth, Nova Scotia, and Bar Harbor, Maine.

You will be invited to consider a measure to provide for federal co-operation with the provincial governments in the conservation of the water resources of Canada.

To give effect to recommendations made by the Standing Committee on Banking and Commerce at

the last session of parliament and to extend its scope your approval will be sought for an amendment to the National Housing Act.

Provision has been made for the insertion in all federal government contracts of clauses prohibiting discrimination on the part of the contractor against any person in regard to employment because of that person's race, national origin, colour or religion.

You will be asked to consider a bill to make similar provisions in respect of employment upon or in connection with any work, undertaking or business that is within the legislative authority of the parliament of Canada.

A bill designed to provide greater educational opportunities for children whose fathers died as a result of war service will be placed before you.

You will also be asked to approve a bill to authorize the continuance of the Veterans Benefit Act.

Much has been accomplished since the inauguration in 1948 of the five year national health grants program to strengthen and improve, in co-operation with the provincial governments, the health and hospital facilities available to our people. To ensure the continued expansion of this important work, my government proposes to ask you to give consideration to the extension, with certain changes, of this program of co-operation with the provincial governments.

You will have learned with regret that the Library of Parliament has been damaged by fire. The building must soon be vacated and extensive reconstruction carried out, in order to guard against a repetition of this disaster. These circumstances have made the need for a National Library more immediate and more pressing. My ministers have therefore taken steps to bring the library into existence with the least possible delay. A site for the building has been chosen, and you will be asked to make provision for the necessary planning and preliminary work.

At the time television broadcasting was started in Toronto and Montreal in September, the Prime Minister announced that parliament would be asked to provide for the establishment of three additional public television stations, one in the Maritimes, one on the Prairies and one on the Pacific coast and that active consideration was being given to the role of private enterprise in television broadcasting.

You will accordingly be asked to make provision to enable the Canadian Broadcasting Corporation to establish television stations in the Halifax, Winnipeg and Vancouver areas. My ministers have indicated to the Canadian Broadcasting Corporation that they are now prepared to consider applications for licences for private television broadcasting stations which may be recommended by the Canadian Broadcasting Corporation to serve areas which could not be served at this time by public stations, with the objective of making television as widely available throughout the country as may be feasible through appropriate co-operation between the corporation and private agencies.

A measure will be submitted designed to place the Crown in substantially the same position as a private person with respect to liability for acts committed by its servants, for breach of duty arising out of the ownership or occupation of property, and for salvage claims, and also to confer upon provincial courts jurisdiction concurrent with that of the Exchequer Court of Canada to entertain certain classes of claims.

Measures respecting the payment of rural mail carriers will be submitted for your consideration.

To meet conditions resulting from the entry of the province of Newfoundland into confederation, and the introduction of new methods of fishing off the Atlantic coast, a bill to revise the Customs and Fisheries Protection Act will be placed before you.

You will also be asked to consider legislation to implement the International Convention for the High Seas Fisheries of the north Pacific ocean.

A bill will be introduced to place the Historic Sites and Monuments Board of Canada on a statutory basis.

The measure to revise and consolidate the Criminal Code will be re-introduced at this session.

You will be asked to consider legislation to amend the Trust Companies Act and the Loan Companies Act to authorize companies incorporated thereunder to invest in bonds issued by the International Bank for Reconstruction and Development.

You will also be asked to consider legislation to provide for the incorporation by Parliament and for federal supervision of co-operative credit societies desiring to operate in more than one province under such legislation.

You will be asked to consider revisions of the Civil Service Superannuation Act; the Food and Drugs Act; the Yukon Act; and the legislation respecting Trade Marks.

Other measures to be introduced will include amendments to the Trans-Canada Air Lines Act, the Merchant Seamen Compensation Act, the Canadian Citizenship Act, the Statistics Act, the Indian Act, the Farm Improvement Loans Act, the Prisons and Reformatories Act, the Companies Creditors Arrangement Act, the Canada Evidence Act, the Judges Act, the Canada Shipping Act, the Civil Service Insurance Act, the Canadian Overseas Telecommunication Corporation Act and to the Territorial Lands Act.

Members of the House of Commons:

You will be asked to make provision for all essential services, and for national defence and the meeting of our obligations under the United Nations Charter and the North Atlantic Treaty, during the next fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence bless your deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

Prayers.

RAILWAY BILL

FIRST READING

Hon. Mr. King (for Hon. Mr. Robertson) presented Bill A, an Act relating to railways.

The bill was read the first time.

COMMITTEE ON ORDERS AND PRIVILEGES

MOTION OF APPOINTMENT

Hon. Mr. King (for Hon. Mr. Robertson) with leave of the Senate moved:

That all the senators present during this session be appointed a committee to consider the orders and customs of the Senate and privileges of parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

The motion was agreed to.

COMMITTEE OF SELECTION

MOTION OF APPOINTMENT

Hon Mr. King (for Hon. Mr. Robertson): Honourable senators, with leave of the Senate I would move:

That pursuant to Rule 77, the following senators, to wit: The Honourable Senators Aseltine, Beaubien, Gouin, Haig, Hugessen, McDonald, Quinn, Robertson and Taylor be appointed a Committee of Selection to nominate senators to serve on the several Standing Committees during the present session; and to report with all convenient speed the names of the senators so nominated.

The motion was agreed to.

SPEECH FROM THE THRONE

MOTION FOR CONSIDERATION

Hon. Mr. King (for Hon. Mr. Robertson) moved that the Speech of His Excellency the Governor General delivered this day to the Houses of Parliament be taken into consideration on Monday next.

Hon. Mr. Marcotte: Does that mean that we are to meet on Monday?

Hon. Mr. King: I shall deal with that when I move the motion for adjournment.

The motion was agreed to.

ADJOURNMENT—MONDAY SITTING

Hon. Mr. King (for Hon. Mr. Robertson) moved that when the Senate adjourns today it stand adjourned until Monday evening next at 8 o'clock.

Hon. Mr. Marcotte: Honourable senators, I have some objection to that. As you know, the banks are now closed on Saturday. Usually the Senate does not meet on Monday and we can do our business with the banks on that day, but now you are trying to take that day away from us. I do not see why there is this rush to get started here on a Monday. We have never done that before so early in the session. It is not customary for the Senate to meet on Monday until we are near the end of the session. I am a businessman, you are a businessman, and there are other businessmen here. Let us have at least one free day in the week in which to do business with the banks.

Hon. Mr. King: I am sure that my honourable friend's objection will be noted, but I suggest that we might discuss it at a more opportune time.

Hon. Mr. Marcotte: But there will not be another opportunity if this motion to adjourn until Monday is carried.

Hon. Mr. King: I have moved the motion.

Some Hon. Senators: Carried!

The motion was agreed to.

The Senate adjourned until Monday, November 24, at 8 p.m.

THE SENATE

Monday, November 24, 1952

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, before we proceed with any further matters I should perhaps make a brief explanation of the business to come before the house at this sitting.

Contrary to our general practice of adjourning on the opening day of the session until the following Tuesday, I asked the honourable senator from Kootenay East (Hon. Mr. King) to move on my behalf on Thursday afternoon last that the house be adjourned until this evening at 8 o'clock. I made that suggestion because there is a large volume of legislation ready to be presented; indeed, I believe that the fourteen bills which I shall place before the house tonight constitute a record in volume of legislation to be introduced so early in a session. Some of these measures are very important and warrant as much time and consideration as honourable senators will be able to give them. It is for that reason that I am presenting them at the earliest possible moment. Two of them were previously before us. Honourable senators will recall that last session a considerable amount of work was done on the Criminal Code Bill, but it was decided that the measure should not be dealt with at that time. A new bill is to be introduced this evening. Honourable senators will recall also that a bill to revise the Food and Drugs Act was introduced last session, but merely for the purpose of giving it distribution. It is again being brought forward, with the idea that we shall consider it here during this session and, I assume, hold hearings on it in committee. As I am anxious to make as rapid progress with these particular measures as is consistent with proper consideration of them, I will ask that they be given second reading tomorrow. In the case of the other bills, there will be the customary forty-eight hours' notice, so they will not be dealt with before Wednesday.

Further, with a view to facilitating early reference of these bills to committee, if they receive second reading, I should like to have certain standing committees set up as soon as possible. With that object in view I suggested today to the Selection Committee that they present this evening an interim report concerning three standing committees namely, Banking and Commerce, to which ordinarily the Criminal Code Bill would be referred; Public Health and Welfare, to which, I suggest, the Food and Drugs Bill be sent, if it obtains second reading; and Standing Orders, which it is necessary to bring into existence as soon as possible because there are two or three private bills requiring early consideration.

In due course, when the order is called, the Chairman of the Selection Committee will propose the adoption of the interim report on these three committees.

A considerable number of places remain to be filled on each of these committees. On Banking and Commerce, for instance, ten appointments remain to be made: they consist of two vacancies, in any event; and there are eight senators, members of the committee last session, who during the last twenty-three sittings of the committee attended either no meeting at all or only one, and whose names have been omitted from the list. I have suggested, however, that if any of these senators desire to serve this year and are able to do so, they shall have prior consideration for the vacant appointments. Similarly, there are ten vacancies on Public Health and Welfare which may be filled by any senators who care to act on that committee.

With that explanation, may I suggest that the Senate consider passing the interim report this evening, so that the three committees may be organized tomorrow and be ready to deal with the bills mentioned if the Senate sees fit to give them second reading.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION

Hon. J. A. McDonald presented the report of the Committee of Selection.

The Report was read by the Clerk Assistant as follows:

The Committee of Selection appointed to nominate senators to serve on the several standing committees for the present session, have the honour to report herewith the following list of senators selected by them to serve on the Standing Committees on Banking and Commerce, Public Health and Welfare, and Standing Orders, namely:—

BANKING AND COMMERCE

The Honourable Senators Aseltine, Baird, Beaubien, Bouffard, Burchill, Crerar, Davies, Dessureault, Emmerson, Euler, Fallis, Farris, Gershaw, Gouin, (x) Haig, Hardy, Hawkins, Hayden, Horner, Howard, Howden, Hugessen, King, Kinley, Lambert, MacKinnon, MacLennan, McDonald, McGuire, McIntyre, McLean, Nicol, Paterson, Pirie, Pratt, Quinn, (x) Robertson, Roebuck, Taylor, Vaillancourt, Vien and Wilson. (40).

(x) *Ex officio member.*

PUBLIC HEALTH AND WELFARE

The Honourable Senators Blais, Bouchard, Burchill, Burke, Comeau, David, Davis, Dupuis, Fallis,

Farris, Gershaw, Golding, Grant, (x)Haig, Hawkins, Howden, Hurtubise, Kinley, Lacasse, McGuire, McIntyre, Pratt, (x)Robertson, Roebuck, Stambaugh, Veniot and Wilson. (25).

(x) *Ex officio member.*

STANDING ORDERS

The Honourable Senators Beaubien, Bishop, Duff, Godbout, (x)Haig, Hayden, Horner, Howden, MacLennan, McLean, Pratt, (x)Robertson and Wood. (11).

(x) *Ex officio member.*

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Robertson: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

MOTION OF APPOINTMENT

Hon. Mr. Robertson: Honourable senators, with leave of the Senate I move:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the Standing Committees on Bank and Commerce, Public Health and Welfare, and Standing Orders during the present session, be and they are hereby appointed to form part of and constitute the said committees to inquire into and report upon such matters as may be referred to them from time to time, and that the Committee on Standing Orders be authorized to send for persons, papers and records whenever required.

The motion was agreed to.

INTERNATIONAL JOINT COMMISSION

TABLING OF DOCUMENTS

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, I beg to lay on the Table certain miscellaneous documents, among which is the order of approval of the International Joint Commission signed at Montreal, Quebec, on October 29, 1952, for the construction of certain works for development of power in the International Rapids section of the St. Lawrence river. The other documents need not be mentioned in detail at this time; the list will appear in the *Minutes of the Proceedings.*

INDIAN BILL

FIRST READING

Hon. Mr. Robertson presented Bill B, an Act to amend the Indian Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

I may say, honourable senators, that of the fourteen bills to be presented tonight I am going to ask that two be read a second time tomorrow, and that the remaining twelve be given second reading on Wednesday. It may be that some of those twelve will not be printed by Wednesday, and also that not all of the honourable senators who have been asked to explain the bills will be ready to proceed on that day.

LOAN COMPANIES BILL

FIRST READING

Hon. Mr. Robertson presented Bill C, an Act to amend the Loan Companies Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

TRUST COMPANIES BILL

FIRST READING

Hon. Mr. Robertson presented Bill D, an Act to amend the Trust Companies Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

COASTAL FISHERIES PROTECTION BILL

FIRST READING

Hon. Mr. Robertson presented Bill E, an Act to protect the coastal fisheries.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

CANADA EVIDENCE BILL

FIRST READING

Hon. Mr. Robertson presented Bill F, an Act to amend the Canada Evidence Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

PRISONS AND REFORMATORIES BILL

FIRST READING

Hon. Mr. Robertson presented Bill G, an Act to amend the Prisons and Reformatories Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

COMPANIES' CREDITORS ARRANGEMENT BILL

FIRST READING

Hon. Mr. Robertson presented Bill H, an Act to amend the Companies' Creditors Arrangement Act, 1933.

Hon. Mr. Haig: I should hope that the purpose of this bill is to repeal the Act.

Hon. Mr. Robertson: I must tell the honourable leader opposite that I have not had time to study the measure.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

MERCHANT SEAMEN COMPENSATION BILL

FIRST READING

Hon. Mr. Robertson presented Bill I, an Act to amend the Merchant Seamen Compensation Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

FOOD AND DRUGS BILL

FIRST READING

Hon. Mr. Robertson presented Bill J, an Act respecting food, drugs, cosmetics and therapeutic devices.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

TERRITORIAL LANDS BILL

FIRST READING

Hon. Mr. Robertson presented Bill K, an Act to amend the Territorial Lands Act and to repeal the Yukon Quartz Mining Act and the Yukon Placer Mining Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

SAINT JOHN BRIDGE AND RAILWAY EXTENSION COMPANY BILL

FIRST READING

Hon. Mr. Robertson presented Bill L, an Act respecting the Saint John Bridge and Railway Extension Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION BILL

FIRST READING

Hon. Mr. Robertson presented Bill M, an Act to amend the Canadian Overseas Telecommunication Corporation Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

Hon. Mr. Robertson presented Bill N, an Act respecting the appointment of auditors for National Railways.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

CRIMINAL CODE BILL

FIRST READING

Hon. Mr. Robertson presented Bill O, an Act respecting the Criminal Law.

Hon. Mr. Roebuck: I would suggest to the honourable leader that if the bill has been printed it would be to our advantage to have copies distributed right away.

Hon. Mr. Robertson: A small number of copies of the bill are available, and I am hopeful that the supply will shortly meet the demand.

Hon. Mr. Haig: I would also suggest to the honourable leader of the government that when copies become available they should be distributed immediately to the members of the special committee who studied this bill last session. I understand that some of the recommendations made have been accepted, and if that is so a lot of time can be saved by avoiding unnecessary discussion. Let the House of Commons do some of the work. But I would suggest that the honourable senators from Toronto-Trinity (Hon. Mr. Roebuck), Vancouver South (Hon. Mr. Farris), from Toronto (Hon. Mr. Hayden)

—who is not here this evening—and Grandville (Hon. Mr. Bouffard) be supplied as soon as possible with advance copies. That would facilitate matters very much.

Hon. Mr. Robertson: I intend to ask my colleague the Minister of Justice, when the bill is before the Senate for second reading, tomorrow or later, to come here and give us the advantage of an explanation as to the respects in which this bill differs from the one which was introduced previously.

Hon. Arthur W. Roebuck: If I may have your indulgence, honourable senators, I would suggest that we do not attempt to give the Criminal Code second reading tomorrow. The minister will be here. I am told that some twenty-six of our suggestions have been written into the text. I would like to check that matter, and also to have some opportunity, after the minister has addressed us, to comment on the bill in its present form. I do not think we can pass it tomorrow, but it is all right to have second reading moved then and to hear what the minister has to say.

The bill was read the first time.

THE LATE SENATOR FOGO

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, it is one of my official responsibilities from time to time to draw to the attention of the house the loss of one or more of our members. It is always a matter of regret, but sometimes our sorrow is assuaged in part at least by the realization that our colleague's passing represents the termination of a long career of usefulness in the service of his fellow-men. On certain occasions, happily less frequently, it becomes necessary for me to draw attention to the fact that, as a result of the inscrutable ways of Providence, a colleague has passed in the very prime of life, one whose accomplishments gave every promise that he had barely crossed the threshhold of a brilliant career of usefulness and accomplishment. This I believe can be truly said of the Honourable James Gordon Fogo, Q.C., who died suddenly on July 6 last, at Murray Bay, Quebec.

Senator Fogo was born at Halifax on July 9, 1896, the son of Alice Hanway and Adam G. Fogo, a locomotive engineer on the old Intercolonial Railway. The family later moved to Sydney, Nova Scotia, where the late senator left school at the age of sixteen to work in the Dominion Steel plant. However, he later finished his course at Sydney Academy and went on to the provincial Normal School.

He started teaching in a school in the coal-mining town of Stellarton, at the age of 18; but with the advent of the First World War he enlisted as a private in the artillery and served overseas for three years with the 2nd Canadian Siege Battery. Upon his return home, in 1919, he resumed teaching, this time in Sydney High School, and the following year went to Amherst where he articled with his mother's brother, J. A. Hanway, Q.C., whose partner at that time was the late Colonel James Layton Ralston. In 1921 he entered Dalhousie University to study law, and upon being called to the Bar, in 1924, he joined Colonel Ralston and the Honourable Charles Burchell in their Halifax law office, becoming a member of the firm in 1926, when Colonel Ralston came to Ottawa to be appointed Minister of Defence.

Brilliantly successful as a lawyer, he attracted the attention of the Right Honourable C. D. Howe, who, as Minister of the Department of Munitions and Supply, in 1942 invited him to come to Ottawa as Associate Co-ordinator of Controls in that department. He became one of the government's ace trouble-shooters on the production side of the war effort, specializing in labour problems. Later he became Executive Vice-President of the Algoma Steel Corporation and maintained an office in Ottawa, where he set up a liaison between that corporation and the federal government, specializing in questions affecting labour. In addition to these activities his wide experience and valuable counsel gained him a place on many important directorates closely concerned with the industrial development of this country.

On the political side he maintained an unswerving devotion and loyalty to the Liberal party from his youth. His first political encounter came in 1920, when he went on the hustings in support of Colonel Ralston's attempt to gain a Cumberland County seat in the Nova Scotia legislature. The late senator continued to maintain an active interest in the Nova Scotia Liberal organization, and, although he never ran for public office himself, his qualities of leadership and political judgment were generally felt in the direction of the organization's affairs. From 1939 to 1941, when he was president of the Nova Scotia Liberal Association, he gained a wealth of experience which proved invaluable when, in 1945, he was drafted by the National Liberal Federation to organize the successful Liberal campaign in the federal election of that year. Some months later he was elected president of that organization.

His greatest political task, however, was organizing the National Liberal Convention in Ottawa in the summer of 1948, at which convention the present Prime Minister was

chosen as leader of the party. In the following year our late colleague was appointed to the Senate, where, as honourable senators know, his keen intellect and sound judgment made an indelible impression on those privileged to be associated with him.

The happy associations that I have formed with all honourable senators since I have been privileged to be a member of this house make it difficult to draw distinctions. I may be pardoned, however, in the case of Senator Fogo, since my association with him extended over a very long period. I treasured our association over these years more than I can say. Gordon Fogo, as a friend and confidant, possessed to an extraordinary degree the characteristics of kindness and loyalty. As an adviser his judgment was unerringly sound and selfless. I, together with hosts of other friends, watched with pride the steady and rapid progress he made in every line of endeavour with which he was connected. I, with them, was concerned lest the growing load of responsibility should unduly tax his health and strength, a danger of which there had from time to time been some indication. I, with them, had hoped against hope that his quiet manner, his keen mind and his ready humour would enable him to surmount all his responsibilities for many years to come. But it was not to be, and his death occurred shortly after the adjournment in last July. There passed from our midst a colleague loved and respected by all that knew him.

May I extend to his widow and children our deepest sympathy in their great sorrow. May I say to his widow—and I am sure others join me—that her late husband had achieved the stature of a distinguished Canadian and a great man; and to his son and daughter, that their father's memory will long be treasured by those who were privileged to know, love and respect him.

Hon. John T. Haig: Honourable senators, after listening to the remarks of the leader of the government (Hon. Mr. Robertson) I feel that I can hardly add anything. I did not know the late Gordon Fogo until he entered this chamber, but during our association here I came to know him quite well. I sometimes felt that he was working too hard. He would seem to hold up as though he did not want to press something further because it was taxing his energy.

This house and Canada can ill afford to lose men like Gordon Fogo. Our need for men of his type is greater now than ever before. It is indeed a great loss to the whole country that a man so valuable to our public life should pass away at such a relatively young age.

I wish to extend to his widow and family my most sincere sympathy in their bereavement. Their loss is truly great, and can hardly be realized by those of us who are older and who have had our loved ones around us for a longer period.

The late Senator Fogo was an eminent lawyer who went about his Senate duties in a quiet way. As a new member of the Senate he may not have taken too prominent a part in our debates, but in committee it was realized that he had a wide knowledge of the subjects with which he dealt, and some of us found it difficult to oppose his views.

On behalf of the party which I have the honour to lead and of the people from my part of Canada, I join the leader of the government in paying tribute to the memory of this native son of Nova Scotia who was loved and held in such high esteem by all Canadians.

Hon. Norman P. Lambert: Honourable senators, on behalf of those of us who are designated as representatives of the province of Ontario, I should like to pay deep and warm respect to the memory of our late-departed colleague, Senator Fogo.

Senator Fogo made his home in Ontario, an adopted son from Nova Scotia—more particularly, from Cape Breton. He was a valuable acquisition to our representation from Ontario in this chamber, and in the relatively short period of time that he lived in Ottawa he made a wide and warm circle of friends. He was a man who made friends very easily. Indeed, I have never seen such a spirit of camaraderie and friendship as he evoked among people of all classes. There was about Gordon Fogo a quiet reserve, a lack of ostentation, which was deceptive. He had a good sense of humour and an unpretentious manner, but carried a competent and clear-headed view of any task to which he might turn his mind. In one way or another I had come in close contact with him in the last ten years. He had a marked capacity for business affairs, in which he had firmly established himself in recent years. He had also established a reputation for himself at the Bar in Ottawa and before the Supreme Court of Canada.

Gordon Fogo had real fortitude and courage. He knew well what he was faced with. His passing, which came all too soon, was largely a result of his refusal to take things easily and lead a life of leisure. It was his definite choice, in the face of repeated warnings, to continue to pursue what he considered to be his official and business duties. While I lament his passing and think of him as a rare personality in this community, I also think of

him as a brave, blithe spirit who refused to go "on the shelf". He would not give up, and in the end, I believe, he really had things the way he wanted them.

I join with the leader of the government in expressing deepest sympathy to Mrs. Fogo and the family.

Hon. John C. Davis: Honourable senators, nearly four years ago it was my privilege to be sworn in as a member of this body on the same day as was our late colleague, Gordon Fogo. Prior to that time I had had an opportunity of working alongside him when he came to Manitoba on party organization matters. Senator Fogo impressed one at the outset by his clarity of thought, his kindness of heart and his philosophical judgment. I would be remiss if I let this occasion pass without recalling the warmth and kindness that he showed towards the people of Manitoba. He was not long in that province before he had established that high personal prestige and standing to which reference has so fittingly been made by the senator from Ottawa (Hon. Mr. Lambert).

I join with the other speakers in the sentiments expressed on behalf of our late colleague; and to his widow and family I extend deepest sympathy from the people in my section of the country.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, November 25, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION

Hon. A. L. Beaubien presented the report of the Committee of Selection.

The report was read by the Clerk Assistant.

(See appendix at end of today's report.)

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Beaubien: Tomorrow.

The motion was agreed to.

REPORT RECONSIDERED

Hon. Mr. Aseltine: Honourable senators, I would point out that we shall not be able to hold the proposed organization meeting of the Standing Committee on Divorce unless we first adopt that part of the report of the Committee on Selection dealing with the appointment of the members of the Divorce Committee. I would therefore move that the Senate revert to consideration of the report of the Committee of Selection, that honourable members nominated therein for appointment to the Divorce Committee be hereby appointed, and that the remainder of the report be left over for consideration tomorrow.

Hon. Mr. Robertson: I had not thought of that point, but I am sure all honourable senators are anxious to take whatever steps are necessary to facilitate the work of the Divorce Committee which has so many tedious sittings before it. The house has already adopted the motion that the report of the Committee of Selection be considered tomorrow. Perhaps I could be advised as to the procedure we might follow in order that the members of the Divorce Committee may be appointed today. It is the general custom to allow the report of the Committee of Selection to stand for one day before being considered, so that honourable senators may read the names of those appointed to the various committees; but I am sure something can be done to facilitate the appointment of the members of the Divorce Committee.

Hon. Mr. Vien: I am sure that under our rules we can revert to the question put by the Speaker: "When shall this report be taken into consideration?" and move that the report of the Committee of Selection, in so far as it affects the Divorce Committee, be adopted, and that the remainder of the report be left over for consideration tomorrow.

Hon. Mr. Aseltine: That is the right procedure. I so move.

The motion of Hon. Mr. Aseltine was agreed to.

BANKING AND COMMERCE COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate, I beg to move that the names of the Honourable Senators Campbell, McKeen and Wood be added to the list of senators serving on the Standing Committee on Banking and Commerce.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate proceeded to consideration of His Excellency the Governor General's speech at the opening of the Seventh Session of the Twenty-First Parliament of Canada.

Hon. Cyrille Vaillancourt moved:

That the following Address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Vincent Massey Member of the Order of the Companions of Honour, Governor General and Commander-in-Chief of Canada.

May it Please Your Excellency:

We, Her Majesty's most dutiful and loyal subjects, the Senate of Canada, in parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious speech which Your Excellency has addressed to both houses of parliament.

He said:

(Translation):

My first words are for our gracious queen, to whom I wish a long and fruitful reign. May her coronation, next June, be the beginning of an era of peace and prosperity, not only for the whole Commonwealth, but for the entire world.

May God watch over the Queen! God save the Queen!

To His Honour the Speaker, I wish to present my respects. I hope he will continue to preside over our proceedings with his customary wisdom.

I also wish to pay tribute to the two leaders and assure them of my respect. To the leader of this side of the chamber I wish health and vigour, so that he may continue in the active direction of our work, as he has done

in the past. As to the leader opposite, I hope he will continue to perform his duty as critic as he has up till now, that is, in a constructive manner.

I cannot fail to mention the loss of one of our good friends, the late Senator Fogo. He passed away at an early age and very suddenly. His loss is perhaps more deeply felt by me than by many others, because he was my neighbour in this chamber. I was aware of his knowledge and consulted him often in order to get a better understanding of certain points of law which a layman sometimes has difficulty in grasping. I wish to extend to his family my most sincere and deepest sympathy.

I am happy to greet my colleagues who return invigorated to take up anew the task of working harder than ever for a great cause: the advancement, the greatness and the prosperity of our country.

With reference to the speech from the throne, which affords me the honour of being among the first to be called to speak in this new session, I shall not attempt to analyse in detail every subject mentioned therein. I shall comment on certain points which are connected therewith directly or indirectly. My speech will bear rather on principles. It is sometimes said of speeches made in reply to the speech from the throne that they are gone with the wind. Nevertheless, if the remarks inspired by it could do no more than awaken some ideas that may bear fruit in a year or two, the time spent in making them would not be lost. I believe such remarks are necessary and that the authorities sometimes pay attention to them.

One of the greatest concerns of every citizen is taxation. Some claim that it is so heavy, and the cost of living is so high, that they can no longer buy what they need. Others maintain that expenditures are excessive, or else that social security legislation is too costly, or else that defence expenditures should not be so great.

On the other hand, some people would like the government to spend more money for defence preparation; they feel that we have not gone far enough in that direction. Others claim that social security legislation is not adequate; that old age pensions should be increased to sixty dollars a month, that family allowances might be more generous, as well as pensions to the blind, to war veterans, etc. If they are placed in power, they say, they will give more and tax less. By what means would they work out such a miracle? To spend more and tax less! Let those understand who can. Finally, others believe that in printing more paper money all expenditures could be paid without any burden being placed upon the taxpayer. Such a system was tried out in France once upon a time, when the government issued *assignats*. After a few months' trial the whole economy of the country collapsed completely, which was one of the causes of the revolution. How can the mere fact of printing on a piece of paper the figures $1, $2 or $20 give any value to such money?

Another means which is often suggested to the government is to borrow. Indeed, I read in a newspaper a few days ago: "Why not decrease taxation and borrow money—borrow a billion a year, for instance". People seem to believe that when you borrow there is no obligation to repay or to pay interest. Are they aware that when borrowing at 3½ or 4 per cent, in a very few years the capital is doubled simply because of the interest? If we should resort to such steps, future generations would be in debt for many decades.

Not that all capital expenditures should be paid for from one year to the next, but as far as social security expenditures are concerned, it seems to me that, from an economic point of view, they should be paid each year.

It is also said: "Why spend so much on defence?" But when the war broke out in 1939, how many of our people reproached England and France for not having prepared themselves. Some cannot see why we in Canada should spend our money uselessly, when there is no immediate danger of being attacked. Germany had armed herself, had prepared for war, but we had done nothing or very nearly. Let us read Churchill's Memoirs. The war lasted five years and caused an orgy of expenditure and slaughter. Today, we see what the communists are doing, what they are preparing, what they are striving for. Let us not close our eyes: they are going through the very same gestures as Hitler did, with this difference, that Stalin has a genius for evil, while Hitler was unbalanced. But people do not seem to realize what harm would befall our country if we failed to take immediately the means to protect ourselves, to defend our country, and to show our opponents the strength which would be at our disposal and which we could use against them.

A few years ago, in a little village that I know very well, some progressive aldermen wanted to set up a fire protection system. But the village people protested: "Why make such an expenditure? There has never been a conflagration in our village; it was never burned down". But one fine day,

a fire broke out in a small shop and the whole village was destroyed. How many of them were sorry then that they had not taken advantage of the protection which the mayor wanted to insure for the village! That mayor had been defeated at the polls because he wanted to give the locality a fire protection system. They had even lost a small industry, established in the village, but which moved elsewhere so that its operations might be protected against fire. Today the village is being rebuilt and it now sees the necessity for such protection, and is taking the proper measures. Those citizens are now paying large sums, but a little belatedly.

It is always thus. It is also claimed that the Russians will never attack us here. They will surely not come if we prepare ourselves, if we are on the lookout and ready to defend ourselves against the very first attack. But if we do nothing they will come here, just as they went into other countries where they were sure to win.

I am all for reasonable taxation and for proper remedies where expenditures are excessive. But I sincerely believe that everything is being done to curb abuses or extravagance. The government has not hesitated to sue those who thought they could rob the treasury brazenly. Let us remember that if each one paid his whole share, taxes would be cut in two. According to surveys conducted by our organization in certain districts, we have come to the conclusion that if each one of us paid what he should pay, taxes could be reduced by 40 per cent. The middle class is made up for the most part of civil servants, called white-collar men. They pay their whole share; but among the others, there are many who try by every possible means to evade taxation, if not to cheat on taxation, because they do not understand that what they fail to pay, their neighbour will have to pay. Not only is it an injustice, but it is robbery not to pay one's taxes. I fail to grasp how those who maintain the contrary understand justice and fairness because, as I have already said, what the tax evader does not pay, his neighbour will have to pay.

On the subject of taxation, I would like to mention another point. For some time, I have been receiving many requests to quote the sections of the British North America Act dealing with the powers of taxation of the federal and provincial governments.

As I am no jurist, I will refrain from going into the finer points, but simply quote what the British North America Act provides, in sections 91 and 92, with respect to the legislative powers of Canada and of the provinces.

Article 91 of the British North America Act reads as follows:

Legislative power of the Parliament

It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this Act assigned exclusively to the legislatures of the provinces, and for greater certainty, but not so as to restrict the generality of the foregoing terms in this section, it is hereby declared that (notwithstanding anything in this Act) the exclusive legislative authority of the Parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated; that is to say,—

....

3. The raising of money by any mode or system of taxation.

As to the provinces, section 92 provides as follows:

Exclusive powers of provincial Legislatures

In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say:

2. Direct taxation within the province for the raising of a revenue for provincial purposes.

I have only one remark to add: we all know the integrity, truthfulness and great honesty of the Prime Minister of Canada.

Inflation is still a subject of conversation. Last year, in order to control inflation as much as possible, the Government issued orders restricting credit. There was a general outcry. The Government wanted to place fences to prevent the foolhardy from throwing themselves into the pit, for was not the inflation of credit one of the causes of the 1929 depression? At that time, everybody was speculating, and paying for only 10 per cent of the stocks they bought, while depending on the future for the balance. The Government was well advised, it seems to me, in restricting sales under the instalment plan, as I shall try to demonstrate.

Credit restrictions were relaxed, early in 1952, and sales under the instalment plan more than doubled during the second quarter of this year. They increased from $150 million to more than $335 million. Cash sales, however, increased but slightly during the same quarter, from $1,989,800,000 to $2,015,900,000.

I was struck by another example, which is even more concrete. At the Credit Union Federation in Quebec we compile statistics, from which we have drawn the following facts. In 1950, when credit was not under control, for every dollar coming into our credit unions during the year, there remained 2·5. In 1950, when credit restriction were applied, for every dollar coming into our credit unions, there remained 4·4. As to the difference between urban, semi-urban and rural centres, these were the results: in urban centres, for each dollar coming into the credit unions in 1950, there remained 4·4; in 1951, 4·9; in semi-urban centres, in 1950, there remained for each dollar coming into the credit unions, 1·8; in 1951, 2·9; and in rural centres, there remained in 1950, 1·0 and in 1951, 4·3.

What has 1952 in store for us? There is no telling. But the figures given show that credit control ensures a certain stability. It is all very well to criticize, but any government that organizes and maintains stability in a country is a good government, against which it is useless to make unfounded criticism.

There is one class of people just now which is faced with a rather distressing problem: the farmers, particularly those of Eastern Canada. Western farmers were fortunate in having a bumper crop, about which I am delighted. However, due to the American embargo, the price of meat has fallen sharply, the difference in price being proportionately much less marked for the consumer than for the producer. In certain places the prices of beef and pork to the producer went down 50 per cent, but only 10 or 15 per cent to the consumer.

Such conditions should be corrected. Distribution is much too costly, and I would add that the consumer is paying too much to the middleman.

Mr. J. E. Duchesne, president of the Apple and Fruit Society of Quebec and manager of the Fruit Division of the Federated Co-operative of Quebec, in an address given in Montreal on September 5 last, had this to say about the growing and marketing of apples:

> Since the farmer now refuses to go around more poorly dressed than the city worker and also claims the right to enjoy the comforts of mechanization and electrification, people have no more pity for him, but attack him. It should not be forgotten however, that it is not he but the middleman who gets the lion's share of the profits on the sale of agricultural products. The city consumer would benefit very little from the farmer lowering his prices. Are people aware, for instance, that he gets $35 for a ton of tomatoes which are resold in the city for $140 and even $160 in the form of tomato juice?

That is an example, and not the only one. Last year, consumers were paying potatoes $4, $5 and even $8 a bag. But middlemen paid the farmers $1.50 a bag for the same produce. Farmers or potato growers who belonged to co-operatives were more fortunate, as they managed to sell their crop for $3 to $4 a bag.

During the winter of 1951 consumers paid from 80 cents to 85 cents a pound for butter, and even more in certain places. But buttermakers and producers had received an average of 58 cents to 65 cents a pound. Is that not an unreasonable price spread.

The agricultural economist of the federal government, in a periodical published by the federal Department of Agriculture last June, gives the result of an investigation made into the spread between prices paid to the producer and those paid by the consumer, in the case of nine agricultural products, during the 1935-1951 period. The difference in question is that between annual average prices and not that between the maximum and minimum prices paid for these products.

The products concerned in this investigation were: wheat flour, white bread, standard beef, fluid milk, butter, ordinary processed cheese, potatoes and canned tomatoes.

An analysis of these figures indicates that, at the retail level, these items represent nearly 50 per cent of a family's expenditure for food.

The following is the table published by the federal economist in the periodical of the federal Department of Agriculture:

Year	Standard beef per pound	Eggs all grades per dozen	Fluid milk per quart	Creamery butter per lb.	Ordinary processed cheese per ½ lb.	Potatoes per 15 lbs.
1945	10·2	11·2	7·0	12·1	15·6	20·0
1946	10·2	11·0	7·0	12·5	15·6	19·5
1947	11·1	10·5	7·1	13·3	15·7	22·7
1948	12·7	12·0	7·9	14·1	18·1	27·7
1949	17·5	15·4	8·2	15·4	20·4	26·6
1950	18·4	14·6	8·3	15·0	20·8	28·8
1951	22·9	16·2	9·4	19·0	21·8	25·7

This means that in 1951 the average spread between the prices paid to the producer and the prices paid by the consumer was 22·9 cents per pound for beef, 16·2 cents per dozen for eggs, 9·4 cents per quart for milk, 19 cents per pound for butter, 21·8 cents per half-pound for cheese and 25·7 cents per 15-pound bag for potatoes.

This margin reflects the charges of the middlemen, which have increased steadily since 1947. In 1951 this increase was more than double that of the 1935-39 period.

I do not mean that this difference was entirely absorbed by the middlemen. It must be recognized that products are no longer sold as in the past; today they are graded and packed, transportation costs are much higher than they were formerly; storage costs must also be reckoned with. However, it is a fact that the man who labours for months in order to raise a crop, who pays for the fertilizers, who does the ploughing and who spends all his energy in order to make his land produce, hardly gets 50 per cent of the price paid by the consumer; the balance is absorbed by distribution costs.

May I express the wish that steps be taken in order to reduce those heavy distribution costs and to devise a system which would protect both producer and consumer? The producer should receive a profitable price, so that he may not lose any money on his produce, while the consumer should not pay heavy distribution costs which only serve to enrich middlemen. The best solution to the problem would be the co-operative system which, in regard to production, is the method which treats the farmer most fairly. Others hold the same views. Mr. Leland Olds, one of the six members of the committee which, at the request of President Roosevelt, made a survey of the co-operative movement in Europe in 1937, stated in his report:

> The co-operative way of life is not entirely new, although its application to modern production and the marketing technique belong to our times; the rural family which was self-sufficient before the industrial revolution was essentially a co-operative organization; the elements of the co-operative undertaking . . ., local and regional, existed in the middle ages. However, the industrial revolution gradually whittled down co-operation. The number of services required increased, the volume of consumer goods went up also, and people began to buy on the market what was formerly produced at home.
>
> The co-operative movement would therefore extend the co-operative way of life, which characterized the families of old, to the control of marketing, thanks to family co-operative groups. Formerly, the needs of the family determined and balanced production. Likewise, the needs of the members of modern co-operative societies control and stabilize production.

The government or governments, by promoting co-operation to the utmost, will act wisely. To those who might say that the co-operative system is socialism, I shall reply forthwith that they are mistaken. The co-operative system is based on family organization; the co-operative system is a larger family where those who exercise the same profession, the same trade, get together in order to produce more profitably, deliver goods of better quality, more carefully processed and in larger volume. Indeed, it must be noted that the most rabid enemies of co-operation are precisely the members of trusts, of monopolies, those organizations which disregard the producer and are intent on getting the largest possible earnings for capital. Why frown upon farmers when they endeavour to set up co-operatives, when the number of chain stores increases steadily; when lawyers, notaries, physicians and labour are forming their own unions and professional associations? That is another form of co-operation to which no one can object. Why then should not farmers have the right to organize? Indeed, co-operation is not socialism. On the contrary, co-operation develops in the individual a sense of responsibility; it stimulates initiative, inasmuch as in the co-operative movement each is paid according to his labour, according to his own efforts.

All governments should endeavour by every means at their disposal to develop co-operatives, especially in the field of production, in order to protect both the producer and the consumer. I do not think that at birth some are destined to become wealthy tradesmen, influential professional men, etc., and that the farmer, alone, must toil.

Communism is a timely topic; in certain quarters it is feared, and with reason. If we wish to fight communism, let us render to all the greatest measure of justice. The co-operative system well understood and well organized will render justice to all men, by requiring each and everyone to do his share, and to develop and perfect his own activities.

Before concluding my remarks on this subject, I shall warn my friends, the farmers, not to be in too great a rush in disposing of all their livestock at this time when prices are temporarily depressed. As the hay crop was plentiful in the East, it may be used to continue to feed livestock on farms. If the United States embargo is lifted next spring, the market will become more steady and the farmer will probably obtain better prices.

If livestock is disposed of now, there will be a scarcity of meat when the embargo is lifted; the consumer will suffer and the producer will not benefit. It is a danger against which those farmers who would be tempted to sell their stock at the present time must be warned.

One of the capital achievements of the Liberal government was its social security program, inaugurated in 1927 with the old age pension. Today we have not only the old age pension, but the pension for the blind and war veterans, family allowances, unemployment insurance, etc. These measures are intended to ward off, if possible, economic depressions such as that which started in 1929.

I am happy to say that in the manner in which the tax burden is distributed in order to pay for social security, the Canadian system seems to be the simplest and the most efficient in the world. Indeed, it is my personal opinion that our method of raising funds in order to defray the cost of this financial assistance is the most practical and economical one, and the method which ensures the greatest efficiency.

In some countries, employees and employers contribute to defray the cost of such pensions, and contributions are not the same everywhere. They vary from one section of the country to another and are subject to many other considerations. Therefore, when a certain industry is not prosperous, collections fall off and complications set in. Things are different in this country. Inasmuch as all the citizens contribute to the prosperity of the country, I think it is only meet and just that all should also contribute to the economic security of those who are entitled to such benefits.

In certain quarters, the government was criticized for having granted a $40 a month pension to every citizen, rich or poor, who has reached 70 years of age. Is this not the fairest method? Indeed, in the past when the pension was paid only to the needy, a large number of people became in need overnight and received sums to which, strictly speaking, they were not entitled. Moreover, as the pension is granted to everyone who reaches 70 years of age, how many false statements are avoided! For that matter, the person who has a sufficient income and does not need the pension to live on, hands it back through taxation; in this way everything is fair and square.

It is idle to think that such simple measures will solve all the economic and social problems of the nation. No; the great law to ensure security has always been and still is the law of work and of thrift. If we ever forget these great principles of work and thrift, we shall meet with the same disaster which befell many peoples who disregarded these two fundamental laws.

The principles of these social security measures are not new; they have existed for hundreds, nay, thousands of years. Such laws were in the statutes at the time of the Roman empire. At one time, the Romans were so prosperous that they decided not to work any longer. "Why work?" said they. "All those peoples which we have subjugated are paying us tribute; we have nothing else to do but to eat and enjoy ourselves". And from Caesar they demanded bread and games —*Panem et Circenses*. No work, no thrift, no provision for the future. That was the beginning of the decline of the empire. One hundred and fifty years later the Roman empire fell, never to rise again. The Romans were brought to their doom because they had disregarded the law of work and had not provided for the future. "Thou shalt earn thy bread by the sweat of thy brow". Such was the sentence of God after the disobedience of Adam and Eve.

Social security provided for everyone and managed by the government had deprived the Romans of any initiative; social security, which was thought to be perfect, had brought about total insecurity. The reason for this decline, for this moral decay, was that the state had replaced the family; once the family is destroyed, a nation can no longer survive. The family, the backbone of the nation, must not perish; on the contrary, we must strive to maintain it; for its disappearance would spell the ruin of the nation.

Will the experience of the past be a lesson for the future? Shall we have the courage to learn this lesson and put it into practice?

Social security based solely on economic and material security does not suffice; to material security must be added moral security based on charity and love.

Moral security will prevent material and social security from being the ruination of mankind. If they want to avoid the fate of the Romans, Western people must give a new life, new spiritual and moral concepts, to their laws. Otherwise, those social security measures will become social insecurity laws.

That does not mean that social security laws are unnecessary, although one can hardly believe that, in 1952, people suffer from hunger, and cold and worry over the next day. But that is not enough; and despite this legislation, however perfect it may be, there will always be homes where the necessary things of life are lacking. Such hardship will always come from the same causes: lack of education, lack of foresight, lack of work.

No one or no people on earth can ensure social security in trying to give bread and games to each and every one without exacting anything in return. Bread and games cannot lead to continual and permanent prosperity. Work, foresight, peace in the home, the virtue of charity practised among men, such are the indispensable conditions which ensure genuine security. Christ told us nearly two thousand years ago, to love one another and to help one another.

Without taking too much time, may I be permitted to point out the material aspect of social security which involves a moral aspect as well.

Social security, as I said, is based first of all upon family security. Without the family, it would be useless to try to organize social security on a stable basis. If the family disappears, the nation will inevitably disappear. We want to check the spread of atheistic principles. But we are wasting our time, unless we take the proper means of maintaining and developing family life. Is not the family the nation in the bud? Is not every citizen whose heart is in the right place willing to lay down his life in the defence of his country. It is the same in the family. Each one of its members, if he has a home, considers it as a small country which he is ever ready to defend.

It is useless to think that laws can solve all social problems and remove all unwholesome ideas. See what is happening: there are many laws which punish robbery, gangsterism and every form of crime. But alas, there have never been so many crimes or criminals as today.

More and more hospitals are being built to take care of people suffering from tuberculosis, cancer or heart disease, and to prevent and cure physical ailments. Why should we not endeavour with the same care to comfort and protect a very sick patient, the family?

Would not one way of trying to cure many of society's ailments be to endeavour to see to it that every family has a home, owns a house and a small plot of land which become its own small country?

The speech from the throne indicates that the houses of parliament will be called upon to approve an amendment to the National Housing Act. The National Housing Act, since its enactment, has been most useful and will in future, I hope, be even more so. People have been speaking of slums for a very long time. With the help of section 35 of that act and the co-operation of provincial and municipal governments, much can be done to remove hovels. I am astonished that all the provinces did not take advantage of this act. Ontario did and is glad of it, since hundreds of houses in several places in the province, where federal, provincial and municipal governments co-operated together, were built to replace hovels. Under section 35 of the act governing the Central Mortgage and Housing Corporation, the federal government undertakes to pay 75% of the cost of construction of those houses, thus leaving only 25% to be assumed by the provincial and the municipal governments. These provisions, however, do not solve all the problems. There are many other houses which could be built and which are being built outside of these communities, or rather of these groups of houses built in a row. So many individuals would like to build, but lack the down payment required to benefit under the Housing Act. Insurance companies are willing to lend in certain centres, but in most small centres they refuse. Credit unions, it is true, particularly in my own province, have invested nearly a hundred million dollars in housing, but they cannot solve all problems. In order to obtain housing loans, the borrower must be able today to produce 20% of the cost of his house. We hope under the new amendments to reduce this margin to 10% or less and even, if it were possible, to remove it altogether. And this is why: there is a class of people called the white-collar people, the office workers, the people who work in stores, the civil servants, who have been with the same employer for many years. They receive reasonable salaries, but as they have always had to pay quite a high rent, and owing to family costs, they have been unable to save anything, which means that they are not in a position to pay the 20% or 10% which would allow them to become owners. However, they have paid in rent much more than the cost of constructing a house. And these people, who make up the most stable class of society, the one on which we count the most, are the very ones who, proportionately to their income, are taxed the most heavily. The white-collar man cannot hide his income, on which he is taxed every month or week. That is a class which we have, unfortunately, never helped. Would it not be possible to find some solution to his trouble, so that the provincial, municipal or even the federal government might advance the 20% or 10% which he lacks, or waive this requirement altogether? Formerly the act provided that when the federal government made a loan

of 90% it guaranteed the borrower against all losses up to 15%. Well, if the provinces, for instance, guaranteed the other 10%, the borrower would still have a margin of security of 25%; thus, the lending companies might make these loans because—and this should be noted—these loans are being made to a class of people whose moral guarantee is sound. In 1944, the government of Quebec, the government of our distinguished colleague from Montarville (Hon. Mr. Godbout) passed an act which was sanctioned on June 3. This act allowed the government to guarantee the other 10%. I was very anxious that this act should be applied. Why should not the governments make use of such a measure without repealing the present act, under which the Quebec government pays 3% of the interest rate on loans up to $6,000? The action of the Quebec government in paying part of the interest up to a certain amount was a very wise step, but only those who are in a position to lay out $1,500 or $2,000 can take advantage of it.

Let us think of the salaried people with heavy family charges, honest industrious people, but who have never been able to lay away the 20% or 10% required to build a home. These people, however, who have always paid quite a high rent would be able to repay on the same basis and, after twenty or twenty-five years would own a house. A house costing $10,000 at 5% interest might be repaid over twenty-five years by monthly instalments of $58.46 and as, in the province of Quebec, the government pays 3% on more than half the loan, this would represent a rent of some $40 a month. If 70% or 80% of our people were some day to become owners, much would have been done to contend with subversive ideas. The man who has a property to protect, a piece of land to defend, is in no mood to listen to communistic theories.

We complain that our young people are frivolous, that they have no respect for their neighbours' property. Let us afford them the means of looking after their own property, their own assets, and everything will be changed. A man naturally protects his own little homesite. On going over statistics I find that in some of the larger centres homeowners number hardly more than 14%; and when agitation breaks out in these localities I am not surprised; because more than 80% of the people there have nothing to defend, but everything to ask for.

In everyone of us, there is something which binds us to the piece of land, to the home where we were born and bred.

When I give lectures here and there, I like to hear the young people tell me what they do at home. At home! It means so much: it means the house where we live, the home where we find happiness, joy and love. Home is a thing we own. The word "home" brings back to my mind the verses of the poet:

> Objets inanimés,
> Avez-vous donc une âme
> Qui s'attache à notre âme
> Et la force d'aimer?

Let us take the means to make these dreams come true. Long speeches and sermons are useless. Let us act and, through co-operation in a truly constructive spirit, all political parties of the country will agree once for all in order to establish something which is alive, real and advantageous.

Some would like to know how much it would cost. They fear the government is going to spend to no useful end millions upon millions of dollars. The federal and provincial governments and even the municipalities may possibly lose a few million dollars. How much are we spending today for defence? How much for road construction and other things, and sometimes without any immediate results? We are preparing ourselves for defence, in case of attack; but moral defence is an even more constructive and real thing. To make the nation not only strong and powerful but also happy because there will be a deeper brotherly feeling and more love in the heart of each one of its citizens, to insure the peace and social welfare of every Canadian, it is well worth risking a few million dollars.

Great undertakings for the development of the St. Lawrence have been forecast. Here again, people are not of one mind. In every field, it is the same; but in every case we have the future in mind and the development of the whole country.

Canada is not a mere province; it is a vast country stretching from the Atlantic to the Pacific. In a few years time our majestic St. Lawrence will be opened to the very heart of the country and bring prosperity to all the provinces. St. Laurent, a symbolic name for us, indeed. Our Prime Minister is called by the same name as our great river. Is this not symbolic, that he should be

directing the execution of this great project? Just as the great St. Lawrence river will bring prosperity to the country, so will our Prime Minister long continue to lead the nation wisely and to ensure, by his sound and careful leadership, the material and moral prosperity which we need.

(Text):

If we wish to assure the prosperity of our country we should not only consider the material side, but should develop the spiritual and moral angle, which must be present in the mind and heart of every person. On this subject may I quote the words of Mr. Clarence Francis, Chairman of the General Foods corporation:

> You can buy a man's time, you can buy a man's presence at a given place, you can even buy a measured number of muscular motions per hour or day; but you cannot buy enthusiasm, you cannot buy initiative, you cannot buy loyalty, you cannot buy the devotion of hearts, minds and souls. You have to earn these things.
>
> It is ironical that Americans, the most advanced people mechanically, technically and industrially, should have waited until a comparatively recent period to inquire into the most promising single source of productivity, namely, the human will to work. It is hopeful, on the other hand, that the search is now under way.

Let us apply these principles and with co-operation and good will our country will continue to be prosperous and to live in perfect harmony.

My last words will be the same as those used at the end of the Speech from the Throne:—May Divine Providence bless and guide our deliberations.

Some Hon. Senators: Hear, hear.

Hon. Charles G. Hawkins: Honourable senators, it is a very great privilege for me to second the motion which has been so eloquently moved by the honourable senator from Kennebec (Hon. Mr. Vaillancourt). I wish to thank the honourable the leader of the government in this house (Hon. Mr. Robertson), on behalf of the province of which we are both so proud, and personally, for the privilege he has accorded me.

Among the many projects referred to in the Speech from the Throne, and contributing to improved and expanded services to our nation, are two which are of special significance to Nova Scotia. They are the continuation of the Canso causeway and the new ferry service between Yarmouth and Bar Harbour, Maine.

The need of the Canso causeway has been apparent for more than half a century, and as the steel and coal development on Cape Breton Island has grown in importance, both to the province and to Canada, that need has become more urgent. The value of this great industrial unit was clearly demonstrated during both world wars, and the problem of ferrying across the strait the steel and coal so necessary for Canada's war effort emphasized the need for more adequate transportation facilities between this great industrial area and the mainland. The completion of this rail and highway link will be a further step in unifying and consolidating our industries and our people.

Since her earliest days Nova Scotia's geographical proximity to the New England States has been a most important factor in her development. Indeed, the economies of these two areas may be regarded as complementary; and prior to confederation their people, who claimed a common heritage socially, culturally and politically, enjoyed a tremendous volume of trade which was almost exclusively water-borne by small sailing ships. After confederation, with the introduction of trade barriers, this trade was greatly curtailed, with the result that at the present time this means of transportation has almost disappeared. The pattern of distribution in the New England area also has changed from water-borne traffic to rail and road deliveries. The inauguration of this proposed ferry service should do much to revive this trade, especially in the products of farm, forest and sea, and should prove a great stimulant to the business life of western Nova Scotia. I feel that the people of my province would wish me to express to the government of Canada, and to all those associated with these major projects, their deep thanks and appreciation for bringing to reality the dreams of many generations.

During the past year this country has enjoyed a continuing high level of prosperity. This is due, of course, to the phenomenal industrial expansion of the past decade. During this period our population has grown by 21 per cent, our foreign trade has tripled, and our gross national output has increased 100 per cent. The same story is true in nearly every other phase of our economy, and while the number of people employed in agriculture is less than it was before the war, agricultural production is up 25 per cent. Forestry production has nearly doubled; aluminum has

increased five times; petroleum six times, and iron ore thirty-eight times. Nearly three times as many automobiles and six times as many refrigerators are being produced as in the pre-war years. Such a list could be extended almost indefinitely.

The people of this country are keenly conscious of this tremendous production, and while there are many contributing factors, you will, I am sure, agree with me that the major contribution towards our tremendous industrial growth has been made by this government, largely as the result of its sound economic and financial policies. Certainly these advances would not have been made if investors and those with risk capital, both within the country and without, had not had implicit confidence in the essential soundness of the government's policy and administration. This confidence was most aptly voiced by Mr. Keith Funston, President of the New York Stock Exchange, in speaking recently before a dinner of some 600 business, financial and public men on the 100th Anniversary of the Toronto Stock Exchange. He said, and I quote:

> I believe that the second century of your career will prove to be a period of growth and progress even beyond your dreams today. Canada is notably a country of massive natural resources, but your government, business and financial leaders have demonstrated that they have the courage, imagination and skill to make certain that the rewards of free enterprise are shared by all people. If we to the south are a trifle envious it is not because we begrudge you a material reward created by your own efforts.
>
> We do, however, envy the environment in which capital is encouraged to work in Canada, and the respect accorded the risk taken. We could use a little more of that encouragement at home, to put it mildly. You have encouraged an inflow of venture capital not only from your own citizens but from every corner of the globe. You have no punitive capital gains tax, no excess profits tax, and you have not placed road blocks in the path of venture capital legitimately seeking employment.

Simultaneously with her vast industrial growth, Canada's trade position has forged ahead, until today, notwithstanding our size, we have become the third greatest trading nation in the world. It must be remembered that in order to maintain these standards of growth, foreign trade must be regarded as little less than our life-line. At present we export two-thirds of our wheat, 95 per cent of our paper and 80 per cent of our aluminum. In fact, Canada's total exports to other countries during the last year amounted to some four billions of dollars.

How has this been accomplished? How have we since 1935 increased by three times the amount of our exports? It was not through any casual or haphazard development. It has been achieved by the sound, multilateral trade policies of the federal administration, by the continued reduction and removal of trade barriers, and through the government's untiring efforts to increase and develop our trade with the Commonwealth, with the United States, and with nations in every corner of the world. If we are to maintain this position, which makes us the greatest trading nation of the world for our size, we must be prepared to export both finished products and raw materials to every country which needs them; otherwise, they will be unable to secure the money to pay for our goods.

Opposition groups in this country contend, of course, that this exportation of raw materials from Canada should cease forthwith, and that we should export only finished products. This policy of self-containment is illogical and unsound for a variety of reasons.

Firstly—Trading is a two-way street, and valuable markets for our products such as wheat, copper or nickel, would be lost if other countries were unable to earn the dollars necessary for their purchase by selling to us their raw materials and finished products.

Secondly—Canadian consumers would be forced to pay higher prices for many commodities which at the present time we can procure more cheaply elsewhere than in Canada.

Thirdly—If we refuse to export to other countries any of our raw materials, they would naturally retaliate by refusing to ship their materials to us. This would, of course, cripple many industries, such as those engaged in the manufacture of aluminum products, which require Bauxite from outside Canada.

Fourthly—These are the steps which encourage war, and there is no need to remind members of this house that it was the inability to market their goods and the unavailability of imports that in a large part were responsible for the attempts by Germany and Italy to seize by force of arms those areas producing goods which they required.

The government's present sound trade policy and multilateral world trade are necessary and complementary to our continued economic expansion. It is wrong trade policies, those which protect and restrict which are supported by opposition groups, that have previously damaged our trade position, and could even now bring incalculable harm, and stifle or choke our present rapid growth.

Much has been said recently about the loss of the British market. There has, of course, been no loss. There has, in fact, not even been a reduction in the amount of our trade with Britain. On the contrary, exports to Britain have increased from 470 millions of dollars in 1950 to 631 millions of dollars

in 1951, and it is anticipated that they will increase even more in 1952. These figures also represent a tremendous increase in our exports to Britain as compared with those in pre-war years. It is true, however, that there have been certain items, such as lumber, apples, bacon, eggs and salmon, which are not being purchased by Britain and other sterling area countries, a condition which is entirely due to their dollar shortage.

While Canada is prepared to play her part and assist in recovery, this is a problem which in the last analysis can only be solved by Britain herself. The present policy of the Liberal government is to develop active Canadian trade with every country in the world and to build up markets wherever they may be found. As this trade grows, Canadian prosperity will continue to expand with it. The tremendous achievements of the government fulfil a well-known French proverb, which is equally well known to English persons—"Nothing succeeds like success".

It is also true that the carefully-guided progress of Canada during the past dozen years is one of the economic marvels of the age. In fact, so rapidly has development taken place that financial and economic advisers were unable to anticipate the gross national product with accuracy, with the result that the actual revenue derived through tax levies produced a surplus over and above the expenditures required for the fiscal year. During the past few months much has been said about the so-called "surpluses". Coming as I do from a province where the prudent handling of financial resources is considered a virtue, many of us do not view with horror the fact that we are paying our way and having a little left over for less fortunate days; and the idea that we should pass on to future generations obligations which should be met now cannot, we feel, be considered prudent.

As already noted, these surpluses have been due to an unexpected increase in national production. The Budget is predicated on economic activity being at a certain level, and if that level rises the amount of the revenue collected similarly increases. This means, of course, that more people are earning more money and get into higher taxable brackets. It also means that people are better off after taxes are paid and increased savings are possible.

Actually the word "surplus" should not be used so loosely to describe this excess of revenue over expenditure.

At certain stages during the period following the outbreak of the Korean war, defence expenditures had not kept pace with the amount set aside for such purposes, owing to the need for re-tooling, the unavailability of arms and materials to be purchased from other countries, and the necessary period required in going from a peace to a war-time footing. Further, Canada has yet to discharge a large national debt incurred during the war years, and if it is possible to reduce this indebtedness in prosperous years, how much easier it will be for everyone if times become less favourable and revenues are at a lower level. It was with this in mind that the net national debt was reduced between 1948 and 1952 by more than a billion dollars.

The hue and cry being raised by the opposition groups today throughout the land is that this surplus is the result of over-taxation. Although figures have been published to show the distribution of the tax dollar as applied to national defence, social security, interest, repayment of the national debt, transfer payments and subsidies to provinces, payments to veterans and other services, not one voice has been raised suggesting a reduction of any of these services. In fact, taxes on income are substantially lower today than they were in 1945, and much lower than in 1948, notwithstanding the additional 17 per cent for the new defence program following the outbreak of the war in Korea and a surcharge of 3 per cent necessary to carry old age pensions. An example cited is that of a married man with two children and having an income of $3,000. In 1948 his tax was $230; in 1949, before Korea, it was reduced to $105, in 1951 it was raised to $126 and again in 1952 to $130. But of this last figure $7 goes to pay for the old age pensions which he and his wife will receive in the amount of $480 per annum for each of them upon reaching the age of 70 years.

A review of the present era of prosperity would not be complete without some reference to the effect of the government's social security and welfare programs.

One of the chief concerns of residents in my province, when confederation was first proposed, was the feeling that a great centralization movement would take place which would be prejudicial to the economy of Nova Scotia generally. There was a real belief that industry located in the central provinces would be harmful to the Maritime provinces and that a lower standard of living and lower income would result. The years confirmed those fears: the downward trend in the Maritimes materialized and the wealth of the central provinces increased. With the war, and perhaps as a result of it, a realization became apparent that if equal sacrifices could be made in fighting and dying for Canada, equal privileges and rights should be available for living in it.

With this in mind, the government, under the leadership of the late Prime Minister

Mackenzie King, initiated a program of unemployment insurance and family allowances, to be followed later by old age pensions and welfare schemes introduced by the present government, under the leadership of the present Prime Minister, the Right Honourable Louis S. St. Laurent.

The motivating force in effecting these measures is well known to the honourable members of this chamber. Its purpose was clearly stated by the present Prime Minister, prior to and during the introduction of these programs, in an expression of belief in the principle that all Canadians should share in Canada's prosperity. Through these we have achieved a more equal distribution of the country's wealth, materially improved the positions of low and middle income groups, which comprise the majority of the population, and established a ffoor under the purchasing power of all communities.

The initiation of these programs has attained a special significance in my province, Nova Scotia, where in 1933 the gross income from lumbering and fishing production, two of our major industries, did not exceed $11 million, whereas a purchasing power of over $38 million was created in the province during 1950-51 through the distribution of family allowances, old age pensions, unemployment insurance, veterans allowances, and health and welfare services. I could mention here the effect of provincial subsidies, but I did not include that because it is not really relevant to the point I am making.

For almost two decades Canada's progress has been spectacular. This has been achieved under the guidance of two great Canadians who, by their vision, leadership and tireless devotion to Canada, have made it first among the peoples of the world who value freedom, political stability and sound administration. National unity within our own borders, our proud place in the British Commonwealth of Nations and our unselfish approach to the problems confronting less fortunate countries are the elements which have brought us to our present position of pre-eminence and gained for us respect and admiration in the councils of the free nations of the world. The continuation of this leadership and the pursuit of the government's policies in promoting production at home and continuing stimulation of world trade will assure to both present and future generations a way of life and a standard of living unsurpassed in any part of the world.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: Honourable senators, as a matter of general practice, I think the leader of the opposition adjourns the debate at this time. I exercise that prerogative, and move that the debate be adjourned.

The motion was agreed to, and the debate was adjourned.

CRIMINAL CODE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill O, an Act respecting the Criminal Law.

He said: Honourable senators, I regret that while speaking to this bill last evening I unintentionally mislead the house in general, and my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), in particular, in suggesting that my colleague the Minister of Justice would come to the Senate to explain this bill in detail today. Honourable senators will recall that a similar bill to amend the criminal law was introduced last session and was explained in detail by the minister. My honourable friend from Toronto-Trinity said that he would prefer to hear what the minister had to say on the details of the new bill before expressing himself. I had not discussed with the minister the question of his coming to this house, but had assumed from our conversations that he would be here. When I asked him today if he would be here, he indicated that he was quite willing to come, but felt that he would serve no useful purpose by doing so, because the bill now before us is substantially the same as the one presented last session.

It should be pointed out however, that this bill embodies certain recommendations made by the sub-committee of this house as well as some made by the legal profession and other bodies. The minister felt that the present measure should be treated as a general revision of the criminal law. That being so, he was making preparations to come before the appropriate committee of this house to explain the measure in detail and outline all the recommendation made, some of which are not incorporated in the measure before us.

I have felt, honourable senators, that I owed to the house this explanation of the procedure which the minister intends to follow, and under the circumstances, I would ask the house to be content with a brief explanation which I shall now attempt to give.

Honourable senators will recall that Bill H-8, a measure to revise the Criminal Code introduced last session, was referred to the Standing Committee on Banking and Commerce, which in turn referred it to a sub-committee. Because of the adjournment of parliament, the sub-committee was unable to complete its work and present its final report. It did, however, bring in an interim report recommending certain changes and suggesting certain clauses be stood over for discussion in the standing committee.

During the recess the bill has been studied by members of the legal profession in their associations as well as by others, and representations have been made with respect to some of the changes proposed by the subcommittee and certain other provisions of the bill. The government has accepted some of the changes recommended by our subcommittee and by the associations mentioned, and has incorporated them in the bill now before us. In view, however, of the divergence of opinion on other proposed changes, the government has felt that they should not be embodied in the bill to be introduced at this session, but should be deferred until there has been an opportunity to consider them in our committee. Both the changes recommended and accepted and those recommended but not accepted can be considered in detail when the bill goes before the Standing Committee on Banking and Commerce.

I hope that honourable senators will share the view that I have expressed. It should be borne in mind that even those recommendations from the sub-committee which are acceptable to the minister and to the government, were not actually considered by the main committee. In view of all the changes which have been proposed, the matter can, I am sure, be expedited by referring the bill to the Banking and Commerce Committee as soon as possible. I will do everything I can to facilitate progress in this regard.

Hon. A. W. Roebuck: Honourable senators, I must express disappointment that the Minister of Justice has not come to address us at this time, although I quite understand his reasons for not doing so. I thought that some purpose might be served by our listening to what the minister had to say, and by our taking him into our confidence in the matter of objections to the measure. The bill now presented to us contains a number of highly controversial sections, and I believe that some discussion of them at this time would have served a useful purpose.

The honourable senator from Toronto (Hon. Mr. Hayden) and I discussed the matter this morning. We agree that it is highly desirable that this bill go to the committee as soon as possible so that the work that we were doing at the adjournment of the last session may be resumed.

I would not be too sure of my figures, but I believe that some twenty-six of the suggestions made by the subcommittee and reported to the general committee have been incorporated in the text of the bill now before us. I have not yet had an opportunity to find out how accurately or how satisfactorily those changes have been made: that is still a matter for us to look into. I have also checked and found that, roughly, fifteen or so of our recommendations have not been incorporated in the text. It might serve some purpose to go into these matters, but under the circumstances, particularly as the minister is not here, it might be better to refrain from debate at this time and to refer the matter at once to committee, where we can undertake the laborious job of going through the bill section by section and of preparing a report for the general committee and a report by the general committee to the house. So I shall have nothing more to say at this stage in connection with the matter.

Hon. John T. Haig: Honourable senators, I do not propose to delay the house, and I trust I shall not say anything which will cause a continuation of the debate, because I heartily agree with the honourable government leader (Hon. Mr. Robertson) and the honourable member for Toronto-Trinity (Hon. Mr. Roebuck) that the bill should go at once to committee.

At this time I particularly want to point out to honourable senators who are members of the committee, but not members of the legal profession, that it is their right and duty to take part in the discussion of the bill. All of the questions involved are not essentially legal at all; many of the important decisions in the administration of the criminal law are made by juries. When the previous bill was before the committee I was not as diligent in my attendance there as were the honourable senators from Toronto-Trinity (Hon. Mr. Roebuck), Toronto (Hon. Mr. Hayden), and Vancouver South (Hon. Mr. Farris). Not being a criminal lawyer—if I am a lawyer of any description—my point of view is more that of the non-legal man. My conclusion, after many hours of deliberation by the committee, is this: while I fully appreciate the work of the honourable senators I have mentioned, as well as that of the honourable member from Grandville (Hon. Mr. Bouffard), and their knowledge of both the essentials and the fine points of the criminal law, it is the duty of the non-legal members of the Banking and Commerce Committee to be present all the time when this bill is under consideration. The four distinguished lawyers I have referred to will readily and clearly put before their associates the significance of any section which is in question. But let me say to our non-legal members: The opinion of these legal gentlemen as to the contents of these sections is, in the final analysis, worth not a bit more than yours,—

Hon. Mr. Roebuck: Precisely.

Hon. Mr. Haig: —because we are dealing with the liberties of men and women. If the bill as amended is criticized in another

place, that criticism will fall primarily not upon these four lawyers, but upon the non-legal men and women of this house, and I would impress that upon them very emphatically.

One important feature of the bill—I speak subject to correction—is that, whereas formerly the common law of England applied in this country, by this bill all the criminal law of Canada is to be contained in the Code.

Hon. Mr. Roebuck: Only as to offences. After this Code has been adopted all the offences under the common law will be in the Code, but the law as to defences, procedure and so on will still be the common law of England.

Hon. Mr. Haig: But, as I understand it, the offences will be contained in the Code.

Hon. Mr. Roebuck: Offences—yes.

Hon. Mr. Haig: It is our duty to see to it that all offences are covered. Let me give one illustration of what I mean. Some of us who have been members of this house for a considerable time will remember that a few years ago the Attorney General of Ontario, and perhaps the Attorneys General of Nova Scotia, Quebec, and other provinces, recommended an amendment of the Code to provide that if two or more people went into a store for purposes of robbery, and one of them had a gun and in the course of the operation shot and killed some person, he should be deemed guilty of murder. I am not discussing whether such a provision is or is not a proper one, but the fact that the recommendation was adopted indicates the importance to all citizens of the content of our criminal law. For the most part, the provisions of the Code relate not to rights regarding money and other property, but to the very liberty and life of the subject.

In what I have said I am in no way reflecting on the legal profession. Lawyers, and especially the able professional men on our committee, wish to give Canadians the best law possible; but their very legal training may induce in them a one-sided or partial view. The commission which drafted the Code consisted almost without exception of Crown prosecutors and judges—and many trial judges are Crown prosecutors before they go on the Bench. It follows that the interests of the defence were but little represented on the commission. The onus is all the more clearly on this house to see that those interests are not ignored. I have never forgotten the statement which a Chief Justice of my province made when addressing a number of young lawyers. He said "I would rather let nine guilty men be acquitted than have one innocent man hanged." The principle of that statement is both good law and good common sense. I do not like to see a guilty man or woman go free, but still less would I want to see an innocent man or woman convicted. It is our duty to defend the rights of the people of this country, to see that law and order are maintained and police forces respected, and to support government policy to that end. We want the criminal law to be properly administered, and we must see to it that the law is so framed that this shall be done.

For these reasons, I am wholly in favour of giving the bill second reading and sending it to committee; and such time as I can spare I will devote to helping the committee. But again I plead with our lay members to be present at the committee meetings.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, with leave I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

FOOD AND DRUGS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill J, an Act respecting food, drugs, cosmetics and therapeutic devices.

He said: Honourable senators, as I intimated yesterday, this bill is substantially the same as Bill E-11 which was given second reading and referred to a committee last June. The changes which have been made in the bill now before us are of a very minor nature, involving only one or two words. I would remind the house that Bill E-11 was introduced at the last session merely for the purpose of securing its distribution and making it available to interested parties throughout the country. It was not contemplated that the Senate would consider the bill in detail at that time, but it was hoped that it would be re-introduced at the present session.

The Department of National Health and Welfare has been advised that representations may be expected from certain groups interested in this legislation. As a matter of fact, the Canadian Manufacturers Association has already submitted to the minister a brief covering a number of points raised in Bill E-11 respecting food and cosmetics. It is not improbable that various other associations

will wish to discuss certain points. The matters raised by the Canadian Manufacturers Association have been carefully considered by representatives of the association and officials of the department, and substantial agreement has been reached in respect of most of them. I am sure that honourable senators will want to consider these points. If the house sees fit to give the bill second reading it is my intention to refer it to the Standing Committee on Public Health and Welfare, and I would ask that this committee meet as soon as possible in order to set down dates for the hearing of witnesses.

Hon. Mr. Roebuck: Have we got copies of the bill before us?

Hon. Mr. Robertson: Yes. The bill has been printed and has just been received.

Hon. Mr. Roebuck: It is unfair to ask us to give second reading to a bill that we have not even read.

Hon. Mr. Robertson: I would point out that this house gave second reading to a bill last year which was substantially the same as the one now before us, but I am quite willing that second reading be postponed, if that is what my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) wishes. It is not urgent that second reading be given today, although I should like the bill to be referred to committee some time this week.

Hon. Mr. Roebuck: I do not know that I wish to speak on the bill, but I do not want to pass something—

Hon. Mr. Robertson: Then I shall ask the Whip to adjourn the debate.

Hon. Mr. Roebuck: As I say, I do not know that I want to speak on the bill, but I shall move the adjournment of the debate myself.

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

The Committee of Selection appointed to nominate Senators to serve on the several Standing Committees for the present session, have the honour to report herewith the following list of senators selected by them to serve on certain of the standing committees, namely:—

Joint Committee on the Library

The Honourable the Speaker, the Honourable Senators Aseltine, Blais, Burke, David, Fallis, Gershaw, Gouin, Lambert, MacLennan, McDonald, Reid, Vien and Wilson. (14).

Joint Committee on Printing

The Honourable Senators Barbour, Blais, Bouffard, Burke, Comeau, Davies, Dennis, Euler, Fallis, Isnor, Lacasse, Nicol, Stambaugh, Stevenson, Turgeon and Wood. (16).

Joint Committee on the Restaurant

The Honourable the Speaker, The Honourable Senators Beaubien, Doone, Fallis, Haig, Howard and McLean. (7).

Transport and Communications

The Honourable Senators Aseltine, Baird, Beaubien, Bouffard, Campbell, Davis, Dessureault, Duffus, Emmerson, Euler, Fafard, Gershaw, Gouin, Grant, *Haig, Hardy, Hawkins, Hayden, Horner, Hugessen, Isnor, King, Kinley, Lambert, MacKinnon, MacLennan, Marcotte, McGuire, McKeen, McLean, Nicol, Paterson, Quinn, Raymond, Reid, *Robertson, Roebuck, Stambaugh, Veniot, Vien and Wood. (39).

*Ex officio member.

Miscellaneous Private Bills

The Honourable Senators Baird, Beaubien, Bouffard, David, Duff, Duffus, Dupuis, Euler, Fafard, Fallis, Farris, Godbout, *Haig, Hayden, Horner, Howard, Howden, Hugessen, Hushion, Lambert, MacLennan, McDonald, McIntyre, Nicol, Quinn, Reid, *Robertson, Roebuck, Stambaugh and Taylor. (28).

*Ex officio member.

Internal Economy and Contingent Accounts

The Honourable Senators Aseltine, Basha, Beaubien, Beauregard (Speaker), Bouffard, Campbell, Doone, Fafard, Fallis, Gouin, *Haig, Hayden, Horner, Howard, Isnor, King, Lambert, MacLennan, Marcotte, McLean, Paterson, Quinn, *Robertson, Vaillancourt, Vien and Wilson. (24).

*Ex officio member.

External Relations

The Honourable Senators Beaubien, Buchanan, Burke, David, Dennis, Doone, Emmerson, Farquhar, Farris, Gouin, *Haig, Hardy, Hayden, Howard, Hugessen, Lambert, MacLennan, Marcotte, McGuire, McIntyre, McLean, Nicol, *Robertson, Taylor, Turgeon, Vaillancourt, Veniot, Vien and Wilson. (27).

*Ex officio member.

Finance

The Honourable Senators Aseltine, Baird, Barbour, Beaubien, Bouffard, Buchanan, Burchill, Campbell, Crerar, Dupuis, Euler, Fafard, Farris, Fraser, Gershaw, Golding, *Haig, Hawkins, Hayden, Horner, Isnor, King, Lacasse, Lambert, McDonald, Paterson, Petten, Pirie, Pratt, Quinn, Reid, *Robertson, Roebuck, Stambaugh, Taylor, Turgeon, Vaillancourt and Vien. (36).

*Ex officio member.

Tourist Traffic

The Honourable Senators, Baird, Basha, Beaubien, Bishop, Bouchard, Bouffard, Buchanan, Crerar, Daigle, Davies, Dennis, Duffus, Dupuis, DuTremblay, Fraser, Gershaw, *Haig, Horner, Isnor, King, McLean, Pirie *Robertson, Roebuck and Ross. (23).

*Ex officio member.

Debates and Reporting

The Honourable Senators Aseltine, Bishop, DuTremblay, Fallis, Grant, *Haig, Lacasse and *Robertson. (6).

*Ex officio member.

Divorce

The Honourable Senators Aseltine, Baird, Barbour, Campbell, Euler, Farris, Gershaw, Golding, *Haig, Horner, Howard, Howden, Hugessen, Kinley, *Robertson, Roebuck, Ross and Stevenson. (16).

*Ex officio member.

Natural Resources

The Honourable Senators Aseltine, Barbour, Basha, Beaubien, Bouffard, Burchill, Comeau, Crerar, Davies, Dessureault, Duffus, Dupuis, Farquhar, Fraser, *Haig, Hawkins, Hayden, Horner, Hurtubise, Kinley, MacKinnon, McDonald, McIntyre, McKeen, McLean, Nicol, Paterson, Petten, Pirie, *Robertson, Raymond, Ross, Stambaugh, Stevenson, Taylor, Turgeon, Vaillancourt and Wood. (36).

*Ex officio member.

Immigration and Labour

The Honourable Senators Aseltine, Beaubien, Blais, Bouchard, Buchanan, Burchill, Burke, Calder, Campbell, Crerar, David, Davis, Dupuis, Euler, Fallis, Farquhar, Gershaw, *Haig, Hardy, Hawkins, Horner, Hushion, MacKinnon, McIntyre, Pirie, Reid, *Robertson, Roebuck, Taylor, Turgeon, Vaillancourt, Veniot, Wilson and Wood. (32).

*Ex officio member.

Canadian Trade Relations

The Honourable Senators Baird, Bishop, Blais, Buchanan, Burchill, Campbell, Crerar, Daigle, Davies, Dennis, Dessureault, Duffus, Euler, Fraser, Gouin, *Haig, Howard, Hushion, Kinley, Lambert, MacKinnon, MacLennan, McDonald, McKeen, McLean, Nicol, Paterson, Petten, Pirie, *Robertson, Turgeon and Vaillancourt. (30).

*Ex officio member.

Civil Service Administration

The Honourable Senators Aseltine, Bishop, Bouchard, Calder, Davies, Doone, Dupuis, Emmerson, Fafard, Gouin, *Haig, Hurtubise, Kinley, Marcotte, Pirie, Quinn, *Robertson, Taylor, Turgeon and Wilson. (19).

*Ex officio member.

Public Buildings and Grounds

The Honourable Senators Barbour, Dessureault, Fafard, Fallis, *Haig, Horner, Lambert, McGuire, Paterson, Quinn, *Robertson, Stevenson and Wilson. (11).

*Ex officio member.

All which is respectfully submitted.

A. L. BEAUBIEN,
Chairman.

THE SENATE

Wednesday, November 26, 1952

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. Mr. Lambert presented Bill P, an Act respecting Interprovincial Pipe Line Company.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Lambert: Next Monday evening.

DIVORCE

COMMITTEE REPORT CONCURRED IN

Hon. W. M. Aseltine, Chairman of the Standing Committee on Divorce, presented and moved concurrence in the first report of the Committee, recommending (1) that their quorum be reduced to three members, (2) that they have leave to sit during adjournments and sittings of the Senate, and (3) that in addition to electing a Chairman they be empowered to elect a Deputy Chairman with powers equal to those of the Chairman.

The report was read by the Clerk Assistant.

The motion was agreed to.

PETITIONS WITHDRAWN

Hon. Mr. Aseltine severally presented and moved concurrence in the second, third, fourth and fifth reports of the Standing Committee on Divorce, recommending that applications for leave to withdraw certain petitions be granted and that the parliamentary fees paid under Rule 140 be refunded to the petitioner less printing and translation costs.

The reports were severally read by the Clerk Assistant.

The motions were agreed to, on division.

STANDING COMMITTEES

MOTION OF APPOINTMENT

Hon. Mr. Lambert (for Hon. Mr. Robertson), moved, with leave of the Senate:

That the senators mentioned in the report of the Committee of Selection as having been chosen to serve on the several standing committees during the present session, be and they are hereby appointed to form part of and constitute the several committees with which their respective names appear in said report, to inquire into and report upon such matters as may be referred to them from time to time, and that the committees on Internal Economy and Contingent Accounts have power, without special reference to the Senate, to consider any matter affecting the internal economy of the Senate, and such committee shall report the result of such consideration to the Senate for action.

The motion was agreed to.

JOINT COMMITTEE ON PRINTING

MESSAGE TO THE COMMONS

Hon. Mr. Lambert (for Hon. Mr. Robertson), moved with leave of the Senate:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable Senators Barbour, Blais, Bouffard, Burke, Comeau, Davies, Dennis, Euler, Fallis, Isnor, Lacasse, Nicol, Stambaugh, Stevenson, Turgeon and Wood, have been appointed a committee to superintend the printing of the Senate during the present session, and to act on behalf of the Senate as members of a joint committee of both houses on the subject of the printing of parliament.

The motion was agreed to.

JOINT COMMITTEE ON LIBRARY

MESSAGE TO THE COMMONS

Hon. Mr. Lambert (for Hon. Mr. Robertson), moved, with leave of the Senate:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Aseltine, Blais, Burke, David, Fallis, Gershaw, Gouin, Lambert, MacLennan, McDonald, Reid, Vien and Wilson, have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said library.

The motion was agreed to.

JOINT COMMITTEE ON RESTAURANT

MESSAGE TO THE COMMONS

Hon. Mr. Lambert (for Hon. Mr. Robertson), moved with leave of the Senate:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Beaubien, Doone, Fallis, Haig, Howard and McLean have been appointed a committee to assist the Honourable the Speaker in the direction of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said restaurant.

The motion was agreed to.

FOOD AND DRUGS BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill J, an Act respecting food, drugs, cosmetics and therapeutic devices.

Hon. A. W. Roebuck: Honourable senators, when I moved the adjournment of the debate yesterday afternoon it was not because I had any objection to this bill, or any comments to make on it; I was totally uninformed with regard to it. I moved the adjournment because at that time the bill had not been distributed, and I thought it was exceedingly bad form for this house to proceed to pass a bill which had not been presented to us at our desks for study and attention—in effect to give approval to the principle of a bill when we had no knowledge of what it contained. In this instance—and this is the reason why it was suggested that we should approve it yesterday—a bill bearing the same title was before us at the last session. But the present bill is not that bill; alterations have been made. So there is no doubt that we should never pass a measure of this kind, or any bill at all, until we have had it before us long enough to read it and know what is in it. Otherwise, one can easily imagine unscrupulous persons taking advantage of the house. Of course, when I raised the objection there was no opposition to the adjournment of the second reading until today.

In the meantime I have read the bill. One can scarcely read any measure which is laid before parliament without as a consequence having some thoughts to express about it; and my first observation with regard to this bill is that it is a restrictive measure, and as such should have the most meticulous attention in a house of this kind.

Not only is this a restrictive measure, but the restrictions have been intensified since the passage of the original Act some years ago; and every restriction of this type should be carefully scrutinized by this house. In matters of this kind one recalls these words of a famous philosopher: "Eternal vigilance is the price of liberty".

This bill refers to the health of Canada's citizens, and whenever measures come before us affecting the freedom of the individual in matters of health I take the stand that I am "from Missouri". There are always people interested financially in the health of the individual, and different schools of health-treatment are always competing with one another. In addition there are jealousies within the schools themselves, and somebody is always finding some method of making money out of legislation which on its face appears to be only in the interest of the dear sweet public. I remember an incident involving Mark Twain when a committee of the United States Senate was inquiring into a similar restrictive health measure many years ago. Appearing before the committee, Mark Twain commented "Who shall interfere between my grandmother and myself as to her inalienable right to rub camphor on my leg?" Camphor in those days was the great specific. Well, who shall interfere today in these personal matters of health?

Let me deal with the bill in more detail. The word "advertisement" is defined in section 2 of the bill as follows:

> (a) "Advertisement" includes any representation by any means whatever for the purpose of promoting directly or indirectly the sale or disposal of any food, drug, cosmetic or device;

Now, I would stress the words "by any means whatever", for most representations are made orally by word of mouth. Surely freedom of speech with regard to drugs and health and so on is not to be prohibited by this measure.

Then in the very opening sentence of the bill we find a rather sloppy piece of draftsmanship. I would point out the small detail that it uses the words "by any means whatever", whereas on the very next page we find in exactly the same context the words "for any purpose whatsoever". It is a small matter, but the use in the same context of two words having largely the same meaning but a different form indicates careless draftsmanship.

Section 3(1) of the bill reads:

> No person shall advertise—

—and do not forget that in this bill the word "advertise" includes advertising by word of mouth—

> —any food, drug, cosmetic or device to the general public as a treatment, preventative or cure for any of the diseases, disorders or abnormal physical states mentioned in Schedule "A".

Before I deal with Schedule "A" let me point out that "drug" includes a great many items. For instance, it includes any substance or mixture of substances that may be used for the purpose of restoring, correcting or modifying organic functions in man or animal. That is pretty wide. Within the bill the meaning of "drug" also includes any substance or mixture of substances that may be used for disinfection in premises in which food is manufactured, prepared or kept, or for the control of vermin. The definition of "drug" is a long one, and for my present purposes it is not necessary to read it. But I would point out how wide this definition is.

The bill proposes to prevent the advertising of any drug for the treatment of the items mentioned in Schedule "A". I shall not attempt to read the whole schedule, but I notice it includes heart disease. As I have already said, I consider myself as "from Missouri" in matters affecting health, so I rather suspect that heart disease and its treatment will not entirely overlook the use

of vitamin E, and the controversy that has been going on in the medical profession with regard to it. Schedule "A" also lists obesity. Apparently, if this measure is passed, nobody will be permitted to tell anyone else about any material which may be used for the control of obesity. Well, do you not think that is going a bit far?

Let me call the attention of the members to the new powers which it is proposed to give the inspectors. The explanatory note to Section 21 reads in part as follows:

> It extends the present authority of an inspector to permit him to enter any place where he has reason to believe there is any article intended for sale or things relating thereto to which the bill or the regulations apply . . .

Now then, we find that the definition of "sales" includes distribution. This means that if an inspector merely believes that there may be something in your house for "distribution"—which in the ordinary sense may mean something entirely different from "sale"—he may walk into your premises without a search warrant and examine, seize, and detain such article. Is this right? I appreciate that legislation such as this, and the department's regulations controlling the handling, quality and purity of foodstuffs, are for the protection and good of the public.

I realize that the distribution among our people of drugs—I am using the word in its ordinary English meaning—is a very serious matter indeed. It has been reserved to those who are professionals in the work, and properly so. But this is a matter with which this house is undoubtedly concerned, and one to which the very best of good judgment should be applied by us. When I say "us" I mean that, for the bill originates with us, and we shall be taking responsibility for it if we send it down to the other place.

I wish to emphasize that a bill of this kind requires the very best of good judgment to hold the balance evenly between the real interests of our people and the interests of private individuals who possibly would make money out of restricting the public rights. I do hope, therefore, that the committee to whom this bill will be referred will study it with the greatest of care and with a "from Missouri" attitude all the way through. I think the committee should call the responsible departmental officials before it and require from them a thorough explanation of the bill. They should be asked whether they really need all the powers given to them by the bill, and whether they could not possibly get along with some a little less drastic. Is it not possible to devise some safeguards which would prevent an inspector from being, perhaps, a bit "high hat"? In other words, can the bill not be changed so as to avoid overlooking utterly that great general principle of English law that a man's house is his castle? I commend the bill to the committee for very close study, and hope that it will be scrutinized with extreme care.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Lambert: Honourable senators, I move that this bill be referred to the Standing Committee on Public Health and Welfare.

The motion was agreed to.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION CONCURRED IN

The Senate proceeded to consideration of the report of the Committee of Selection, which was presented yesterday.

Hon. Mr. Beaubien moved that the report be concurred in.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—DEBATE POSTPONED

On the Order for resuming consideration of His Excellency the Governor General's speech, and the motion of Hon. Mr. Vaillancourt for an Address in Reply thereto:

Hon. Mr. Haig: Honourable senators, I would ask that this Order, which is in my name, stand until Monday next.

The Hon. the Acting Speaker: The Order stands.

LOAN COMPANIES BILL

SECOND READING

Hon. Norman P. Lambert (for Hon. Mr. Robertson) moved the second reading of Bill C, an Act to amend the Loan Companies Act.

He said: Honourable senators, in connection with this bill and the one immediately following it on the Order Paper, an Act to amend the Trust Companies Act, I should like to point out that in 1947 there was introduced here, and passed by this house and the other house, a bill to amend the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act, enabling insurance companies who come under federal jurisdiction to invest in the securities of the International Bank for Reconstruction and Development. The purpose of the bill now before us is simply to amend the Loan Com-

panies Act so as to extend a similar privilege to all loan companies to whom this Act applies.

There is nothing particularly new in the bill except the provision extending this privilege to the loan companies, and that is in clause (v) of the first section, which reads:

Paragraph (a) of subsection (1) of section 61 of the Loan Companies Act, chapter 28 of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

"(a) the debentures, bonds, stocks or other securities (v) of or guaranteed by the International Bank for Reconstruction and Development established by the Agreement for an International Bank for Reconstruction and Development approved by the Bretton Woods Agreements Act, 1945".

If the bill is sent to committee, any detailed information that may be required as to the present status of the International Bank can be furnished there. I have a good deal of information along that line right here, and if it is thought desirable I can give it now. There is not much new in this detailed information. Particulars as to the bank's set-up and its relations with borrowing countries were placed on our *Hansard* in 1947. However, it might be interesting to point out that the bank's general standing throughout the world has risen very substantially in recent years. The purpose in founding the bank was to provide a source of funds for reconstruction to European countries which had been affected adversely during the war. In its first years of operations the bank lent some half-billion dollars to various countries of western Europe, but it was soon found that demands for funds to finance reconstruction in those countries were so heavy that the objectives of the International Bank as set forth in the Bretton Woods Agreement could not be met. Honourable members will recall that the Marshall Plan was approved in 1947 and commenced to operate in 1948. It has continued until the present time. The International Bank has devoted its efforts to the other parts of the world, and has already distributed a billion and a half by way of loans to some twenty-seven countries.

I may say that in February of this year an issue of $15 million four per cent bonds floated by the International Bank was quickly over-subscribed in Canada. Canada, as a member of the International Bank and the International Monetary Fund, desires through her borrowing and lending institutions to take advantage of the opportunity to invest in what appears to be a secure financial organization. This bill is sponsored by the Federal Minister of Finance, and I think we need have no hesitation in approving it on second reading.

Hon. Mr. Aseltine: I should like to ask the honourable gentleman whether the Dominion of Canada guarantees the bonds to which he referred?

Hon. Mr. Lambert: The Dominion of Canada is already a member of the International Bank and has subscribed $65 million as her share of its capital. In other words, there is a joint guarantee. The capital of the bank is very considerable, and only twenty per cent has been utilized. Twenty per cent of our total contribution is $65 million. The operations of the bank have been sufficiently remunerative to make further payment unnecessary. The fact is that we are already a guarantor of the whole operations of the bank, and any company which chooses to invest in its bonds would automatically have the guarantee of the Dominion of Canada.

Hon. Mr. Aseltine: I was wondering what security loan companies would have, and how they could enforce payment of these bonds, for instance.

Hon. Mr. Lambert: As I have said, the bond issue of $15 million recently floated in Canada was quickly taken up by all kinds of institutions. The loan companies and the trust companies were not authorized to invest in the bonds, but the insurance companies, for instance, bought them up with, I suppose, the same confidence as they would have in buying bonds of the government of Canada, the government of Great Britain or any other government. These bonds are backed by some fifty-five nations, each of which has contributed its share of the capital required in the setting up of the International Bank.

Hon. Mr. Euler: I assume that the responsibility for the redemption of these bonds must ultimately rest with the International Bank, and that our country would have no responsibility beyond its original contribution of $65 million. In other words, we have no responsibility to any individual trust company. That responsibility, I would say, rests entirely upon the International Bank. Am I right in that regard?

Hon. Mr. Lambert: That is correct. The bank was incorporated after the passage of joint legislation by all the member countries, in much the same way as the United Nations was set up, and contributions for that purpose were provided for. Canada, for instance, contributes to the United Nations 3·4 per cent of the total cost. In the case of the International Bank the member countries could, if necessary, be called upon to supply the balance of the capital subscribed; however, as I have said, future prospects are so favourable

that the twenty per cent already contributed would seem to be sufficient to meet its needs.

Hon. Mr. Roebuck: Honourable senators, with only the amendment and not the Act before me, I find it a little difficult to visualize the exact limit of authority that is being applied to this bill. The explanatory notes indicate that the amendment is aimed at insurance companies and trust companies who invest in bonds issued by the International Bank. I would point out that many trust companies and insurance companies are incorporated by provincial charter, and that the investment of money is a matter of civil rights. How then does the sponsor of the bill justify this measure, which deals with what is really a matter of provincial jurisdiction affecting the investment of moneys?

Hon. Mr. Lambert: In saying that trust companies and loan companies are not completely under the jurisdiction of the federal authorities my honourable friend has raised a point which is certainly new to me.

Hon. Mr. Roebuck: All of them are not.

Hon. Mr. Lambert: True, there may be some local loan companies which are not, but I am quite sure that all those to which this amendment is intended to apply are authorized by federal charter.

Hon. Mr. Roebuck: That may be so.

Hon. Mr. Lambert: Certainly they come within the jurisdiction of the department that would supervise this operation.

Hon. Mr. McLean: Honourable senators, I should like to ask the sponsor of the bill what is the commitment of the Dominion of Canada to the capital of this bank?

Hon. Mr. Lambert: Canada's total subscription to the capital is approximately $360 million, of which twenty per cent, or $65 million, has already been paid. The bill authorizing such a contribution was passed by parliament two or three years ago.

Hon. Mr. McLean: Honourable senators, I remember when the Bretton Woods agreement was made and the International Bank was organized for the purpose, as I understood, of helping down-trodden nations. I pointed out at that time that this bank was neither a bank of issue nor a bank of deposit, and that any money it lent had first to be borrowed from the member nations at, as has been said, about four per cent. That means that with the overhead costs, commissions and other expenses, the down-trodden nations will have to pay about five or six per cent for any money they get. That does not seem reasonable to me.

Hon. Mr. Lambert: I should have pointed out when introducing the bill that of the 15 million which was recently raised in Canada, a good deal is being spent here, and considerable reconstruction work is being done.

Hon. Mr. McLean: Canada has never received any loans from the bank.

Hon. Mr. Lambert: Canada is benefiting very greatly by the reconstruction work that is being done, not only under the auspices of this institution but of the Marshall plan as well. By investing our money in this kind of issue we are doing a good deal towards financing our own projects—a proceeding which has become, I suppose, an outstanding feature of our economy since the war ended.

The statement that this institution was established for the purpose of effecting reconstruction and aid to the down-trodden countries of Europe is correct, and about $500 million was loaned for that purpose before the Marshall plan came into effect. The Marshall plan dealt with the problem on a much larger scale than was contemplated by the founders of the International Bank or through the provisions of the Bretton Woods agreement. I do not see anything unusual about the bank floating its bonds and asking member countries to invest in them. Subscribers receive a good rate of interest, between 3½ and 4 per cent. In Canada the bonds were floated on a 4 per cent basis. In the United States much larger issues have been sold on a 3½ per cent basis. So in respect of these bonds we have the advantage of an additional one-half per cent.

Hon. Mr. Euler: May I ask one other question? Before I do so I would express the opinion that this is a perfectly good security for trust companies; and if there be any such companies incorporated under provincial law —I am not sure that there are—this federal legislation would not effect any control over them. After all, this legislation is merely permissive. The responsibility of investing in any securities issued by the International Bank rests upon the directors of the individual trust companies, in the light of their duty to their shareholders.

My question is this. The sponsor of the bill has stated that Canada is committeed to the International Bank in the amount of something like $300 million, of which some sixty or sixty-five million dollars have actually been contributed.

Hon. Mr. Lambert: That is right.

Hon. Mr. Euler: Has the levy of 20 per cent been made generally on the countries which are participants in the International Bank?

Hon. Mr. Lambert: Quite.

Hon. Mr. Euler: And have all of them paid up?

Hon. Mr. Lambert: All of them have paid up, yes.

Hon. John T. Haig: Honourable senators, I am not going to oppose the bill, though to be quite candid, I do not like it. I have no difficulty about the legal question. The bill applies only to trust companies incorporated by the Parliament of Canada. But what I do not like about it is that this International Bank was and always will be a political instrument. It is controlled largely by the United States, who are the biggest subscribers to it and who run it. I believe that any money which we provide for the bank should be contributed directly by the people through the Parliament of Canada, because it would then be recognized for what it is, a political instrument, used—and I employ the term in the best sense—for political purposes. I do not approve of the contribution of money by trust companies, loan companies or any other private organizations to an institution which is fundamentally political.

Further, I believe, although I may be wrong, that all the money we have available is needed for development here at home, and that we should use it for this purpose, because, if things go as we hope they will, no country in the world will need more capital than Canada. At the present time we are offering high rates of interest and great prospects of profit to the citizens of another country to invest their funds here, and money is coming in so fast that our currency has gone above par. This condition has nothing to do with internal management; it is entirely the result of a flood of American money.

I have said that the International Bank is a political instrument, and that private companies or private citizens should not be encouraged to invest money in such an institution. If things go wrong the Senate of Canada will be blamed for having permitted, by this bill, the investment of money in this way. As a senator, I am quite willing to vote whatever funds are necessary for the International Bank, provided they are contributed by Canada herself. In so doing I am deciding on the basis of my political and business judgment that such action is in the interests of Canada as a whole. But I do not think I have any right to put the stamp of approval on private investment in an institution over which Canada has absolutely no jurisdiction. One reads reports from all over the world of requests for loans of money for development. Iraq, Iran, Ceylon, Pakistan, India, and other nations are looking for loans. I do not criticize them, and it may be proper to make advances of this kind, but I do not believe that the individual citizen is qualified or should be expected to take the risks they involve.

I do not oppose the reference of the bill to committee. Like the honourable member from Waterloo (Hon. Mr. Euler) I have a very high regard for the directors of our insurance, trust and loan companies. I believe they are as able men as any in our Dominion. But aside from that, we here have a responsibility which they have not. If we pass the bill we shall be saying to people who have money to invest in bonds and stocks, "We have approved of this kind of loan"; and I do not approve of it.

Hon. Mr. Lambert: Honourable senators, I do not think the points raised by the honourable leader opposite (Hon. Mr. Haig) are well taken. In my opinion the International Bank is anything but a political institution. You might call United Nations a political institution, dominated by the United States.

Hon. Mr. Haig: So it is. It is a political institution.

Hon. Mr. Lambert: Do you think it is dominated by the United States?

Hon. Mr. Haig: I did not say that. I said the bank was.

Hon. Mr. Lambert: I do not think it is dominated by the United States.

The Bretton Woods agreement, which was reached after a long series of conferences, established two institutions: the International Bank and the Monetary Fund. Naturally the larger nations, contributing according to their national income, would contribute greater sums than the smaller nations. But the international character of these institutions, and the spirit in which they were founded, certainly removes them from any charge that they are political institutions. I do not feel that such a contention can be upheld for a minute in any serious discussion of the subject. The honourable leader opposite, or anyone else, is quite capable of securing in committee the details regarding these securities as they relate to the trust companies and loan companies. I think the principle of this bill was adopted five years ago when we passed legislation enabling insurance companies to invest in these securities. All that we are asking here is that the loan companies and the trust companies may enjoy the same privilege as the insurance companies. I would point out that the trust companies and loan companies themselves have requested this. I think we can be sure of this because I cannot conceive of the Department of Finance, supported by the government of this country, thrusting down the throats of these

companies the securities of the International Bank. If there is any doubt about this, let us get it cleared up by the officials when the bill is in committee.

For the reasons I have given, I would urge that the bill be given second reading.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure to concur in the second reading of this bill?

Hon. Mr. Haig: On division!

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. Lambert: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TRUST COMPANIES BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill D, an Act to amend the Trust Companies Act.

He said: Honourable senators, this bill is along the same lines as the one to which we have just given second reading, except that it relates to trust companies. Both bills seek the same objective, and everything that I said about the preceding bill may be said about the measure now before us. I would therefore move that this bill be read a second time.

Hon. Mr. Aseltine: Could the honourable senator say whether Bill C and Bill D have been requested by the loan companies and by the trust companies?

Hon. Mr. Lambert: I explained that a moment ago when speaking on Bill C. I have no written evidence that that is a fact.

Hon. Mr. Aseltine: Perhaps we could find out in committee.

Hon. Mr. Lambert: I have a letter here from the Department of Finance on this matter, but I am not going to take up the time of the house by reading it. I presume that the companies desired this legislation and asked for it.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure to concur in the second reading of this bill?

Hon. Mr. Hayden: On division.

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. Lambert: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, November 27, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. Mr. Farris presented Bill Q, an Act to incorporate Peace River Transmission Company Limited.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Farris: Monday next.

PRIVATE BILL

FIRST READING

Hon. Mr. Beaubien (for Hon. Mr. Taylor) presented Bill R, an Act respecting Beaver Fire Insurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Beaubien: Tuesday next.

CANADA EVIDENCE BILL

SECOND READING

Hon. J. W. de B. Farris moved the second reading of Bill F, an Act to amend the Canada Evidence Act.

He said: Honourable senators, this is a simple bill which provides for an amendment to an amendment which was made to the Canada Evidence Act ten years ago. The amendment passed at that time provided that photographic films of documents could be used in evidence. This provision enabled departments of the government to destroy voluminous documents or to return documents to their rightful owners; at the same time, the taking of photographic films, which can be stored in a small space, was a safeguard against possible loss.

Under the amendment of ten years ago the films were required to be taken under specific conditions and in a prescribed manner. If the requirements were met, the films could then be produced in court as evidence in the same way as the original documents could have been. One of the requirements was that an affidavit be taken before a notary public declaring that the films were taken in proper circumstances and for a proper purpose. I may say that the general provision for the taking of photographic film was limited to government institutions, certain corporations such as the banks, railways, telegraph and express companies.

During the past ten years many such affidavits were taken before commissioners instead of before notaries, and in some instances, relying on these improperly-taken affidavits, the original documents were destroyed. Further, in many cases the persons making the affidavits are now dead, and proper affidavits cannot be secured. I understand that there is quite a large accumulation of photographic films that cannot be used in court for the technical reason that the affidavits supporting them were taken before a commissioner instead of a notary.

The bill before us proposes to do two things: first, it would make the affidavits already taken valid, by making this amendment retroactive to 1942; and second, it would enlarge the provisions for the taking of affidavits, so as to permit them to be taken before commissioners for oaths as well as before notaries public.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: I move that it be referred to the Committee on Banking and Commerce.

Hon. Mr. Haig: It is not necessary.

Hon. Mr. Lambert: If the house has no objection, we are quite agreeable to having the bill read the third time now.

Hon. Mr. Roebuck: I think it ought to go to the Banking and Commerce Committee. I do not know why the officials should not explain how it is that these affidavits were taken before a commissioner instead of before a notary public. The Act makes it perfectly clear that such affidavits must be taken before a notary public. I do not suggest that because of the error we should get on our high horse and refuse to pass the validating amendment; but as I have said, I do not know why the officials should not come and tell us how it comes to be necessary. It looks like a very sloppy proceeding, and I should like to see the bill referred to a committee.

Hon. Mr. Lambert: I have no objection.

The motion was agreed to, and the bill was referred to the Standing Committee on Banking and Commerce.

BUSINESS OF THE SENATE

Hon. Mr. Lambert: Honourable senators, as a result of two circumstances, first that all the Orders numbered 4 to 10 relate to committees which have not yet been organized, set up, and reported to the chamber, and second, that a number of the bills have not yet been printed and circulated, I move that these orders be discharged and placed on the Orders of the Day for the next sitting of the house.

The motion was agreed to.

The Senate adjourned until Monday, December 1, at 8 p.m.

THE SENATE

Monday, December 1, 1952

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

Prayers and routine proceedings.

PRIVATE BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill P, an Act respecting Interprovincial Pipe Line Company.

He said: Honourable senators, the Interprovincial Pipe Line Company, which was the first incorporation put through parliament under the new Pipe Lines Act of three years ago, is really the transmission line of the Imperial Oil Company from Alberta to Regina and points east via southern Manitoba and Duluth, Minnesota. The capitalization of the company provided for $17 million in convertible debentures, and some four million shares of common stock having a par value of $50 each. Today this stock is worth $180 to $190 a share.

The company wishes to have the Act amended so that its four million shares may be redistributed on the basis of ten for one. That would mean that instead of four million shares of common stock, with a par value of $50 each, as at present, there would be forty million shares, with a par value of $5 each. The reason for desiring this amendment is stated pretty clearly in the explanatory notes attached to the bill. The company wishes to make its shares more readily available to the public, and thinks that this will be one result of a reduction in par value from $50 to $5. Also, the company would like to enable employees to become shareholders. As everybody knows, the Imperial Oil Company has a stock-sharing system for the employees in its filling stations, the drivers of the company's trucks, and so on, the idea being to give them a proprietorial interest in the company. The Interprovincial Pipe Line Company has introduced a similar arrangement into its economy, and it is felt that employees would be more likely to purchase the stock if the par value were reduced from $50 to $5 a share.

I think that the desires of the company are justified. Its officials are only too willing to come before a committee to explain anything that any senators would like to have explained in connection with this plan to subdivide their stock. The company's capitalization will remain exactly the same as when the company was incorporated. I would suggest that we give the bill second reading and refer it to the Committee on Transport and Communications, where any senators who wish to make detailed inquiry may do so.

Hon. Mr. King: Did I understand the honourable senator to say that the original shares of the company are today worth $180 each?

Hon. Mr. Lambert: The company's stock, with a par value of $50, two shares of which may be obtained in exchange for every $100 convertible bond, are today worth from $180 to $190 a share.

Hon. Mr. MacKinnon: It is selling for that?

Hon. Mr. Lambert: It is quoted at that. I saw a quotation in the papers yesterday.

Hon. Mr. Farris: Why didn't you let us in on that?

Hon. Mr. Roebuck: Is that valuation justified by the company's assets or earning power, or is it just the result of market speculation? We should not by legislation add to the value of stock.

Hon. Mr. Lambert: I am sorry that I have not before me the last annual statement of the Interprovincial Pipe Line Company, but I have here the company's prospectus in which the prospective earnings are set out. I had the pleasure of being present at the official opening of the pipeline, at Edmonton, two years ago last October, so I know that the company has been operating for two years. One year's financial statement has been submitted to the public, and it has entirely measured up to the claims set out in the prospectus. I am not able to say exactly what profits were made by the pipeline company during the first year, because I have not the first annual statement before me. However, I am sure that information could be made available to the committee.

The operations of the Interprovincial Pipe Line Company are well known. Since the Leduc field was opened up, the output of oil from Alberta to meet our country's needs has advanced from nine per cent to thirty-seven per cent. In my opinion the activities of this company contributed largely to such an increase. The next big outlet for Alberta oil is through the Trans-Mountain Pipe Line to Vancouver and other coastal points. Honourable senators will recall that following the establishment of the Interprovincial Pipe Line, many gas pipeline companies were incorporated. Now the trend is toward carrying oil westward to Vancouver and other points on the west coast.

I do not think it can be said that the provisions of this bill are an attempt to influence the market or promote the stock

of this company for the purpose of enriching the shareholders. It must be remembered that out of the issue of convertible debentures amounting to $17,000,000 only $7,500,000 was distributed to the public. The balance of that issue is held by the Imperial Oil Company and its affiliated companies in the United States.

Hon. Mr. King: I presume that when the company officials are before the committee they will be able to give us further information as to the extensions into the United States.

Hon. Mr. Haig: Did I understand my honourable friend to say that the bonds of this company are now worth $180?

Hon. Mr. Lambert: No; the bonds would be worth twice that amount, the reason being that until 1954 the debentures can be converted at the ratio of two shares for one. The bonds, therefore, would be worth not $180 or $190 but approximately $360.

Hon. Mr. Vaillancourt: Does the company pay dividends on its shares now?

Hon. Mr. Lambert: I do not think so.

Hon. Mr. Wood: Yes, dividends are paid.

Hon. Mr. Lambert: I do not think there has been any public announcement as to the payment of dividends.

Hon. Mr. Haig: I should like to learn from my friend how widely this stock is held.

Hon. Mr. Lambert: I could not say what is the number of shareholders, apart from the Imperial Oil Company and its associates, but I believe that the $7,500,000 worth of debentures made available for distribution were bought by the public. Information as to the number of shareholders could no doubt be secured from the officials of the company.

Hon. Mr. Haig: If I understand the honourable gentleman correctly, the reduction of the par value of this stock will make it more attractive to purchasers. Many people are prepared to pay $5 a share for stock who would not pay $100 a share for it, even though it might be worth twenty-five times as much. As my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) says, we should not by legislation add to the value of stock, if the value is not in it.

Hon. Mr. Roebuck: Or give the prestige of the Senate to such a transaction.

Hon. Mr. Haig: If, on the other hand, I know that the value is in the stock, and I am satisfied that what I am doing is proper, that is a different matter. If the officials of the company will come forward and say that the stock is worth not $50 a share but $180 a share, I would go along on that basis and decide what should be done about it. But without the proper assurance I am a little afraid that we might be giving the stockholders who are on the inside an advantage in the development of our own natural resources which is out of proportion to the amount of money invested.

Hon. Mr. Aseltine: They would be able to unload their holdings.

Hon. Mr. Haig: They certainly would.

I repeat that the stock is more attractive at $5 than it is at $100 a share.

Hon. Mr. Farris: The change would only make it possible for those who want to buy to do so.

Hon. Mr. Haig: No; any person can buy the shares he wants. I recall that on several occasions since I have been a member of this house the par value of stock has been reduced so as to give it a wider distribution.

Hon. Mr. Farris: That is to give the other fellow a chance.

Hon. Mr. Haig: No; it just gives those who got in early and bought at par an advantage that they otherwise would not have. Lawyers who do a financial business will agree with what I say. Whenever the par value of stock is reduced, the assets can be reduced accordingly, and the stock will sell faster. It is for that reason that mining stocks, for instance, are put on the market at as low as twenty-five cents a share. More people will buy a stock that is selling at twenty-five cents a share than will buy one at a dollar, even though the latter is worth eight times as much. In this instance I want to know what I am doing. I think my honourable friend would rather deal with this in committee. If so, I will be perfectly satisfied.

Hon. Mr. McKeen: Honourable senators, it is my opinion that the value of these shares on the market will be, not $5 each, but $18 or $19, because they are now selling at $185 to $190, and if they are split ten to one the holders will not sell them anywhere around $5, but at about $18.

I do not think this measure will add anything to the value of the shares; the only result will be to widen their distribution a little. After all, the market for these shares will set the price. As I understand, it is not intended to issue any new shares at $5 each. All that is to be done is to split shares now owned by people who have paid, perhaps, $185 apiece for them or, perhaps, by buying them at the commencement of the company,

only about $50. In any event, the value is represented in the one case by ten for one; in the other, by more than three times the issued price.

Hon. Mr. Lambert: I should like to cover one point made by the honourable leader of the opposition (Hon. Mr. Haig), namely, that the subdivision of these shares will make them more valuable. He must realize—for the market has been full of such examples—that to subdivide a stock to make ten shares where there was one before, has, if anything, a depressing influence on its value rather than an enhancing one.

It does not seem to me fair, or even possible, to compare the organization which is represented in connection with this by the Interprovincial Pipe Line Company with the ordinary run of exploration companies. I hold no particular brief from the Imperial Oil Company, but we all know the work that was done in the Province of Alberta before anything in the way of a producing well was obtained. At the time this pipeline company was incorporated, some three years ago, it was stated that the Imperial Oil Company had spent over $80 million in explorations in Alberta before it had anything to show for the outlay. I believe the principle which has been stated here, of having the par value of the shares reduced to $5 so that the public can buy them more readily than they could at the higher price, and to enable the company's own employees to share more generally in its profits, is a sound and good one. What is the alternative? It is, to let the State take charge of these explorations, organize companies, produce the oil and sell it. What is evident in the development of oil in this country, particularly in the Province of Alberta, is a fine measure of co-operation between the best sort of skilled enterprise and the state in relation to our natural resources. The more that idea can be encouraged and extended, the better, I suggest, for all concerned.

As to the value behind the present capital of the company, I am willing, if honourable senators so wish, to have the matter examined in committee. But I myself have no hesitation in suggesting that the proposition which is presented through this bill is a sound one.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Lambert: Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

COASTAL FISHERIES PROTECTION BILL

SECOND READING

Hon. A. B. Baird moved the second reading of Bill E, an Act to protect the coastal fisheries.

He said: Honourable senators, this bill is to revise the Customs and Fisheries Protection Act, Revised Statutes of Canada, 1947, chapter 43. The main provisions of the Act were first enacted in 1868 in a measure entitled "The Foreign Fishing Vessels Act". The last amendment of the Act took place in 1913.

The principal purpose of the Act was to protect Canadian fisheries in territorial and inland waters from encroachment by foreign fishing vessels, and to regulate the conduct of foreign fishing vessels in our ports and territorial waters. But the last half century has brought about a significant change in the status of Canada within the Commonwealth, and this and the entry of Newfoundland into Confederation, and particularly the changed methods of fishing, involving the use of long-range fishing and processing boats, have rendered many of the provisions of the Act obsolete or at least not in harmony with the changed conditions.

The following is a brief summary of the defects in the existing Act which the bill aims to remedy.

The existing Act purports to exclude from our territorial waters foreign fishing vessels. There is, however, no definition in the Act of what constitutes a fishing vessel. It is doubtful if in its ordinary sense the term "fishing vessel" could be construed to include vessels hunting seals or taking marine plants in our territorial waters.

There is also serious doubt whether the present Act would exclude vessels that are not engaged directly in fishing, such as, for example, fish-processing vessels, or even mother ships which do not engage in direct fishing but store or transport fish caught by catching boats.

The Act only excludes fishing vessels which are "foreign or not navigated according to the laws of Great Britain or of Canada" and which are not permitted to come in by "any treaty or convention or any law of Great Britain or of Canada."

The bill would bring the Act into line with the present status of Canada within the Commonwealth, and all fishing vessels except Canadian fishing vessels would be prohibited from coming into our territorial or inland waters, unless permitted by any treaty or law of Canada. Under the existing Act the Governor in Council is authorized to allow United States fishing vessels to purchase bait and supplies, tranship catch, ship crews, etc.,

in the ports of the east coast of Canada, but not on the west coast. It also allows the Governor in Council to grant similar port privileges to any fishing vessels in Newfoundland ports. The Governor in Council, however, does not have the power to allow similar privileges to foreign fishing vessels in the ports of the other Maritime Provinces. This bill would give the Governor in Council power to do this, so that uniform regulations could be made where necessary.

The Act now provides forfeiture only as a penalty for foreign fishing vessels entering our territorial waters. This is too drastic a penalty in many cases, having regard to the value of modern trawlers. The bill provides for fines as alternative punishment.

The procedure under the existing Act for seizure and forfeiture of any foreign fishing vessels is too cumbersome, involving great delays and expense. All proceedings must be taken in the Exchequer Courts, where the owners of Canadian fishing vessels are brought in cases of any infractions of our fishing laws. The bill before us sets up a simplified procedure.

Enforcement of the existing Act is vested not only in Canadian but also in British naval vessels and officers, whereas under this bill only Canadian vessels and officers would be responsible for enforcement.

The Act, although designated as the Customs and Fisheries Protection Act, is no longer used by the Customs administration, but is used entirely for fisheries protection against encroachment on our territorial waters by foreign fishing vessels. Enforcement of revenue laws is carried out now under the Customs and Excise Acts, and this bill seeks to change the name of the Act accordingly.

Hon. Calvert C. Pratt: Honourable senators, the purpose of the legislation now before the house, as stated in the explanatory notes, is the revision of the Customs and Fisheries Protection Act. This was brought out by the honourable gentleman from St. John's (Hon. Mr. Baird) in his very clear explanation of the bill. The words "An Act to Protect the Coastal Fisheries" might imply the bringing into use of new protective measures, but this bill does not do that. As a matter of fact, there may be less protection under this proposed legislation than presently exists.

There is no doubt that the Act originally passed in 1867, and not amended since 1913, should be revised at this time. Conditions within the industry and methods of fishing have changed a great deal with the passing of the years. For instance, fishing vessels that once used bait have to a great extent been replaced by vessels that drag the bottom, and so on.

I should like now to give some background which might lend significance to the point I wish to raise. In the first place, this legislation has no bearing on Pacific coast fisheries and the rights of foreign fishing vessels to purchase bait and supplies in Canadian ports —except those in Newfoundland—have been restricted to United States vessels. Their rights were granted by the yearly issuance of licenses under order in council, and were not extended by the Dominion Government to ships of any other nationality. This legislation has therefore had little significance to the Dominion of Canada as a whole, or indeed to any province but Newfoundland, but these rights and restrictions are of tremendous importance to that province.

The protection of the coastal fisheries of Newfoundland has been a matter of controversy for centuries. Treaties have been made, amended and broken, and until the turn of the century have been the subject of continual international negotiations and conflicts. It is within the memory of most of us that French and English warships patrolled the coast of Newfoundland to enforce the right of their respective nationals in Newfoundland ports. Before confederation with Canada, Newfoundland had its own treaty with the United States, and international agrements were made to suit its particular needs and requirements. Those needs arose from the insular position of Newfoundland and the fact that Newfoundland ports were the most accessible to fishing craft operating off the Grand Banks of Newfoundland. It was never the practice of European fishing vessels to use Nova Scotia ports as supply points, but they used Newfoundland ports extensively.

My province has as you know been a large producer of salted cod. This fish has always been consumed extensively in European countries, particularly in Portugal and Spain, whose ships have fished on the Grand Banks. They fished alongside of us, and used our ports, and at the same time bought the fish our people caught. It was an excellent arrangement and worked harmoniously. In recent times, however, there has been a considerable reduction in the quantities of Newfoundland fish bought by these countries. For some four years, I think, Spain bought none at all, but this year it has made small purchases. Portugal has been one of our best customers, but our sales of fish to her have been declining, partly because they use their precious dollars for purchases of goods other

than fish, and partly because her own fishermen have been catching more cod all the time and her need to buy from us has been thereby reduced.

When the terms of union were being negotiated between Canada and Newfoundland, the use of Newfoundland ports by these foreign ships was one of the issues. It was not a controversial issue, because Canada readily conceded that special provision for the use of Newfoundland ports by those foreign ships should continue to be made. They had not been using any of the Atlantic ports of Canada. Provision was made to maintain the traditional policy of the island's foreign trading relations with those particular countries. Since then everything has gone along smoothly, the government of Canada having granted yearly licences to meet the requirements.

As I say, the purchases by Portugal and Spain of our salt cod have fallen off very considerably. Our need to sell this product in those countries is no less than it ever was, but I am not now suggesting the policy whereby that trade may be increased. What I am suggesting is that our power to negotiate with these countries be retained. Let us get what we can for what we give. Of course, I do not wish to imply that we are losing that power under this bill, but a little later on I shall make a point which bears on that.

What I wish to make clear at the moment is that the problem to which I have been referring is one that particularly concerns Newfoundland. It has been tied in with Newfoundland's economy for centuries. There must not be any thought that what is needed is an across-the-board adjustment applying to the other provinces as well, for the fact is that they are not now and have never been vitally interested in this matter and any new interest created would be at the expense of Newfoundland.

Our ports in Newfoundland are used by vessels from these foreign countries today more than ever before. During the past summer and fall it was not unusual to see in the harbour of St. John's ten, fifteen or twenty ships from these countries tied up while taking on supplies and bait, loading salt, etc., for the voyage to the Grand Banks. The increase in the number of these vessels using those fishing grounds suggests that some time the area may be called the Banks of the Iberian Peninsula rather than the Grand Banks of Newfoundland.

The visits of these foreign ships to our ports are of considerable trading value. Yet I will tell you that the value of the business done through sales to those vessels is insignificant in comparison with the bigger issue of maintenance of trading relations for the disposal of our fish. I am sure that there is not a merchant in Newfoundland who would say that the trade resulting from the use of our ports by these foreign vessels has any importance in comparison with the importance of a clearly defined and beneficial policy for our fish export trade with the countries I have mentioned.

I wish to make this point very clear. It is stated that the purpose of the bill is to revise the existing Customs and Fisheries Protection Act. But as I said, the bill is not entirely revisory. One new factor it introduces is the inclusion of the Atlantic coast ports, that is of the Maritime Provinces, under the same arrangement as Newfoundland ports, for the servicing of these foreign vessels. Now, I do not think that the Maritime Provinces ports would naturally be used very extensively, since they are farther away from the Grand Banks than our Newfoundland ports are. I think it is quite possible that at some time, according to the present trend, the province of Newfoundland may have to ask the government of Canada to revise the policy for the use of Newfoundland ports by these foreign boats. The prevailing system has been developed and maintained because the countries from which these vessels come have been and are still to some extent our customers. But these boats have not used the Maritime Provinces ports in the past, and it seems to me quite likely that if the law is changed and these boats use not only the ports of Newfoundland but those of Nova Scotia and even of New Brunswick, then at some future time if the Act comes up for revision or if it is thought advisable in the interest of the fisheries of Newfoundland to introduce restrictions, there might be a conflict between the provinces over policy. The Maritime Provinces would be interested only because of desiring to develop, one might say, shopkeeper trading with those foreign vessels, whereas Newfoundland would regard that trade as insignificant when compared with the fish export relations with those countries.

I presume that this bill will be referred to a committee. I should like to see it studied very carefully there in its full significance. Also I think that the government of the province of Newfoundland should be consulted and asked for its opinion as to the future policy to be employed under such a law as this. It has been and is a most important issue to Newfoundland, and I hope it will be viewed in that light by the committee.

Hon. Mr. Roebuck: May I ask the honourable senator from St. John's (Hon. Mr. Baird) a question? Can he tell me whether the extensive powers which this bill would give to the inspecting officers were contained in the bill under which the Act was set up? For instance, I note that this measure provides that the protection officer—who is an inspector of some kind, no doubt—may:

(a) go on board of any fishing vessel found within Canadian territorial waters and stay on board so long as she remains within Canadian territorial waters,

(b) bring the fishing vessel into port and search her cargo, and

(c) examine the master or any member of the crew upon oath touching the cargo and voyage.

And whenever an officer suspects an offence against the Act he may seize a vessel or any goods aboard it; he may arrest without warrant anyone he reasonably suspects, and he may retain possession of the goods seized, or deliver them to the minister. Strangely enough, he may keep the vessel and the goods so seized for a period of three months before he need lay an information against the accused. I am "from Missouri" when it comes to considering a measure which would extend such powers to officials. In my opinion, these powers are very drastic, and I am interested in knowing whether they are contained in the Act or are new provisions.

Hon. Thomas Reid: Before the question is answered—because in the light of what the speaker has said, the honourable sponsor may close the debate with his answer—I should like to say a word about the bill before us.

Hon. Mr. Roebuck: But I want the question answered.

Hon. Mr. Reid: May I first say to the honourable leader of the government that I am pleased to see upon my return to the house a well-filled Order Paper. The government deserves to be complimented for the early introduction of this volume of legislation.

I am particularly pleased to note that the government is moving forward in its legislation affecting fisheries, for if any field of legislation has been neglected over the years, it is that of the fisheries. One has only to look at the explanatory notes to the bill to learn the history of this legislation. The original Act was first passed in 1868, and the first amendment followed forty-five years later, and now we find further proposed changes thirty-nine years after the passage of the first amendment.

One means of protecting our Canadian fisheries which requires attention and is not provided for in this measure, is that affecting the building of dams on rivers to the detriment of the fishery industry. May I say to my fellow senators from Newfoundland that British Columbia is one of the greatest fishing provinces in the entire dominion.

Hon. Mr. McDonald: Second to Nova Scotia.

Hon. Mr. Reid: I have quoted figures many times to show that the fisheries of British Columbia exceed those of the combined provinces of Newfoundland, New Brunswick and Nova Scotia, yet there are those who are apt to regard British Columbia as only a land of mountains and forest. Our halibut, herring and salmon alone are produced in such quantities as to overshadow the production of the other provinces. However, I do not wish to enter into that phase of the debate tonight. Perhaps I may do so another time, if the occasion arises.

I should like to draw the attention of the government to one particular matter affecting our fisheries on the Pacific which I think should be dealt with in this bill. I am a member of the International Pacific Salmon Fishing Commission, set up by the governments of Canada and the United States for the protection of sockeye salmon in the Fraser River, an industry which produces values annually of many millions of dollars. Under the treaty approved by the two countries the commission is empowered to go out on the high seas and control fishing in areas where the salmon congregate after leaving the lakes as young fingerlings, and where they live and feed until they eventually return to the lakes and rivers of British Columbia to spawn and die. A great many vessels from the United States, and some from Canada, go to these areas to fish. We have put regulations into effect to control them in so far as sockeye salmon are concerned, and I am pleased that such regulations have not as yet been challenged. These regulations in effect control Canadian fishermen, because we have no right to stop fishermen from the United States from fishing these areas to which I refer. During the past two years regulations have been issued controlling Canadian fishermen fishing during the open sockeye salmon season. Although these regulations are provided for under the treaty, there is the problem of enforcing them. Some interests are heard to complain, when an attempt is made to give power to the authorities for the protection of the fisheries that we are interfering with the freedom of the seas.

I should like some of my honourable friends to see the large boats and extensive gear which come to fish in our waters. I am quite sure that the equipment that is brought in by high-powered vessels on the off-shores of the west coast is far more extensive than that used in the Atlantic waters. For instance, there are tuna fishing

vessels in the south which carry nets 4,850 feet long and some 320 feet deep. It is natural with the decline of the tuna fish elsewhere that these boats should search for more productive areas. Many of those vessels contain freezing units, by which the fish that are caught can be preserved indefinitely.

It can be seen that, under the treaty, the commission on which I sit has some responsibility in saying to Canadian fishermen that they may not fish for salmon during certain months or during certain week-ends of the year. The fishermen may reply that they are not fishing for salmon, but everyone knows that nets do not catch only one species of fish.

I would suggest to the government that when introducing a measure such as the one now before us, consideration should be given to the points I have mentioned, so that in future inestimable harm may not be done to our sockeye salmon industry. I shall have something further to say about the Japanese peace treaty when it comes before us for ratification. At the moment, at least, we are protected from Japanese fishing operations in relation to salmon, herring and halibut.

In my opinion, honourable senators, this is an excellent bill. It is well to bear in mind, however, that in so far as fishery research is concerned Canada is away behind the times. I hang my head in shame when I realize that Japanese fishing interests know all the routes followed by the fish on our Pacific coast, and where they go, but we know little or nothing. Japanese scientists can tell that there are in the open seas definite lines or roads along which these fish travel. In years before the war, when I was pointing out these facts to the government, very little attention was paid to Japanese activities. I do not know whether we can expect anything better now, but let me say that we have a Fisheries Research Board which needs in the worst way to be overhauled. If I were speaking outside this house I might use stronger language. Much of the money allotted to this work is being wasted, and it is a fact that a foreign nation knows more about our fisheries and fishing routes than we Canadians know ourselves. I wonder whether honourable senators know that, although by treaty the Japanese have agreed not to fish for salmon, herring or halibut, before the war they were able to introduce into the waters of the Pacific nets six miles long. Do not suppose this is a "fish story"; I am giving facts. These people could, if they desired, plant the nets right across these lanes: they know where they are, because their scientists located them when Japanese boats were off our shores before World War II. I pointed these things out to the government.

As I have said, this measure is splendid as far as it goes, and I commend the government for it. My chief reason for rising tonight is to point out that something further should be done. Too long have fisheries been looked upon by the government as an orphan, instead of one of the mainstays and basic industries of the country.

Hon. Mr. Baird: In reply to the question of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), I think I can assure him, although I am less learned in the law than he, that embedded in the existing Act are provisions dealing with this matter of boarding and search that he has mentioned.

Hon. Mr. McDonald: Before the honourable gentleman takes his seat, will he tell us what have been the reactions of the appropriate departments of the provincial governments to the provisions of this bill?

Hon. Mr. Baird: Not any that I know of.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Baird: Honourable senators, I move that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

PRISONS AND REFORMATORIES BILL

SECOND READING

Hon. H. R. Emmerson moved the second reading of Bill G, an Act to amend the Prisons and Reformatories Act.

He said: Honourable senators, some years ago British Columbia established an institution for the rehabilitation of young offenders or delinquents sentenced to terms of not less than three months and up to two years less a day. In 1950, at the request of the British Columbia government, an amendment of the Prisons and Reformatories Act was made, whereby the inmates could be transferred from Oakalla Prison Farm to New Haven. This New Haven institution has been so successful that the provincial government has established a second institution, which they term the Young Offenders' Unit, which, although a part of Oakalla Prison Farm, is in a separate building. The present amendment, which is requested by the government of British Columbia, is merely to enable them to transfer these young offenders from the

Young Offenders' Unit to New Haven, and *vice versa*, and between these institutions and the Oakalla Jail.

An Hon. Senator: Where is New Haven?

Hon. Mr. Emmerson: I understand that it and the Oakalla Prison Farm are in the New Westminster district of British Columbia.

Hon. Mr. Reid: May I ask the honourable member if he can tell us what changes are intended by sections 147B, 147C and 147D? They are in the bill, but no explanation of them is given.

Hon. Mr. Emmerson: I am not learned enough in the law to give the technical explanation, but I know that these provisions are necessary to authorize the transfer of these young men, whether on determinate or indeterminate sentences within the limits specified in the Act.

Detailed information on this bill may be secured in committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Emmerson: I move that the bill be referred to the Standing Committee on Public Health and Welfare.

The motion was agreed to.

COMPANIES' CREDITORS ARRANGEMENT BILL

SECOND READING

Hon. T. H. Wood moved the second reading of Bill H, an Act to amend the Companies Creditors Arrangement Act, 1933.

He said: Honourable senators, I should like to give a brief review of Bill H, an Act to amend the Companies' Creditors Arrangement Act of 1933. At the present time this Act enables any insolvent incorporated company to make compromises or arrangements with its creditors, and the purpose of the bill before us is to restrict the operation of the Act to companies having outstanding issues of bonds, stocks or other evidences of indebtedness issued under a trust deed and running in favour of a trustee.

The Companies' Creditors Arrangement Act was enacted by parliament in 1933, at a time when the Bankruptcy Act made no provision for compromises, settlements or arrangements by an insolvent company unless it had first made an assignment in bankruptcy or had a receiving order made against it. However, the Bankruptcy Act was revised and re-enacted in 1949 and, for the first time since 1923, provision was made to enable insolvent debtors, including corporations, to make proposals to creditors for the payment of claims of the creditors without first going into bankruptcy.

The present position is, therefore, that an insolvent company that wishes to make a proposal to pay the claims of its creditors may proceed, at its own option under the Companies' Creditors Arrangement Act or the Bankruptcy Act. It appears, however, that a large number of companies which might readily avail themselves of the facilities of the Bankruptcy Act, choose to make their proposals under the Companies' Creditors Arrangement Act. The evidence is that this is working to the disadvantage of creditors, particularly trade creditors, who not knowing what assets are left in the company accept whatever settlement is offered. It is hoped that this bill will correct this situation.

Under both the Bankruptcy Act and the Companies' Creditors Arrangement Act the approval of the court is required before the proposal is binding on the insolvent company and the creditors. Under the Companies' Creditors Arrangement Act, however, no provision is made for the appointment of a trustee or of inspectors to protect the interests of creditors generally. Suitable provision in that respect is made in the Bankruptcy Act. Moreover, the Companies' Creditors Arrangement Act does not provide for an appraisal and investigation of the affairs and property of the debtor company by a trustee, whereas the Bankruptcy Act does make such provision.

The effect of the proposed bill would be, therefore, that the majority of companies wishing to make proposals for settlement of the claims of creditors would be required to make them under the Bankruptcy Act, the provisions of which have recently received close study by the Banking and Commerce Committee of the Senate. Under those provisions it follows that all matters connected with the proposal would be examined by a trustee and by bankruptcy courts. The Companies' Creditors Arrangement Act would remain on the statute book for the benefit of those companies for whose creditors a trustee has already been appointed under a trust deed, and this official may be relied upon to bring to the attention of the court all matters affecting creditors generally.

I suggest that this bill be dealt with by the Banking and Commerce Committee, where several parties interested in the measure will be available to discuss any points not covered in this brief.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Wood: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. J. W. de B. Farris moved the second reading of Bill Q, an Act to incorporate Peace River Transmission Company Limited.

He said: Honourable senators, we have had before us tonight legislation dealing with oil, and when oil is present there is generally gas. As my honourable friend from Ottawa (Hon. Mr. Lambert) has provided the oil—

Some Hon. Senators: Oh, oh.

Hon. Mr. Robertson: Dispense!

Some Hon. Senators: Oh, oh.

Hon. Mr. Farris: I insist on making my speech.

This bill seeks incorporation of a very modest company, whose total capitalization is $500,000. To meet, in anticipation, a question of the leader opposite (Hon. Mr. Haig), I would point out that the shares are $5 each, so that anyone wishing to buy shares—if there are any available for purchase—will have the advantage of the low price from the beginning.

Section 5, which is one of the important sections, provides that the company will be subject to all the limitations of any general legislation enacted by parliament relating to pipelines for the transportation of gas or oil. The powers to be conferred under section 6 of the bill will be substantially the same as those given to companies that have already been incorporated by Act of Parliament.

This is primarily a pipeline company for the transmission of gas; and being comparatively small, its operations will be of a limited nature in the vicinity of the boundary of Alberta and British Columbia.

Hon. Mr. Reid: I should like to make one comment at this time about bills which have come before the house dealing with pipelines. During our discussions on these bills at the last session we were told that we were merely authorizing these companies to go before certain governmental boards where they could obtain authority to build pipelines to specific points in the country. I was pleased that permission was given to transport oil from British Columbia to the seacoast. To that, of course, no one could raise any objection. My only thought was that they should not have gone into Vancouver with the plant, but should have stayed on the Fraser River side and built the refineries there.

Now this company is going down into the States to build a $35 million refinery. I think we should not overlook this trend of affairs. Of course, I know that we must have the assistance of large communities and of our neighbours in order that gas may be brought to the British Columbian coast, but we are just at the beginning of the development of our great oil reserve, and this is the first pipeline through which oil will be exported. When visiting California at the first of the year I was surprised to see the hundreds of oil wells operating night and day, and it never occurred to me that our oil would need to be exported to the United States.

I think the Senate would be well advised to take another look at the general Pipe Lines Act. In my opinion we have in this country the greatest reserves of oil and natural gas in the whole world, and nothing can keep back the development of these tremendous resources. In fact, the eyes of the world are upon Canada. But I was a little disappointed when I learned that this company intended to take our oil and divert it down into the United States and build a $35 million refinery close to the boundary line. We ourselves need the by-products from crude oil—the fuel oil, the lubricants and other things. Also, I am one of those who believe that by refining the oil ourselves we can give employment to many people. The oil should be refined here in Canada, and what we should export is the gasoline and any other products that we ourselves cannot consume. I am opposed to what appears to be the trend—the building across the line of refineries for manufacturing products that should be manufactured in this country.

I think that we in parliament should take cognizance of what is going on, and I repeat my suggestion that the Senate should perhaps take another look at the general Pipe Lines Act.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Farris: I do not know if honourable senators would wish to have this bill go to committee. There is nothing much that I can add to what has been said.

Hon. Mr. Haig: I think it ought to go to committee. I agree with what was said by the senator from New Westminster (Hon. Mr.

Reid). There is in this country a very strong feeling that we should be on strict guard so as not to allow these natural resources to go across the line. They are development resources, unlike iron or steel or other resources of that kind, and we need to be very careful in dealing with them. We ought to look the facts straight in the face. The United States showed just this year what they will do if they wish. I am persuaded—I hope I may be wrong—that in some matters the incoming government over there will take firmer action than the present government has taken, and that if we export to the States any goods that compete in price with American products they will jack up the tariff wall.

I think this bill should go to committee, so that we may show the people of Canada that we are looking into these things on their merits.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Haig: I am opposed to rushing a bill through the house unless there is some urgent necessity for so doing. I personally would object to giving this bill third reading without first having a reference to committee.

Hon. Mr. Farris: I would point out to my honourable friend that the capitalization of this company is $500,000. The minimum expenditure required to take natural gas over to the United States would be $100 million, so this company has no more relation to the export of natural gas from the northern part of British Columbia and Alberta than with the export of gas from the moon. I would move, honourable senators, that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

Hon. Mr. Haig: On that motion I can speak also. My friend says that the company's capitalization is only $500,000. However, there is nothing in the world to prevent the company from applying here a year from now and asking for an authorized capitalization of $500 million.

Hon. Mr. Farris: Well, we could deal with that application then.

Hon. Mr. Haig: You would be the first one to say "Oh, we passed on the principle of this measure last year, and now we should grant the company's request for a larger authorized capitalization." My honourable friend's point does not influence me at all.

Hon. Mr. Farris: I did not expect it would.

Hon. Mr. Turgeon: Honourable senators, I am not objecting to the reference of this bill to committee, if that is the desire of the house. I have only just now glanced at the measure, and I should like one point made clear. I take it that at the moment there is no thought of exporting to the United States.

Hon. Mr. Farris: I think I made that plain.

The motion was agreed to and the bill was referred to the Standing Committee on Miscellaneous Private Bills.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 2, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

COMMITTEE ON PUBLIC HEALTH AND WELFARE

PRINTING OF PROCEEDINGS

Hon. C. J. Veniot presented and moved concurrence in the report of the Standing Committee on Public Health and Welfare.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Public Health and Welfare beg leave to report as follows:—

1. Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of its proceedings on the Bill J, intituled: "An Act respecting food, drugs, cosmetics and therapeutic devices", and that Rule 100 be suspended in relation to the said printing.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Tuesday, November 25, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Vaillancourt for an address in reply thereof.

Hon. John T. Haig: Honourable senators, at the outset I want to say that I have prepared a draft copy of my address. My colleague on my left (Hon. Mr. Aseltine) has remarked that I will make a better speech if I do not read it in which I do not agree with him—so there I am.

I should first like to congratulate the mover (Hon. Mr. Vaillancourt) and the seconder (Hon. Mr. Hawkins) of the Address in reply to the Speech from the Throne. I am sorry that I could not follow the remarks of the mover, but I read the translation of what he said and enjoyed it thoroughly. While I do not agree with all the conclusions he reached, I do appreciate a great many of the problems he dealt with. It made me realize that the people in his part of the country have the same thoughts about the problems confronting Canada as we in Manitoba have. It is a splendid thing that a representative of a great province such as Quebec can give us in his own language an explanation of the affairs of his part of the country, and that when we read the English translation we find that the speech could well have been delivered by a representative of Manitoba, Nova Scotia or any other province.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: The seconder of the motion made a fine speech, but it sounded to me like an address delivered by a member of the House of Commons who was expecting to face the people of his constituency within the next ten months. He sounded as though he were getting ready for a campaign and I do not think that sort of thing is necessary in our house. I feel that it is a mistake to adopt this practice because it enables the critics of the Senate to say that we carry politics into this chamber.

Some Hon. Senators: Oh, oh.

Hon. Mr. Haig: I do not suggest for one moment that a man of a certain political stripe—whether he be Conservative, Liberal or what have you—should forget his party allegiance when he comes to the Senate. I would not think a whit of him if he did. We sit here not as representatives of some part of the country, but as representatives of our respective provinces, and really as representatives of the whole dominion. My honourable friend's speech was able, very able, but at the same time I myself—and I speak only for myself—felt that it did not give the reaction of his province to the problems of the day, but rather the reaction of the Liberals of Canada, and that was not what I wanted to know. I say this with humility, for I might make a similar mistake myself. However, the senator from Kennebec (Hon. Mr. Vaillancourt) did give us the reaction of his province of Quebec to present problems.

Before going further I wish to say that the Commonwealth is to be congratulated upon the fact that in the coming year a new Sovereign is to be crowned at Westminster, a young woman who is a credit not only to Great Britain but to womankind the whole world over.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: I believe that she will, as did the former Elizabeth, bring a new spirit into the world, a spirit that the world sorely needs today. I do not wish to make further comment on this subject just now.

We are, I suppose, beginning what is to be the last session of this parliament. I know that the government can remain in office until August of 1954, but it has been the general practice of governments in our country to go before the people not later than four years after being elected. Whenever a government ran over that period it ran out.

Hon. Mr. Farris: You do not expect that to happen to the present government?

Hon. Mr. Haig: I did not hear what my honourable friend said. I think that we can count upon a federal election within the next twelve months, and I am going to make one or two prophecies. Four years ago I made a prophecy which turned out to be 100 per cent right; nevertheless I know that prophesying is always dangerous. However, I suggest that there will not be an election in May of next year. I understand that some of the members of another house would like to have an election in that month, and some people from my own province also would like it, though why I do not know. I suppose they think that if an election were held then their party would be returned. But I am persuaded that the temper of the people of Canada just now is such that they want a full and frank public discussion of the problems facing this country, the western nations and the world at large. In 1949 we thought that before the present parliament had run out we would have come to the end of the cold war. Well, we are now within a year of the end of the close of this parliament and the cold war is just as bad as it ever was, and we are no nearer to understanding than we were four years ago. We are not certain whether the matter will be settled within the next four years, but it must be settled within some four years.

It is said, rightly or wrongly—and I think rightly—that Stalin hopes to carry on the present kind of cold war with the western nations until they either fall out among themselves or go broke. That means that when we Canadians are called upon within the next year to decide upon a new government we should give our best judgment to the matter, and send the best obtainable men and women in Canada to represent us in the House of Commons. I do not think that can be done by a quick election. It seems to me that it can only be done if we have time to conduct an election properly, if the public be given a chance to understand the issues. I have no right to advise the Liberal party, and I presume that if I attempted to do so they would not take my advice.

Hon. Mr. Euler: They might.

Hon. Mr. Haig: But if all Liberals think what some Liberals that I know are thinking, namely, that the party now in office has given us the best government and the best policies that Canada ever had, and that this country is in better shape than it ever was before, then the longer the election is postponed the better it will be for them. But the people of Canada have good common sense, and they will reach the proper conclusion when the time comes.

Hon. Mr. Horner: They have not found that out yet.

Hon. Mr. Haig: It will become apparent when election time rolls around, for the feeling in this country is now much keener as to the true issues facing the people.

I do not need to go to the United States for an illustration, but those of us who watched the last two elections in that country saw an entirely different kind of election this year from the one in 1948. Public opinion in that country was aroused as it never had been before, and the largest number of votes ever polled in the United States was polled this year. That was because the people realized the tremendous issues at stake and believed that the future policy of the world depended to some extent on their judgment. True, we are only 14 million people as compared with 140 million Americans; nevertheless we have an important part to play in the history of the world today. I believe that our opinions on world issues next to those of the United States, are as important as those of any other country. In saying that I am not belittling Great Britain in what she has done, nor am I belittling France, Holland or Belgium in what those countries may do. What I say is that the hope of the freedom-loving peoples of the world rests on the shoulders of the inhabitants of this continent, and if we do not come through with a solution of the problems, I do not know who in the world can solve them.

For all these reasons I think the issues in Canada must be brought clearly before the people, and I hope that when the results of the next election are tallied no party will have a majority in the House of Commons such as the present government enjoys. I say that such an overbalance does not make for good democratic thought and development. No matter how optimistic any honourable senator may be, no matter how much he may admire the present government, it would be a much stronger body if it held only 150 seats in the other place instead of 185. The results of all the by-elections during the past two years indicate this important fact. I am told that the opposition would not have taken any of these by-elections had it not been for the large majority held by the government. These conclusions may or may not be true, but the elections in the provinces would indicate that they are true. Some would have us believe that provincial

votes do not mean anything, because people do not vote the same way federally as they do provincially. But that does not alter the fact that the public is afraid of the gigantic majority in the other place.

We, as has been said of England, are drifting into cabinet government, and under our democratic system that is not good. I do not claim that the present government is tinged with dictatorship, I do not suggest that any cabinet minister would ever regard himself as a dictator. Nevertheless, from a practical standpoint twenty cabinet members can easily control a parliament in which it has a majority like that of the present government.

Let me now predict the date of the next federal election: It will take place on the 12th day of October, 1953.

Hon. Mr. MacLennan: At what hour?

Hon. Mr. McKeen: Where is your crystal ball?

Hon. Mr. Haig: I do not of course believe that the present Prime Minister would throw this country into the turmoil of a general election just prior to the coronation. He is much too able a man, in my opinion, to be guilty of such a mistake, for if he did that he would be challenging the Canadian people who regard the coming coronation as a religious ceremony in which a large part of the freedom-loving people of the world dedicate themselves to a great cause. I am one of the many who believes that the reign of Her Majesty Queen Elizabeth II will be written in the annals of history as one of the great epochs in the progress of the world.

So much for the election.

Many subjects are discussed in the Speech from the Throne. I do not intend to deal with them *seriatim*, because most of them consist of suggested legislation which will or already has come before us. I want to congratulate the leader of the house (Hon. Mr. Robertson): I think he did a service to the Senate when he persuaded his cabinet colleagues to introduce in this house so much legislation at a period of the session when we can give attention to it and send it to the other place in ample time for the members there to give it careful consideration.

I have never been very enthusiastic about the United Nations. I hate to say that, but it is the truth. This is a matter of individual opinion. I have not discussed it, nor do I intend to discuss it with any member of my party, nor in this matter do I speak as their representative. It is said that the action of the United Nations stopped aggression in Korea. That is so, but only because the Russian government was "in a huff", and decided not to be represented at the meeting. Had her nominees been at the assembly they would have vetoed action.

I do not say that I am opposed to the United Nations Organization; I have not reached a conclusion on the matter. I do not think that one should oppose a body of this kind unless he can suggest some better way of meeting the problems it was formed to solve. I recognize that Russia—her satellites also, but particularly Russia—use the United Nations Organization as a sounding board for propagandizing the world's peoples. At one time it seemed like a fine idea on the part of Russia. The organization was set up immediately after the second world war, in the course of which Russia had been helped by all the free world to resist the attack of Germany, and it took us considerable time to see the situation as it really was. Today, so far as I can see, Russian policy is serving the cause of anti-communism in Canada, the United States, Great Britain and other countries. By using the United Nations sessions to spread their propaganda they have only succeeded in convincing our people that the Russian policy and the Russian economy are not such as the free world wants to adopt. It is a common habit of mind in the United States, Great Britain, France and probably other western nations, to listen to what the other fellow has to say: although we may be sure we are right, we do not want to criticize the good points of our adversary's case. Certainly since 1946 the world has had a surfeit of the sort of thing Russia stands for; and I defy anybody to point to a single person who has been converted to communism through the actions of the Russians and their satellites in the United Nations Organization. In that respect it can be said that UNO is a great success, but not as an agency to solve the problem the world faces today.

I want peace: any of us who had boys in the last war or served in the first war know what war means. I should like to mention a little personal experience. I asked a young man, "What did you think about when you got into your bomber to leave for the front?" He was unmarried. He said: "I thought of dad and mother when I said 'Let her go', but I was thinking too that that night I was going to kill fifteen or twenty fathers and mothers; it was my job to drop about six tons of bombs on Cologne"—or Dresden, or Berlin, or Hamburg, or some such place. When you hear a young man talk like that you realize what a terrible thing war is. If we can credit these stories from the United States about the hydrogen bomb, it would

seem that after half a dozen of them had been dropped there would be no Britain, no Holland, no Belgium, and very little of France. We are standing on the threshold of that kind of a world. It is a desperate situation. The United Nations at least provides a temporary exhaust-valve which can be used by the spokesmen of various countries in their discussions, but I do not think it will ever solve our main problems. I cannot see how it is possible to solve them so long as one part of the world refuses to let its people see the other part of the world. It would be a calamity if we in Canada refused to admit people from the United States or Britain or any other country. I would not like to live here under those circumstances: I would feel that something was fundamentally wrong. We of the western nations benefit by letting people from elsewhere come to our country. Incidentally I notice an announcement that the Government will urge all Canadians next summer to visit the beauty spots of our own land. Some day, though it may be a long time hence, the inhabitants of these Communist countries will realize that if the rest of the world is not allowed to visit them, and they are not allowed to see the rest of the world, there must be something wrong with their system.

So much for the United Nations Organization. I do not say I am against it, I have no counter-suggestion to offer; but I do not want this country to depend on the United Nations. We must be prepared to meet the world situation as though UNO did not exist. One point in criticism of this institution is that hardly any of the member states are represented in the armed forces in Korea. The burden is borne mainly by the United States, the British commonwealth, and Turkey. The majority of countries voice criticism of aggression, while doing nothing about it. This has shown me, as I have no doubt it has convinced others, that we cannot depend too much on that system. That Canada has very little confidence in it is proven by the part our country has taken in building up and supporting NATO, supplying arms and munitions to Europe, and sending soldiers to Germany. So, I repeat, while I cannot suggest anything to take its place, dependence on UNO will not save us in a crisis.

I do not intend to discuss defence expenditures fully, but I strongly feel that the amount we are spending on war materials is too great in proportion to the personnel of our armed forces. I am of the opinion that in a great many cases we have supplies that would equip an army of a million men instead of one of 100,000, which we now have. Let there be no doubt or misunderstanding about the number of men serving in our armed forces. It is only 1/36th of the number the United States have. If we had the same proportion of men in the armed forces as there are in the United States, they would number 300,000; and if we had the same proportion as there are in Britain, they would number 225,000. This would have to be an enlisted army, but the simple fact is that no party in Canada, except in time of war—and it would have to be a pretty busy war—will give us conscription. They have conscription in Great Britain and in the United States, but we will not have it here, so there is no use talking about it.

With the tremendous scientific development that is taking place, the machines now being manufactured will probably be obsolete in five years. Let me give an illustration. When a young air force man came back to Winnipeg in 1945, I said to him, "There were not so many killed in airplanes in the last three years of the war". He said, "No, we had radar and were able to bomb the enemy targets from an altitude of 20,000 feet". He pointed out that fliers in 1941 and 1942 had to bomb from 5,000 feet and were easier targets for anti-aircraft guns. A Lancaster bomber carrying a full load and flying at 275 miles an hour is obsolete today. Modern fighter planes can fly rings around it.

The statement is made by the Minister of Defence that we have got to be ready to put men into the field and equip them properly in case of war. Well, we did not make any such preparations prior to 1914 or 1939. The United States, Great Britain, Russia and the low countries of Europe were unprepared; yet they saw Germany rearming. We are spending about $2 billion on our defence program, and I just wonder whether this stockpiling of great stores of supplies to be used in case of war has gone too far. I know I will be criticized, and that it will be said I had no business making this statement because a country should be prepared in case war breaks out. I would point out, however, that we will be quite unprepared if we go broke in carrying out this program.

I come now to the question of taxes, a subject that is as old as the days of the Pharaohs, when tax collectors roamed up and down the land. Our corporations tax is simply a double tax on every shareholder in a corporation. Take a case in point. Let us suppose that I own 100 shares of Hudson Bay Mining and Smelting Company stock. The money I have invested, together with that of other individuals, has enabled this company to become established. Let us say the company is now making so many millions a year profit: fifty-two per cent of its net profit

is paid to the government in taxes. Therefore my dividends are reduced 50 per cent to start with, and when I receive the balance of 48 per cent the government taxes me all over again on that amount. Now, if I had my money in mortgages, bonds, real estate or in any of the many other kinds of securities that do not pay corporation taxes, I would get the whole 100 per cent and would only have to pay income tax on that amount.

It is unfair that people who put money into corporations should be taxed as they are now. How can the economic system of this country operate without corporations? I understand, for instance, that some $14 million is being spent on the development of the great Sherritt-Gordon mine in Manitoba. This capital had to be raised by the selling of shares; it could not be raised by individuals. The same is true of the money raised to develop the oil fields of Alberta. I have read that on the hustings the C.C.F. has advocated the imposition of a 100 per cent tax on corporations. Well, who are the corporations? They are just made up of little fellows who buy shares in them. I know a man who bought a hundred shares in Sherritt-Gordon. He wished he could have afforded a thousand shares. He wanted to invest some money, and that was about the only kind of investment he could make, except putting his money in a bank and drawing 1½ per cent interest.

I come now to the income tax. This country has got to reduce this tax if its wants to continue selling goods on the world market. The issue in the coming election will be not what has been done in the past five years, but where we are going to sell our goods in the next five. That is precisely why the present conference is being held in London, England. A government official announced over the radio just today that Great Britain is only going to take 10 million pounds of tobacco from Canada. Last year she took 40 million pounds. She simply has not the money this year. If we cannot sell our tobacco to Great Britain, we cannot sell it to anybody, and our tobacco producers will be forced out of business.

The Minister of Finance has said several times that he is quite prepared to reduce taxes if somebody can show him where he can reduce them without cutting out some services. Well, an Edmonton housewife gave the right answer. She said, "Why, Mr. Abbott, I don't need to tell you how to solve that problem. All you need to do is to reduce the taxes, and the government will find a way to cut down expenditures. If my husband earned $500 a month we would live according to a certain standard, but if he came home and told me that his salary had been cut to $300 a month, because business had fallen off and the proprietor could not pay a larger salary than that, I would not continue to spend as if our income was still $500 a month. Oh, no. I would cut our expenses to conform with our lower income, and I would be the best qualified housewife in Alberta to say what expenses should be cut." That is so, and today the Honourable the Minister of Finance would be the best qualified man in Canada to say where taxation should be cut if the government's income were reduced. All that parliament has to do is to give the minister $3 billion, say, instead of $4 billion, and he will do the cutting. No person would dare to say to any government "Cut out this or that." The only thing that one can do is to urge the government to cut down its expenditures to a reasonable basis.

Our expenditures in this fiscal year are larger than they have ever been before. They are four times as large as they were in 1939, and aside from the people that came in through the union with Newfoundland we have not a much greater population than we had then. We are spending just as much now as we did during the war, yet we have a surplus of about $280 million. That is not right. My children and grandchildren, and your children and grandchildren, should pay part of the cost of the struggle that we are going through and have been going through for some years. We fought from 1939 to 1945 to save this country. We did the best we could in every possible way. Our young men and women went to the war, some of them unfortunately never to come back, and the country as a whole gave freely of its energies to help win the war. Yet today we are going on and spending as if we had to pay the whole debt of Canada instead of leaving some of it to be paid by its future citizens. That kind of thing simply cannot be done.

No wonder the cost of living has gone up so high. At present, it is true, the figures indicate a slight reduction in the total cost of living, but if you look at the reports that come out every month you will see that it is my friend the farmer from Rosetown (Hon. Mr. Aseltine) and my friend the farmer from Blaine Lake (Hon. Mr. Horner) and all the other farmers and agricultural producers of this country who are paying the shot. There has been no reduction anywhere except in the cost of primary products.

We had a magnificent crop in western Canada this year, one of the greatest we ever had. It was fortunate for us, though unfortunate for other people, that Argentina, Australia and other countries had poor crops. Australia, India, Pakistan and Ceylon wanted

to become manufacturing countries instead of grain growing countries, and so it happens that this year we are fortunate in being able to sell all the grain that we can get to seaboard. But that situation will not always exist. The western states are threatened now with dry weather, as we are in western Canada, and what will happen next year nobody knows. But in any event we cannot hope that our farmers and other primary producers will continue to enjoy the good times that they now have, unless something occurs to cause the rest of the world to continue buying their products—and I can see no likelihood of that.

In the United States they have elected a new government. Let us not blind ourselves to the fact that all the free-traders in Canada hoped that the Democrats would be returned to office, with Mr. Stevenson as president. They thought that General Eisenhower would be inclined to go against free trade. Well, General Eisenhower and his Republican party got in. Whether the fears of Canadian free-traders were well founded or not, I do not know, but I do know that the Republican party, whether from choice or from compulsion, will want a tighter hand kept on the strings of the United States purse from which money is being paid out to Europe. No country can indefinitely take such insults as have been directed at the United States from Europe—from Britain, France and other countries—to the effect that the American money they receive is charity.

Now I want to deal briefly with the question of trade. It is all right for anyone to say he is in favour of free trade, but how can you get free trade unless there is someone to trade with? It is quite plain that unless the British people are willing to work fifty hours a week and much harder than they are working now, or unless we lend them more money—and we could not do that for long—they cannot buy our goods. That may be regarded as a bold statement, and I may be criticized for it up and down this country, but it is the truth. We have got to do the very best we can, work as hard as possible, so that the people of Britain will not be able to say, "Oh, in your present fortunate position you can reap a bountiful harvest because we sheltered you from destruction during two wars. But now you forget about all that." Of course, there is no doubt that Britain's action twice saved democracy.

We are in the midst of a struggle the like of which the world has never known before. Nearly all of us here were born before 1910 or 1915, when the old era died. Today people everywhere are clamouring to get things out of other people. The people of Iran do not want to work. Why should they work, when they have got so much oil? True, their oil resources stood undeveloped for thousands of years, until the British came along. In Iraq, Egypt and other eastern countries the story is very much the same. It seems to me that we Canadians must realize that our hope of continued prosperity depends on trade with the rest of the world. Yet, today the rest of the world has not got the kind of money that we insist on receiving in payment for our goods. It seems there will be a clash between the two systems. I do not know what will happen at the economic meetings now being held at London, but I am sure that Canadians must take a greater interest in the development of world trade.

I have not followed my notes closely, or perhaps I would not have taken so long. I wanted to say a word or two about tobacco. A new American cigarette has just come on the market, selling at twenty for 33 cents. The old price of Canadian cigarettes was 39 cents, but I see today that there has been a reduction to 36 cents. In an office at Toronto the other day I was shown two cigarettes, a Canadian brand and this new American one. The American cigarette was made of dark, stubby tobacco, the Canadian cigarette contained a light-coloured tobacco, which our people like much better. This cut in price is going to mean a great loss to tobacco growers in Canada.

And we know what happened to the price of sugar. A little more than a year ago we entered into a contract with Cuba to take 75,000 tons of raw sugar a year for three years. Although the agreement does not provide for the importation of granulated sugar, it has been sent in, and our primary producers in Alberta, Ontario, Manitoba and Quebec are not going to be able to compete in the market. Our local production had just commenced to increase. In the eastern half of the province of Manitoba the sugar beet crop—which is not yet on a very large acreage—offers a diversification in farming. For the information of the house I shall give the production of sugar beets by the four producing provinces. It is as follows:

Alberta	349,000 tons
Manitoba	178,000 tons
Ontario	341,000 tons
Quebec	96,000 tons

I believe that Canada's purchases of sugar from Cuba should have been put on a quota basis, the same as that of the United States; and under the Geneva Agreement that can be done.

In return for the sugar, Cuba has agreed to take from Canada codfish, wheat, flour and seed potatoes. It is interesting to note that in

1950, the year before the contract was made, the total shipment of those three commodities to Cuba was worth $5,941,064, last year, under the agreement, the total value of exports of the same commodities had increased to only $6,472,638, for the first nine months of this year the total is only $4,530,728, and if it does not increase appreciably in the next three months, this year will show a lower total than the year before the contract was entered into.

Canada is drifting into this complicated trade picture wherein we cannot sell our cheese to Great Britain and can sell only certain dairy products to the United States. True, the embargo on cattle is to be lifted next March, but as it affects Saskatchewan, the restrictions will remain in force until there is no possibility of a recurrence of the foot and mouth disease.

My reading of history seems to prove that confederation would never have taken place if it had not been for the United States. Canada as it then was had a ten-year reciprocity agreement which the United States abrogated in, I think, 1865. Under those circumstances Canada was driven to making preparations to deal with her own business affairs. Now we are carrying on more extensive trade with the United States than with any other country. But what will happen if that country continues to produce along the same lines as we do both in manufactured goods and in natural products such as grain, cattle, hogs and milk products? Make no mistake about it, as soon as the people of the United States begin to feel the pinch they will close the doors. They have done it before and they will do it again. That is why some of us in this country are so anxious that our trade with Great Britain, France, Spain, Portugal, Holland and the Scandinavian countries should be kept up, and that trade agreements be made with them.

I am about through, honourable senators. In conclusion, may I say that it is usual in this house for a new appointee to tell something about the part of the country from which he comes. Well, I have several times spoken of the city of Winnipeg.

Some Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: We agree.

Hon. Mr. Haig: A couple of months ago a distinguished professor *emeritus* of the University of Toronto—his brother is a member of this house—published a small book entitled *Towards The Last Spike*, and he has done me the kindness of sending me a copy of it. I was interested to learn from it that the Canadian Pacific Railway was really built from the city of Winnipeg. That is to say the operations, both from Sudbury to Winnipeg and from Winnipeg west to the mountains, were carried on out of Winnipeg. According to the book, George Stephen, then President of the Canadian Pacific Railway, wrote to Mr. J. J. Hill, the great railway magnate in St. Paul, asking him to suggest a suitable general manager for the construction of the C.P.R. Mr. Hill recommended William Van Horne, a young man thirty-six years of age, born in the state of Illinois, who later came to Winnipeg, established his headquarters there and built the road out of that city.

This little book tells much of the great struggle in the building of the road around the north shore of Lake Superior and on through to the mountains. Many honourable senators will recall the story. When the road was well into the mountains the company ran out of funds and required a further $35 million. Van Horne came to Montreal—

Hon. Mr. Howard: He did not get it in Winnipeg?

Hon. Mr. Haig: There was not that much money in all of western Canada. And I can tell my honourable friend, that he did not get it in Montreal either. When Van Horne failed to get it in Montreal he immediately came to Ottawa and interviewed the then Prime Minister, Sir John A. Macdonald, who is said to have told his cabinet, "If Stephen comes up here with that Scotch burr in his voice, I can't refuse him." As the story goes, Sir John finally agreed to advance $20 million, provided that the head of the C.P.R. could go to London and raise a further $15 million. We are told that the arrangement was that if the money could be raised in England, Stephen was to cable Van Horne in Montreal in these words "All's Well, Craigellachie"—Craigellachie being the Scottish birthplace of Stephen.

In spite of the contention of my honourable friend from Rosetown (Hon. Mr. Aseltine) that I do not read very well, I should like to read a few lines from Mr. Pratt's book, under the heading "Suspense in the Montreal Board Room".

> Evening had settled hours before its time
> Within the Room and on the face of Angus.
> Dejection overlaid his social fur,
> Rumpled his side-burns, left moustache untrimmed.
> The vision of his Bank, his future Shops,
> Was like his outlook for the London visit.
> Van Horne was fronting him with a like visage
> Except for two spots glowing on his cheeks—
> Dismay and anger at those empty pay-cars.
> His mutterings were indistinct but final
> As though he were reciting to himself

The Athanasian damnatory clauses.
He felt the Receiver's breath upon his neck:
To come so near the end, and then this hurdle!

Only one thing could penetrate that murk—
A cable pledge from London, would it come?
Till now refusal or indifference
Had met the overtures. Would Stephen turn
The trick?

A door-knock and a telegram
With Stephen's signature! Van Horne ripped it
Apart. Articulation failed his tongue,
But Angus got the meaning from his face
And from a noisy sequence of deductions:—
An inkstand coasted through the office window,
Followed by shredded maps and blotting-pads,
Fluttering like shad-flies in a summer gale;
A bookshelf smitten by a fist collapsed;
Two chairs flew to the ceiling—one retired,
The other roosted on the chandelier.
Some thirty years erased like blackboard chalk,
Van Horne was in a school at Illinois.

Triumphant over his two-hundred weight,
He leaped and turned a cartwheel on the table,
Driving heel sparables into the oak,
Came down to teach his partner a Dutch dance;
And in the presence of the messenger,
Who stared immobilized at what he thought
New colours in the managerial picture,
Van Horne took hold of Angus bodily,
Tore off his tie and collar, mauled his shirt,
And stuffed a Grand Trunk folder down his breeches.

And so the Canadian Pacific Railway was built to Vancouver from Montreal, and so Winnipeg contributed to the building of a system which today is one of the great railroads of the world.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Robertson the debate was adjourned.

INDIAN BILL

SECOND READING

Hon. Donald MacLennan moved the second reading of Bill B, an Act to amend The Indian Act.

He said: Honourable senators, in 1946 a joint committee of the Senate and the House of Commons was appointed to examine the Indian Act, chapter 48, Revised Statutes of Canada 1927, and amendments thereto, and to suggest such amendments as they might deem advisable. This committee continued its deliberations during subsequent years, and the Indian Act was revised and consolidated in 1951. The proposed amendments are purely to tidy up stated sections of that statute.

While section 69 of the Act provides for loans to Indians for the purchase of farm equipment, there is no provision for loans to assist them to bring land under cultivation. By this amendment, the clearing and breaking of land within reserves is included in the purposes for which loans may be made.

Another of the proposed amendments follows from the discovery that there is no provision in the Indian Act for the seizure of minerals and other commodities which have been unlawfully taken from a reserve. It is now proposed to remedy this omission by giving the authorities power to seize any commodity which has been illegally removed from a reserve; also power of search is given to peace officers and other authorized persons. I believe those are all the matters comprised in the amendment to section 101. But, reading it over, I am not so sure that this is the purpose of the section, or that it can be accomplished through this amendment. The clause reads:

> Whenever a peace officer or a superintendent or a person authorized by the Minister believes on reasonable grounds that an offence against section thirty-three, eighty-nine, ninety-two, ninety-three, ninety-four or ninety-six has been committed, he may seize all goods and chattels by means of or in relation to which he reasonably believes the offence was committed. and he may enter, open and search any place or thing in or upon which he reasonably believes any such goods or chattels may be found.

This puzzles me:

> —he may seize all goods and chattels by means of or in relation to which he reasonably believes the offence was committed.

I think it was said that the necessity for this amendment was that people were stealing lumber from the Indian reserves. But the fellow who stole the lumber could take thousands of dollars' worth, and the fine would not be nearly as great as the value of the timber. Supposing today that fellow took timber with a truck, to my mind all the amendment means is that the truck could be seized. I do not think it is clear that the lumber also could be seized. However, I assume that our very efficient and learned counsel is satisfied wtih the amendment, and if he is, I am sure I ought to be.

Here is another provision. When the Indian Act was passed it contained a provision for—

> loans to bands, groups of Indians or individual Indians for the purchase of farm implements, machinery, livestock, motor vehicles, fishing equipment, seed grain, fencing materials, materials to be used in native handicrafts, any other equipment, and gasoline and other petroleum products, or for the making of repairs or the payment of wages.

But nothing was stated about making a loan for the clearing and breaking of land within the reserves. The present amendment of section 4 makes Indians eligible for loans in respect of the clearing or breaking of land.

Another amendment simply legalizes transfers of lands which were made some years ago. A majority of the early surrenders for

sale were accepted by the Governor in Council, but no direction to sell the land was given, as required by section 54 of the former Indian Act. Until recent years surrendered reserve lands had been sold without the required direction, and to validate the patents issued following such sales, section 124 of the Indian Act was drafted. So this amendment merely legalizes transfers made by the proper authority. It is not applicable to any transfer which may be made hereafter.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. MacLennan: Honourable senators, I move that this bill be referred to the "Omnibus Committee", the Standing Committee on Transport and Communications.

The motion was agreed to.

MERCHANT SEAMEN COMPENSATION BILL

SECOND READING

Hon. J. J. Kinley moved the second reading of Bill I, an Act to amend the Merchant Seamen Compensation Act.

He said: Honourable senators, this bill is an amendment to the Merchant Seamen Compensation Act, 1946. The purpose of the bill is to revise the rates of compensation payable to disabled seamen and dependents of deceased seamen under the Merchant Seamen Compensation Act, to bring them in line with present-day conditions. I shall outline the proposed amendments.

The Act is now administered by the Department of Labour, and the Act is to be amended so that the term "Minister" will apply to the Minister of Labour. The number of days' disability before compensation is payable is to be reduced from seven to four.

It is proposed that the Act be amended to provide for the following changes in the scale of benefits payable under the Act:

(a) increase the amount of the grant for burial expenses for a deceased seaman from $125 to $200;

(b) increase the amount of the monthly payment to the dependent widow of the deceased seaman from $45 per month to $50 per month;

(c) increase the amount of compensation payable for a dependent child under 18 years of age of a deceased seaman where there is also a dependent parent, from $10 per month to $15 per month;

(d) increase the amount payable to a dependent child under 18 years of age of a deceased seaman where the only dependents are children, from $20 per month to $25 per month;

(e) increase the amount of compensation payable to injured seamen from a minimum of $12.50 per week to an amount of $15 per week;

(f) increase the maximum amount of average earnings of seamen which may be used for the purpose of computation of compensation payable to a disabled seaman from $2,500 per annum to $3,600 per annum.

Under the Compensation Act 66⅔ per cent of a seaman's earnings is the amount allotted for the purpose of computing the compensation payable to a disabled seaman. This amendment will mean that a disabled seaman, according to his rate of pay, may get up to $200 per month, or about $46.15 a week.

Paragraphs (a) and (b) of subsection 9 of section 30 of the Act are to be repealed and the following substituted therefor:

(a) where the widow or an invalid husband is the sole dependent, a monthly payment of fifty dollars, or if the seaman's average earnings are less than fifty dollars per month, the amount of such earnings; and

(b) where the dependents are a widow or an invalid husband and one or more children, a monthly payment of sixty-five dollars for the widow or invalid husband and one child irrespective of the amount of the seaman's earnings, with a further monthly payment of fifteen dollars for each additional child unless the total monthly compensation exceeds the seaman's average earnings in which case the compensation shall be a sum equal to such earnings or sixty-five dollars, whichever is the greater, the share of each child entitled to compensation being reduced proportionately.

This would seem to indicate that a widow and dependents of a deceased seaman cannot receive more in the way of compensation than the average wages of the deceased during the period on which the computation of this compensation is based. The payment of compensation is usually considered a civil right in Canada, and as such it falls within the jurisdiction of the provinces. However, a merchant seamen compensation agreement covering the entire marine industry would naturally have to be national in its scope. Therefore we must have a national Act of compensation for merchant seamen. I understand that the authority comes from the British North America Act itself, which provides that navigation and shipping matters come under federal jurisdiction.

Each province in Canada has a Workmen's Compensation Act, with some provinces paying more by way of benefits than others. The scale of compensation under the national Act is the same as the scale found in the provincial Acts at present in force in Newfoundland, Nova Scotia, Prince Edward Island, and New Brunswick. Most of the claims under the Merchant Seamen Compensation Act now come from that portion of Canada. Inland navigation does not come under this Act, being covered by provincial statutes which apply to the Great Lakes and the St. Lawrence.

I am told that an employer is able to elect whether he wishes to insure privately or come under the provincial Acts. The obligation under the Act is that employers must

carry insurance so that they can pay compensation to disabled seamen, and dependents of deceased seamen, in accordance with the scale of benefits found in this bill. That is done in different ways in different parts of Canada. At present only sixty-six employers come under this Act, and last year only fifty-six accidents were reported. In 1946, when the statute was passed, it applied to 102 employers, and 188 accidents were reported that year.

The Workmen's Compensation Acts of British Columbia and Quebec provide that the compensation payable to an employee who suffers permanent total disability is 70 per cent of his earnings. Under the Acts of Ontario, Saskatchewan and Alberta the benefits in the event of permanent total disability are even higher, namely, 75 per cent of earnings. However, it must be remembered that the moneys payable to injured seamen under the Act now before us are not the sole benefits to which they are entitled. The medical aid made available to seamen by the Canada Shipping Act is a little better than what is provided under provincial Workmen's Compensation Acts. In British Columbia most of the seamen are insured with the British Columbia Compensation Board. I believe that was the result of a decision handed down by the Privy Council, which held that it was competent for the provincial authorities to give this protection. As I understand it, the British Columbia statute covers men who are employed outside as well as within the province. Therefore the Merchant Seamen Compensation Act is not made much use of out on the west coast.

The reason why more seamen are not covered by this federal Act is that a good many Canadian ships have been sold abroad. and many owned in this country are being operated under foreign registries. I think this is an unfortunate condition for our merchant marine.

The proposed changes in the legislation are salutary. The purpose is to see that men who make their living on the deep seas shall be given the same protection as men who work upon the land. The amendments are not extensive. I notice that the present Act uses the spelling "dependent", as does the provincial legislation in Nova Scotia, Quebec, Manitoba, Saskatchewan and British Columbia; whereas the bill before us spells the word "dependant", in conformity with the spelling used in the provincial statutes of Ontario and Alberta. It seems to me that a uniform spelling should be agreed upon, and that this point should be considered in committee.

The Act is administered by a board consisting of A. H. Brown. Assistant Deputy Minister of Labour, B. J. Roberts, member of the National Harbours Board, and C. Johnstone, of the Department of Transport.

The higher benefits provided for by this bill will not bring about any increase in the consolidated revenue account, for the employers will pay the shot. In the days when workmen's compensation statutes were new legislation—I was then a member of the Nova Scotia Legislature—it was generally thought that the whole cost of the benefits would be paid by employers and that no contribution at all would be made by employees. Of course, that is not and never has been so. In the first place, the maximum benefits payable to an injured employee are only a certain percentage of his earnings prior to the accident. In Nova Scotia, for instance, for an employee who suffers permanent total disability it is two-thirds of his earnings, and the other one-third represents his contribution. But for the Compensation Act he could sue for 100 per cent of his wages. The compensation statutes provide that the injured workman surrenders his common-law right as against his employer. This does away with the need for litigation, and is good for stability and economy.

This federal Act comes into play only where provincial statutes cannot prevail. In provinces where merchant seamen are not covered, the provisions of this Act are invoked, when necessary.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Kinley: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TERRITORIAL LANDS BILL

SECOND READING

Hon. James A. MacKinnon moved the second reading of Bill K, an Act to amend the Territorial Lands Act and to repeal the Yukon Quartz Mining Act and the Yukon Placer Mining Act.

He said: Honourable senators, this bill deals with two great territories of Canada, the Northwest Territories and the Yukon, and principally with a major industry in those two territories, that of mining. Regulations in force in the Yukon and in the Northwest Territories differ, and it is intended by this bill to make them uniform. For instance, some of the Northwest Territories regulations governing the method of staking claims and

of developing them are entirely different from the regulations governing the same matters in the Yukon.

This bill will repeal the Yukon Quartz Mining Act and the Yukon Placer Mining Act, and will make the necessary amendment to the Territorial Lands Act. Upon the repeal of these two statutes the administration of quartz and placer mining will be brought under the Territorial Lands Act, which was passed in 1950, and replaced the old Dominion Lands Act.

The Dominion Lands Act was first passed in 1872. Except for quartz and placer mining in the Yukon, to which reference will be made later, it was the statute which governed the disposition and administration by the federal government of the lands and other resources owned by it in the four western provinces and in the Yukon and Northwest Territories. Upon the transfer of the resources to the provinces in 1930 the Act continued to apply to the Yukon and Northwest Territories only.

Except for certain special provisions relating to homesteads and school lands, the Dominion Lands Act gave the Governor in Council full authority to pass regulations for the sale and other disposition of all lands, mineral rights, timber, and other resources. Under the Act quartz and placer mining regulations were established and applied to both territories until the Yukon Placer Mining Act (1906) and Yukon Quartz Mining Act (1924) were passed. With these exceptions, and until 1930, the regulations applied to the western provinces and the Northwest Territories. From 1930 they applied only to the Northwest Territories. In 1932 the regulations were revised and brought up to date and, subject to amendments made from time to time, have continued in effect up to the present time.

The present situation therefore is that all federal resources, including the surface rights and petroleum in the Yukon and Northwest Territories are administered under the Act by regulations, with the exception of quartz and placer mining in the Yukon.

The Territorial Lands Act gives the Governor in Council the same powers to pass regulations as were contained in the old Act. Section 7 of the Territorial Lands Act provides:

> The Governor in Council may make regulations for the leasing of mining rights in, under or upon territorial lands and the payment of royalties therefor, but such regulations shall provide for the protection of and compensation to the holders of surface rights.

The need for uniformity in the regulations in both territories has become increasingly apparent, particularly now that mining and oil developments are taking place adjacent to the common boundary line. There is also a need to revise and bring up to date the quartz and placer mining laws in the Yukon. It is intended to revise the existing quartz mining regulations now in effect in the Northwest Territories and to make them applicable to both territories. This can be done when the proposed legislation is passed.

Hon. Mr. Reid: May I ask the honourable gentleman whether all the mineral rights in the territories mentioned are held by the Dominion government, or do the mineral rights pass with the transfer of land to a new owner?

Hon. Mr. MacKinnon: I am quite satisfied that the Dominion Government was the holder of title to all lands in both the territories; but any lands that have been disposed of through private individuals—that is in the Northwest Territories, and I think it is the same in the Yukon—are now held by the purchaser in his name, minerals excluded

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. MacKinnon: Honourable senators, I move that this bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

SAINT JOHN BRIDGE AND RAILWAY EXTENSION COMPANY BILL

SECOND READING

Hon. J. J. Hayes Doone moved the second reading of Bill L, an Act respecting the Saint John Bridge and Railway Extension Company.

He said: Honourable senators, the chief features of this bill are the repayment of a loan and the resolving of certain rights.

The historical background may be briefly stated as follows: The Saint John Bridge and Railway Extension Company was incorporated by the Statutes of New Brunswick (1881), 44 Victoria, Chapter 44, with authority to construct and maintain a line connecting the Saint John and Maine Railway at Fairville, New Brunswick, with the Intercolonial Railway at its terminus in Saint John, New Brunswick. It was also authorized to construct a bridge across the Saint John River as part of this undertaking. By Chapter 26 of the Statutes of Canada 1883, the company was declared to be a work for the general advantage of Canada.

By the Act last mentioned the federal government was authorized to make a loan to the Saint John Bridge and Railway Extension Company of $433,900 upon the security of a mortgage on the entire assets and property of the company. The loan was made, and the mortgage was given by the company to the federal government on December 10, 1883. The loan was repayable in fifteen years, and in 1898 under authority of Chapter 9 of the Statutes of 1898 the maturity date was extended for another fifteen years. No further extension has been given, but interest has been paid annually at four per cent.

The Canadian Pacific Railway Company acquired a majority of the common stock of the bridge company in 1905, and has for many years owned all outstanding shares and securities.

The Canadian Pacific Railway Company has advised the government that it is now prepared to repay this loan and wishes to take an assignment of the mortgage. The railway represents that it is necessary, upon repayment, that all title of Her Majesty in the properties mortgaged become vested in the Canadian Pacific and that its right to ownership of the shares and securities be beyond question.

Although the bridge company is a separate corporation, it is by ownership and operation an integral part of the Canadian Pacific system. In view of this it is desirable that the companies be given the powers contemplated by sections 151 to 153 of the Railway Act, and clause 3 of the Bill is intended to accomplish this purpose.

I may say that section 151 of the Railway Act provides the machinery as between companies for the making of agreements of sale, leases or amalgamations; it stipulates the method of taking the vote, the making of submissions to the Board of Railway Commissioners and recommendations to the Governor in Council, and so on. Section 152 grants powers for amalgamation, and reserves certain rights and privileges. Section 153 is a saving section in respect of prior claims.

This is a simple bill for the purpose of enabling the Canadian Pacific Railway Company to repay the loan to the government and to have the title of Her Majesty in the properties covered by the mortgage vested in the Canadian Pacific Railway Company.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Doone: Honourable senators, I move that it be referred to the Standing Committee on Transport and Communications.

PRIVATE BILL

SECOND READING

Hon. W. H. Taylor moved the second reading of Bill R, an Act respecting Beaver Fire Insurance Company.

He said: Honourable senators, this is a very short bill. The purpose is to change the name of Beaver Fire Insurance Company, a company incorporated by chapter 68 of the Statutes of 1913, to "Beaver Insurance Company." The Beaver Fire Insurance Company, as permitted by the Canadian and British Insurance Companies Act and its certificate of registry, is writing other classes of business besides fire, and it now wishes to have its name conform with the business it is writing. I think that is practically a full explanation of this bill.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Taylor: Honourable senators, I move that this bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

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THE SENATE

Wednesday, December 3, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

LOAN COMPANIES BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C, an Act to amend the Loan Companies Act.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill C, an Act to amend the Loan Companies Act, have in obedience to the order of reference of November 26, 1952, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

TRUST COMPANIES BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill D, an Act to amend the Trust Companies Act.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill D, an Act to amend the Trust Companies Act, have in obedience to the order of reference of November 26, 1952, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA EVIDENCE BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill F, an Act to amend the Canada Evidence Act.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill F, an Act to amend the Canada Evidence Act, have in obedience to the order of reference of November 27, 1952, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

INDIAN BILL

FIRST READING

Hon. Mr. Ross presented Bill Z, an Act to amend the Indian Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Ross: Tuesday next.

PRIVATE BILL

FIRST READING

Hon. Mr. Burchill (for Hon. Mr. Hugessen) presented Bill A-1, an Act to incorporate the Mercantile Bank of Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Burchill: Monday next.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, before the orders of the day are proceeded with I should like to make a few brief observations as to the work of the house.

I regret that circumstances beyond my control make it impossible for me to proceed today with the debate on the Speech from the Throne. Unfortunately, I must also ask that Item No. 2 on the Order Paper stand. This will result in a brief sitting of the house today; however, it is not an unmixed blessing, for it will facilitate the work of the various

committees, particularly that of the sub-committee of the Banking and Commerce Committee, which is giving careful attention to the Criminal Code Bill.

While I am on my feet, may I call the attention of the house to a mistake in the printing of the Order Paper for today. Item No. 3 should read:

Second Reading of Bill (N), intituled: "An Act respecting the appointment of Auditors for National Railways."

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill N, an Act respecting the appointment of auditors for National Railways.

He said: Honourable senators will recognize this bill as one which comes before Parliament annually. It provides for the appointment of George A. Touche and Company as auditors to carry out an audit of the accounts of National Railways for the year 1953. Honourable senators will also recall that this well-known and reliable firm of auditors has, with I think one exception, undertaken the audit of the Canadian National Railways System since its inception in 1923.

Provision for the manner in which such auditors shall be appointed is found in Section 13 of the Canadian National-Canadian Pacific Act, 1933, as amended by Section 3 of Chapter 25 of the Statutes of Canada, 1936. In effect, it requires that a continuous audit of the accounts of National Railways shall be made by independent auditors appointed annually by a joint resolution of the Senate and the House of Commons, and that they make an annual report to parliament in respect of their audit.

The reason the annual Act appointing the auditors contains the provision: "Notwithstanding the provisions of Section 13 of the Canadian National-Canadian Pacific Act . . ." is that the appointment by joint resolution of the Senate and House of Commons was found to be too complicated and cumbersome for practical purposes. In consequence, the simpler method of appointing the auditors annually by an act of parliament has been adopted.

The bill is similar to all those previously introduced for this purpose, with the exception of an additional clause to bring the Act into line with the new Revised Statutes of Canada which are expected to appear early in 1953.

Hon. Mr. Reid: May I ask whether, after the passage of this bill, the appointment of auditors will be automatic without reference to parliament?

Hon. Mr. Robertson: This measure authorizes the appointment of this firm as auditors.

Hon. Mr. Reid: For any specific length of time?

Hon. Mr. Robertson: One year. Originally the auditors were appointed by a joint resolution of the Senate and the House of Commons. In its place, a bill is now introduced annually, to cover the ensuing year only.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: Honourable senators, I move that it be referred to the Standing Committee on Transport and Communications. While fuller information upon the bill itself may not be required, perhaps some honourable senators who are members of the committee will be looking for information on matters subsidiary to it.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill S, an Act for the relief of Barbara Carrique Cordeau.

Bill T, an Act for the relief of Frederick Kenneth Hare.

Bill U, an Act for the relief of Frances Wavertree Harris McClure.

Bill V, an Act for the relief of Nicole Jeanne Andree Marion Comys.

Bill W, an Act for the relief of Joseph Mattioli.

Bill X, an Act for the relief of Gabrielle Bertrand McCullough.

Bill Y, an Act for the relief of Katherine Jessie McArthur.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, December 4, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRISONS AND REFORMATORIES BILL

REPORT OF COMMITTEE

Hon. Mr. Gershaw presented the report of the Standing Committee on Public Health and Welfare on Bill G, an Act to amend the Prisons and Reformatories Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Public Health and Welfare, to whom was referred Bill G, an Act to amend the Prisons and Reformatories Act, have in obedience to the order of reference of December 1, 1952, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Tuesday, December 2, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Vaillancourt for an address in reply thereto.

Hon. Wishart McL. Robertson: Honourable senators, may I at once, as Mr. King used to say, join with the honourable leader opposite in his felicitations regarding the coming Coronation of Her Majesty the Queen. I need hardly say that in his remarks he voiced the viewpoint held by all loyal and admiring subjects of Her Majesty, not only within the commonwealth but throughout the free world as well.

May I also join with the honourable leader opposite in his complimentary remarks to the mover and the seconder of the Address in reply to the Speech from the Throne? I subscribe heartily to what he said. The speech of the mover, he said, reflected a great deal of research, careful thought, wide experience and many other qualities which are valuable in dealing with the problems which Canada today faces. I was intrigued with the remark of the honourable leader when he said that the speech of the seconder was one which might more properly have been made in another forum than the Senate—I believe he suggested the House of Commons—and by a member who was about to seek re-election.

My recollection of the speech made it difficult for me to accept that viewpoint, so I took the precaution in the interim of re-reading what had been said. In my opinion, in order to appreciate its importance in a house such as our own, something should be added by way of background. The seconder is one of the leading business men of Eastern Canada, a man who was born with no silver spoon in his mouth, but who, like so many other successful Canadians, inherited a good name and a great will to work. Through diligence and industry he developed one of Eastern Canada's outstanding businesses in foreign products. He accomplished this by exceptional mastery of detail and, above all, by careful financing. I suppose that he budgeted much as the government of Canada does. Sometimes he was confronted with an unexpected surplus, sometimes with an unforeseen deficit. But it is my guess that when he found himself with an unexpected surplus he did not fritter it away, but used it in paying off existing obligations, if he had any, or deposited it in the bank against a rainy day. In addition to business-building and financing he had to attend to the selling part of the job, in which from time to time he met with some successes and some sizeable reverses. Having for many years disposed of his products mainly in the British market, he suddenly found that market gone. But there was no moaning or groaning: he proceeded at once to adapt himself to the changed circumstances, built another plant to produce products for the American and upper Canadian markets, and met with great success. In due course the Prime Minister invited him to accept an appointment to the Senate, and it was my privilege, as a fellow Nova Scotian, to ask him to second the motion for the Address in reply to the Speech from the Throne. It seems to me wholly natural that a man with the background I have sketched should stress the features which, to his mind, characterize the government of the day, namely sound, safe financing, and the use of unexpected surpluses to reduce the public debt. While private industry does not expect a government to find markets, it appreciates governmental help in securing them.

The honourable senator pointed out that, apart from the fact that careful financing pays

dividends, it has other beneficial effects as far as personal taxation is concerned. He gave the instance of a married man with two children and having an income of $3,000. In 1948 his tax was $230; in 1952, only $130, part of which goes to provide for an old age pension of $960 to himself and his wife.

It seems to me, honourable senators, that the honourable senator's speech contained the essence of sound governmental finance and sound government policy in regard to trade. He said that such a policy is what encourages capital to come in from outside, and that it has paid good dividends to the ordinary taxpayer of today, and I ask, honourable senators, is there any more fitting theatre than the Senate for a doctrine of this kind? I suggest that it is suitable to the Senate, the House of Commons or to any theatre within or without the walls of parliament.

I know that the views of the leader opposite (Hon. Mr. Haig) are different. He has expressed the thought on several occasions that no political speeches should be made in this chamber. It is his right to express his views on this question, but I would remind honourable members that it was not ever thus. When I first came into this chamber the members sitting opposite were very much more numerous than they are today, and I remember well the slashing attacks made on the government of the day by the late Senator Ballantyne, my honourable friend's predecessor. It was certainly a matter of politics on his part, but I think he was quite right in making such speeches. It seems like only yesterday that I listened to the rapier-like speeches of the honourable gentleman from Saltcoats (Hon. Mr. Calder), whose remarks in this chamber were as penetrating as anything I ever listened to. I confess that as a government supporter I often squirmed in my seat when he spoke, but my natural antagonism was greatly softened by my intense admiration of his skill. I remember well the masterful attacks made by the honourable senator from Peterborough (Hon. Mrs. Fallis), even though they were tempered with such an excellent flow of English and manner of presentation that I was always at the point of forgiving her. The honourable leader opposite (Hon. Mr. Haig) has himself been in rare form on occasion, and many a time I have observed many of my supporters just waiting for an opportunity to reply to him. The honourable senator from Blaine Lake (Hon. Mr. Horner) is a faithful follower of his leader, but I would rather suspect that before this debate is over he will have something to say about a certain part of his leader's address—and as government leader in the Senate I have the comfortable feeling that my able colleagues will be ready and willing to reply to any attack he may make on the government.

I would remind the house that the leader of the opposition in the Senate is one of the shrewdest and ablest political figures in Canada. I would be prepared to say that from the point of view of experience, shrewdness and brains he is the leading figure in his party today.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: My honourable friend knows quite well—and here he proves his shrewdness—that if any matter came down to a bitter political debate backwards and forwards, in a house that is so terribly lopsided from the point of view of party affiliations as this one it could hardly receive reasonable and fair consideration. So my honourable friend, with that political astuteness which characterizes him—and the more I see of him the more I think of his astuteness—feels that it would probably be well not to emphasize the political side of any issue, hoping that the latent ability of the colleagues around and behind me here will show itself by their fighting with one another. I suggest to my honourable friends that they do not take too seriously the admonition of the leader of the opposition, but use their own judgment as to whether they will speak politically or not. I certainly would find no fault with anybody on either side of the house for doing that.

I was much interested in my honourable friend's address. Indeed, the more I read it the more I saw in it; and that, among other reasons, was why it seemed to me that I should take an extra day in the careful preparation of my own remarks. His speech was very moderate in tone, as honourable senators know, in keeping with his own admonition; nevertheless, it expressed a very definite viewpoint, or could perhaps be taken as expressing a very definite viewpoint, on two of the major political issues in this country. Reading his speech in conjunction with speeches by members of his party, whom I heard over the radio the same night, I should expect that his address had been prepared after some consultation with various members of his party in parliament.

Hon. Mr. Haig: No, no, none whatever.

Hon. Mr. Robertson: Well, at least he reflected the same viewpoint as they did. I will put it that way.

Hon. Mr. Haig: I was only thinking a little faster than they were.

Hon. Mr. Robertson: That simply confirms my view that my honourable friend is the

leader of the members of his party, and that they will adopt today what he said yesterday.

The two questions with which he dealt principally were defence and trade, including markets. I agree with my honourable friend that these may well be two issues in the next election campaign.

Let us deal first with the question of defence. Running through the speech of my honourable friend was the same theme which ran through the speeches of the three members of his party who spoke over the radio, a relating of the total expenditures on defence to 100,000 men in uniform. The radio speakers, I felt, sought to give the impression that by dividing the total defence expenditures by the number of men in the Canadian army one got an average figure of approximately $11,000 per man, whereas a similar calculation on a similar basis for the American army would show a figure of approximately $22,000, —which, I suppose, is one way of suggesting that the provision for Canadian soldiers is superior to that for Americans.

Hon. Mr. Haig: The figures were the other way around.

Hon. Mr. Robertson: I will quote from the Montreal *Gazette* an Ottawa dispatch dated December 2:

> While United States defence spending was regarded as lavish, the estimated 1952 expenditure for each United States man in uniform was $10,756, against $22,035 in Canada. Canada's "liberal" spenders made the Americans "look like pikers when it comes to the cost of defence on the basis of forces in being."

I am not sure just what I said, but that is what I intended to convey.

Hon. Mr. Wood: You reversed the figures.

Hon. Mr. Robertson: That relates the total expense to the number of men in the active force. But that is not what my honourable friend did. He said, as I remember it—and he will correct me if I am wrong—that he thought the total expenditures on defence, including armament and everything else, were too large in proportion to the total number of men that we have in uniform, and that this total might possibly be reduced. His approach is perhaps more difficult to answer than the other one, and this again bears out my contention that he is the leader in his party and is more astute in these matters than are the other parliamentary members of his party.

Now, honourable senators, on the contention that our expenditures per 100,000 men in the active army appear too large, may I say just a word or two? It is no secret, for the minister has stated it time and again, that the basis of our defence force is not a large army, nor indeed a large navy. Owing to the peculiar circumstances in which we are placed in Canada our emphasis has been on a very large air force, with a striking force of parachute troops, as being the most effective method—if there is an effective method—of defending ourselves against a possible aggressor from the north. The view has been that in this age enough men could not possibly be found to constitute any effective defence in the wildernesses of the north. And of course, when you put your emphasis on an air force, you have to be prepared for terrific costs. Everything pertaining to a modern air force is very expensive. For instance, a sabre jet, which carries only one man, costs about $300,000. Air fields are another very costly item, as are all the various paraphernalia which have been developed in recent years to lessen the loss of life and to increase the skill of our armed defenders in the air. So of course our total expenditure cannot help being extraordinarily large in relation to the number of men in our army, which has purposely been kept relatively small.

Also, this line of criticism leaves entirely out of consideration the fact that, rightly or wrongly, the government has decided to stockpile against a possible emergency, so that we may not be caught again, as we were in 1939 and at the beginning of the first war, with practically no equipment or even clothing for our troops when mobilized. That is part of the government's policy on defence, and any analysis of the total defence expenditures must take it, as well as all the other relative factors, into consideration.

But there was another point which, in my opinion, was of even greater significance. It remains to be seen whether my opinion on it is right or not. My honourable friend came out quite definitely for deficit financing of our war expenditures. He pointed out the fact that our total outlay on defence is beginning to come fairly close to what it was in the peak years of the last war, and since part of the cost of waging the war was passed on to future generations he thought it would be a good idea to follow a similar policy with regard to our present expenditures on defence. If that becomes the fixed policy of my honourable friend's party, there will be quite a difference of opinion about it. Some will support it, no doubt, and sincerely. But I think it is only fair to say that during the first war we capitalized practically all of our expenditures, whereas, during the second war, the deliberate policy of the government was to capitalize and pass on to future generations only about one half of the expenditure, the purpose being to keep the amount of the war debt payable in the future down to the lowest possible level. There was some criticism of this policy, but it was the policy of the day.

Our total expenditures having reached the sum they have reached today there naturally follows the question: Why do we not capitalize part of the cost and save the present taxpayer some money? That is an argument, and perhaps a logical one in some respects; but I think that before passing on obligations to coming generations, or as it were ceasing to live within our income, we should determine our ability to pay. Indeed, our ability to pay has in a large measure been governed by our total expenditure on armaments. We should perhaps bring to mind the tremendous change that has taken place in the economy of Canada during the recent years. Today the yardstick popularly used for budgetary purposes is the gross national product; it is more and more being used by the Department of Finance for the estimating of budget requirements.

I find no fault with the total expenditures as given by the leader opposite. As honourable senators know, our budget this year for defence purposes is slightly more than $2 billion. It is interesting, however, to note that in 1942-43 the budget was slightly less than $1,900 million; in 1943-44 it was $2,674 million; in 1944-45 $2,962 million; and in 1945-46 it was less than $1,983 million. Ability to pay is the important point that must be kept always in mind when considering total budgets for expenditure and the question of whether or not we should defer payments and pass on obligations to future generations.

Today, as I have said, the yardstick for determining ability to pay is the gross national product, which for 1952 is $22,500 million. It is interesting to note that in 1939 our gross national product was only $5,700 million; and that in 1943-44, the peak of the war years, when our expenditures totalled $2,674 million, our gross national product still was only $11 billion, or approximately one-half of what it is today. In the year 1945, with expenditures of $2,900 million, our gross national product was slightly under $12 billion.

It is obvious why, when we are attempting to arrive at our proper proportion of responsibility with our NATO allies, the gross national product of our country, or our ability to pay, comes directly to the fore. Honourable senators know that there are those among the NATO countries who think that Canada's appropriation is not large enough, and they attempt to prove it.

The Prime Minister has recently stated that ten per cent of our gross national product is today devoted to defence. I would point out that in 1943 and 1944, the years to which my honourable friend referred in his remarks, our defence expenditure was twenty-five per cent of our gross national product. Now, honourable senators, I have no doubt that if a crisis were to arise in this country tomorrow, and it should become necessary for us to devote to war measures twenty-five per cent of $22,500 million—or roughly five or six billion dollars a year—the policy which my honourable friend proposed would be followed in whole or in part by whatever government was in power. But, always bearing in mind our ability to pay, I suggest to my honourable friends that it is not the part of wisdom to pass on obligations to future generations and to go into debt in the process.

The honourable leader opposite spoke of the election to office of the Republican party in the United States. It is a well known fact that that party strongly criticized the Democratic party's policy of deficit financing with respect to defence. How much that criticism affected the popular vote, I do not know, but it was very definitely a ground of attack by the Republican party, whose members urged that under normal circumstances the budget should be balanced. So much for defence.

I have another important point to mention, and I hope I am not taking up too much time of the house.

Some Hon. Senators: Go ahead.

Hon. Mr. Robertson: I listened carefully to what my honourable friend said about markets. He emphasized the fact that Britain was not able to find money to buy from us, and said that now the Republican party was in power in the United States he was certain that sooner or later that country would seek protection for its own producers. Indeed, he recalled in a rather ominous way the period when, as a result of the termination of the reciprocity agreement, Canada was formed and the government soon afterwards adopted the National Policy. I hope that my honourable friend did not have in mind the recommending of a similar procedure to his party. If his party wished to adopt a national policy such as was invoked in those early days, and it continued to advocate multilateral trade, I would find no fault with it politically, but I suggest that there is no question as to the stand taken by the government of which I am a member. We are out to increase in every possible creditable fashion the trade of Canada in every market of the world, without any if's or but's—

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: —and we are going to do our utmost to induce other governments to proceed along those lines.

The honourable leader opposite made specific reference to what he seemed to think was an ill-advised treaty between our government and the government of Cuba regarding raw sugar. My honourable friend said that the contract provided only for the importation of raw sugar, and he left the impression that granulated sugar also was coming in, to the detriment of the sugar beet producers in Canada; or, in any event, that the treaty had not produced what the Canadian people had hoped it would. I was not sure of the facts in this matter, so I made inquiries to ascertain what the situation really was. I am informed that, as a result of the original Geneva trade agreements and the favoured-nations policy, we became a beneficiary in the Cuban market, not because of what we sold there but merely because we were a signatory to the agreements, and that we got the treatment which Cuba extended to other countries with whom she was doing business. A careful reading of my honourable friend's speech shows that the figures of our exports which he quoted are confined to three export items, and do not include commodities.

Hon. Mr. Haig: Those are the ones specified in the contract.

Hon. Mr. Robertson: Just a minute. I will come to that point a little later. To begin with, our market for fish, potatoes, and various other items sold to Cuba existed as a result of concessions given under the Geneva trade agreements. During the first five months of 1951 our total exports of fish and all other products amounted to $15,328,000: our imports from Cuba in the same period were only $3,856,828. I repeat that this was before the contract was entered into, and as a result of the Geneva trade agreements. At the Torquay conference the Cuban delegates took a very tough stand. They said, "We simply will not continue this agreement unless you are prepared to do more business with us." Remember it was $15 million on one side to $3 million on the other. So, to retain the market provided under the Geneva trade agreements, the Canadian Government agreed to import 75,000 tons of raw sugar; there was no question of granulated or refined sugar. What has happened as a result? In the first nine months of 1952 our exports to Cuba were valued at $18,535,000, and our imports from that country, at $15,176,000, the latter, to the extent of almost $10 million, consisting of raw sugar. Coincident with but in no way related to the agreement to buy raw sugar, but rather as a result of the existing variation of prices of raw material since the Korean incident began, Cuba has been shipping into Canada refined sugar in excess of the existent parity, and with no relation to this specific agreement. Today there is a world surplus of sugar, and sugar producers, I am advised, are experiencing what seems to be an inevitable consequence of extremely high prices for raw materials, namely accumulations of large stores followed by drastic readjustments. But I point out that this state of things has no direct bearing of any kind on the contract we made with respect to raw sugar. The sources from which we have been importing raw sugar were, in the main, the British West Indies and other parts of that area which are not British territory.

So, when all is said and done, I think the speech of the honourable leader of the opposition, (Hon. Mr. Haig) though marked by the shrewdness which one expects in him, is an able presentation of a particular political viewpoint. My honourable friend, I repeat, is one of the shrewdest men in public life today.

I pass now to the matter of security legislation. Canada has one of the best security programs in the world, whether it be judged from a purely humanitarian aspect or by its advantages in stabilizing our economy for the years ahead. I have no doubt that there will be much talk of a program of health insurance. I believe that the constitutional and financial problems involved, coupled with a lack of necessary facilities, make precipitate action undesirable. It might well be that if over-hasty action were taken, those who expect benefits would be grievously disappointed, and the effects upon our economy might be serious.

May I now make brief reference to the transfer payments to the provinces. This is a matter which affects my own province along with the others. Now that Ontario has signed its agreement, the estimated total cost is about $300 millions. In spite of the evident benefits to the recipients, some of them criticize the principle of collection by one government and disbursement by another: they argue that a province should possess the right to the revenues and should be allocated the necessary taxation field. In theory that idea has much to commend it, but the difficulty is that up to the present no satisfactory means of putting it into practice has been evolved. Meanwhile the provinces are enjoying great benefits. Whether it be good or bad, I do not believe that the principle of the receipt by provinces of a large share of over-all revenues from the federal government is a new one. Despite the very large contributions made under the transfer payments to, for instance, Nova Scotia, I doubt whether the proportion of provincial

revenues from federal sources is higher than it was shortly after confederation. It may be that this situation, in one aspect or another, is an inevitable consequence of the federal system.

Now I want to refer to another matter which is very much in the public mind, and will, no doubt, be widely discussed as we approach the next general election. I refer to taxation. As is well known, our current budget is of the order of four and a half thousand million dollars. Of this sum approximately one and three-quarter billion dollars is devoted to social security, debt charges and transfer payments to provinces; more than two billions go to defence, and administrative expenditures absorb the balance, about $670 millions. It was to be expected that this budget, and the expenditures for which it provides, would be attacked by the opposition. It is so attacked, and rightly so. That is one of the functions of an opposition.

I doubt whether any future government will make a change with respect to transfer payments to the provinces, social security and debt charges.

At the present time our administrative expenses are $670 million. I am not unmindful of the recommendations that have been made by the Senate Finance Committee as to possible achievement of savings. I can assure you that the government has taken these recommendations into consideration and will continue to do so in an effort to effect every possible economy. It might be argued that a new government, on the principle that a new broom sweeps clean, would make greater reductions than the present government is making. From a dollar and cent point of view a change in government might be all to the good, but if the various demands on the part of opposition are sincere, a change could well result in the saving of a dollar on one expenditure but the addition of a dollar and a half to another. Over all, I do not think there is likelihood of much change.

The chief factors in the incidence of future taxation are two in number: one is defence expenditure and the other is the level of Canada's prosperity. As to the question of defence, Russia's attitude and actions leading up to Korea were responsible for our defence expenditures and those of our allies. Until we are sure that the danger of an all-out war is past it would be folly to neglect an adequate defence program. Russia has recently adopted a new attitude. She has now ceased to talk about the inevitability of war between herself and the capitalist nations, and is claiming that there is more likelihood of war between certain of the capitalist nations because of trade differences. If this results in less sword waving, more co-operation, and a possible armistice in Korea, western governments will have difficulty in convincing their taxpayers of the necessity for defence expenditures. Real disarmament would provide a solution, but this is unlikely, since Russia will never agree to an inspection, and the allies will never agree to real disarmament without inspection. At the moment it would appear that an adequate defence program will be necessary for a long time to come.

Huge defence expenditures are facing every country, including the United States, and I can think of only one real approach to the baffling problem of maintaining adequate defence protection. The NATO countries are bound together by solemn agreement for their mutual defence. In other words, we sink or float together. I may not be too accurate in my figures, but I would say that the NATO countries together provided over $50 billion for NATO forces alone this year. It is my guess that with the additional expenditures beyond this, the total spent by NATO countries this year reached $70 or $80 billion. Much of this expenditure is bound to be uneconomical because of the lack of standardization of equipment, and for other reasons such as the duplication and lack of adequate checks and balances. This sort of thing is inevitable when even Great Britain and the United States cannot agree on the question of a uniform rifle. Imagine the cost involved in maintaining different types of firearms, ammunition and so on! I have good authority for saying that when General Eisenhower was NATO commander he was credited with the statement that if he were dealing with one government instead of several he could provide better defence at half the cost.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Robertson: When the United Nations organization was formed it was hoped that it would provide all armaments. This was impossible, but something approaching this in principle will have to be worked out by NATO. Our best hope for adequate defence at the least cost will have to be found in some new form of international co-operation with our allies.

I want to deal now with the possible change in the level of prosperity, which is something that will have a great bearing on taxation. As I said a few minutes ago, our gross national product today is $22½ billion. In 1949 it was $16½ billion, and in 1939 it was something just over $5 billion. What will it be tomorrow? Corporations do not pay income tax unless they show profits, and individuals do not pay income tax unless they have the necessary income. The level

of taxation of those in a position to pay will be greatly affected by the level of prosperity. I can assure the house that as long as this government is in power it will never budget for a deficit in relatively normal times. It is quite possible that deficits may come up unexpectedly, just as surpluses do, but that is another story.

What will be the gross national production tomorrow? Will it be up or down? What will it depend on? The answer will depend on whether the NATO partners can increase their trade with each other and with the other nations of the non-communist world. To my mind, it is just as simple as that. Most will agree with this, but the difficulties in the way are tremendous. Economic nationalism is here, as it is elsewhere, to an amazing degree, and it will increase as competition increases. As individual businesses in NATO countries feel competition, they will demand protection. If their governments succumb, this will invite retaliation—and retaliation brings retaliation, and we will become fourteen water-tight compartments as far as trade is concerned, with the inevitable result as far as our economics are concerned.

This is just exactly what Stalin is counting on in his new policy. Members will remember that at the Moscow conference in October—the first since 1939—Stalin prepared a clear-cut statement as to the future of the world, in which for the first time since the revolution, he expressed the opinion or at least dropped the suggestion that war was inevitable. At that time, dealing with, among other things, this very question of economic co-operation, he made this significant statement as to what was in his mind and what was bothering him most so far as the western countries are concerned:

> The basic fact during the period after the war is that the countries of the western world closed ranks and worked out economic co-operation and mutual aid.

The only personal appearance which he made was before the delegates from the communists in the western nations, and he told those delegates that their governments "had sold their rights and independence for dollars." He called on them to go back to their respective countries—back to Canada, the United States and every other NATO country—and raise the flag of national independence and sovereignty. He said:

> If you do so you will become the leading force in your respective nations.

I repeat, honourable senators, that he told them to go back to their respective countries and raise the flag of national independence and sovereignty. He said—and this is an exact quotation—

> If you do so you will become the leading force in your respective nations.

I have deliberately repeated his words just for the sake of emphasis.

The situation we can look forward to, apparently, is that the campaign for political and economic isolationism will be spearheaded in the future by the Communist party in each of the NATO countries. There is an old saying that "Politics makes strange bedfellows." If the communists do head this campaign, what a spectacle that will present. It conjures up in one's mind the picture of Colonel Robert McCormick, publisher of the Chicago *Tribune*, arm in arm with the leading communists parading down Michigan Boulevard, chanting in unison "America for the Americans" and "Come home, Yanks, come home." It even has possibilities here in Canada. Perhaps in the future we shall be treated to the spectacle of our leading proponents of economic nationalism tuning their voices with the communists, on some crowded street corner, in a modern rendition of the old theme song "No truck nor trade with the Yankees."

Yes, honourable senators, make no mistake about it, the obstacles to our goal are many. What the NATO countries need on the part of their governments is strong, bold leadership. It cannot be vacillating and half-hearted. It must be strong, positive, and such as is likely to strike the imagination of free people everywhere. That is desirable in every NATO country, but, more than in any other, in the United States.

It occurred to me that in his speech the honourable leader of the opposition took a rather sly dig at some of us when he said that free-traders in Canada had hoped the Democratic party would be re-elected, with Mr. Stevenson as president, and that we now are wondering what may be the consequences of the Republican victory. Well, so far as I am concerned I am not going to evade the charge. I am a free-trader by instinct. I must confess that although General Eisenhower was the only presidential candidate I knew, and I had the highest admiration for him, I was nevertheless so impressed by Mr. Stevenson's speeches and his evident grasp of most of the great questions of the day, particularly those having to do with multilateral trade, that I was a silent supporter of him and was disappointed when he was defeated. However, I soon recovered from that feeling, for I hold the view that the United States of America have assumed such a position of

leadership in the world that, regardless of what political party happens to be in power at Washington, they could not put on the cloak of political or economic isolationism without thereby causing the western world to collapse. And it has seemed to me—though perhaps this view is born of hope—that in the short space of time since the election there has been increasing evidence that President-elect Eisenhower and those associated with him will give to the world a degree of leadership, both political and economic, that may perhaps startle us, or some of us, and certainly strike our imagination.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Robertson: It remains to be seen whether that is a correct view, but every day gives increasing reason for believing that it may be. General Eisenhower knows better than any other man the weaknesses of our military set-up. He was the leader of the federation in western Europe. I doubt if he will be found taking a negative attitude towards those major questions on which the future of mankind depends.

However, honourable senators, as I have said before, I have doubts as to whether, with the best will in the world, co-operation of the sovereign countries alone can accomplish what has got to be accomplished. And that brings me back to the resolution that was moved in 1950 by my far-sighted friend, the honourable senator from Waterloo (Hon. Mr. Euler), and passed almost unanimously in this house. I doubt if we senators appreciate the influence which that resolution has had on public thinking throughout the world. Let me recall to the house the wording of the resolution:

> That the Senate of Canada approves of the calling of a convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

When we think of the huge expenditures we are making for the NATO combined forces, with as little civilian control as now exists, and when we think of the need for approaching the question of trade on some other basis than from a purely national viewpoint, emphasis is given to the idea that some new instrument will have to be forged to meet the present situation in world affairs. I again remind honourable senators of the powerful impact of our resolution of 1950. I really think we do not realize how far its influence was felt. I can say this, that a gentleman who is soon going to hold a position of great responsibility in the United States government remarked within my hearing, "The Senate of Canada does not know how right it is." I think we ought to keep the initiative.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Robertson: I should like to suggest to my honourable friend from Waterloo (Hon. Mr. Euler) and others interested that we give further consideration, in the light of present events, to the question that he initiated in 1950, and that he apply his fertile brain to the drafting of a new resolution in keeping with these more difficult times. I can assure my honourable friend that for such a resolution he would find today an audience more receptive than the one which greeted his splendid effort of 1950.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: While speaking of this subject to a friend sometime ago he asked me: "What did the resolution that was passed in the Senate mean? Was it a government resolution?" I told him that it was not a government resolution but was moved and seconded by two independent senators. My friend queried me as to what each gentleman had in the back of his mind. I said, "I can only refer to what the individual senators have said". Upon being asked what my opinion was, I frankly said that I was free to express my views without responsibility to the government or anyone else, and that I supported the resolution.

May I now set out my belief as to what can be accomplished within the spirit of the resolution?

(a) Western Germany should be brought into NATO as a full member.

(b) Since all members of NATO have in effect waived their sovereign rights in solemnly agreeing each with the others, that if one is attacked all are attacked, common sense demands that our defence shall be as effective and as inexpensive as possible, and that the economies of each shall be so strengthened as to make it possible for each to make adequate contribution.

Honourable senators will note that I am not putting this on humanitarian ground, but on its merits.

(c) I believe that the present basis of civilian control of the gigantic NATO armed forces being set up by the joint expenditure of $50 billion annually has too shaky a foundation, and is entirely inadequate to create, maintain and direct its future policy and action.

(d) I believe that, since more than half of the total defence appropriations of all NATO countries collectively are now devoted to the central defence forces, we might well consider having NATO do all, just as it was originally hoped that the United Nations Organization would.

(e) Since the strengthening of the economics of each member nation is of such vital importance, and can only be satisfactorily accomplished by the removal of the barriers to the flow of multilateral trade, our objective should be complete freedom of trade between the member nations, accomplished progressively over a period of, say, ten years. Appropriate arrangements could be made with those with whom we trade outside NATO.

(f) Since it is quite obvious that the setting up of a central military force and the accepting of the principle that when one is attacked all are attacked, is quite inconsistent with fourteen foreign policies, each going its own way, and charged with utterly unforeseeable consequences, a common foreign policy is absolutely essential.

(g) I believe that these common objectives can only be achieved through the forging of some new constitutional instrument to which all NATO members will subscribe.

Hence, my personal support of the Senate resolution passed in 1950. Without committing itself to any definite plan, the underlying principle was there that the ingenuity of free men would be called upon to meet even greater danger than military aggression from Russia, and that some solution must be devised to save the free world and humanity itself.

Some Hon. Senators: Hear, hear.

Hon. Mr. Gershaw: Honourable senators, I move that the debate be adjourned.

The motion was agreed to.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION BILL

SECOND READING

Hon. John C. Davis moved the second reading of Bill M, an Act to amend the Canadian Overseas Telecommunication Corporation Act.

He said: Honourable senators, the practice when moving second reading of a measure is to explain and elucidate the principles involved in the proposed measure. The bill before us is to amend the Canadian Overseas Telecommunication Corporation Act, Chapter 10 of the statutes of 1949. It is impossible, I think, to properly establish the principles of this amendment without examining certain facts surrounding the legislation by which the corporation was set up.

Overseas communications have always been a serious problem, first to the Empire and subsequently to the British Commonwealth of Nations. I can remember in my childhood hearing it mooted that submarine cables would be laid from London to all the dominions and colonies. With the advent of overseas wireless telegraphy and wireless telephonic communications the cable soon became technologically obsolete.

When the first signal from Ireland was received on Signal Hill, a lofty promontory overlooking the city of St. John's, Newfoundland, difficulties immediately arose by reason of the expense of communication by cable. Rates dropped immediately, and financial difficulties threatened the cable companies. There followed in 1929 the depression which brought further financial complications to overseas communication systems.

Immediately after the Second World War Lord Reith made a tour of the British Commonwealth of Nations, and as a result a conference of financial advisers was called to meet in London in 1947. The conference made certain recommendations, and if I may, I shall summarize them from certain documents before me. They are as follows:

(a) Each country to retain all receipts on originating traffic, less out-payments to carrier companies handling such traffic.

(b) Each national body to make payments towards expenses of the Commonwealth Telecommunications Board, based on the proportion of its receipts to the total net receipts of all national bodies.

(c) Each national body to make wayleave payments to the central board towards the over-all expenses of maintaining and operating all common user cable and radio services of the commonwealth telecommunications system, based on the proportion of its net receipts to the total receipts of all national bodies.

Following the conference held in 1947, governmental representatives of the commonwealth countries met early in 1948, and recommended the establishment of a commonwealth communication board with certain functions, namely (1), the formulation of joint telecommunication policy, including rates; (2), the co-ordination and development of the wireless and cable systems of the commonwealth; (3), the co-ordination with the appropriate authorities of telecommunication matters affecting the defence of the commonwealth; (4), the co-ordination and conduct of research; (5), negotiations with foreign telecommunication interests, if requested to undertake these by the commonwealth governments.

Each nation of the commonwealth suggested a manner of handling the shore problems. In Canada, after investigation, it was decided that the best method was to create a Crown company to take over the Marconi Company as it applied to overseas telephonic communications, and the British-owned company, Cable and Wireless Limited, as far as it concerned cables. For the management of these two corporations the Minister of Transport introduced in the other place a bill, which was assented to on the 10th of December 1949. The amount of money involved under this bill was $4,500,000, of which four million was required to purchase the assets of the Canadian Marconi Company and Cable and Wireless Limited as far as applied to the overseas communications. The Wireless and Cable assets almost in their entirety belong to the British Government. This corporation was then set up and has functioned since June 7, 1950. In the last six and a half months of that year they had what in departmental language is known as an excess of income over expenditure, amounting to $87,470. In the following year, 1951, according to the corporation's annual report, they made $195,680.

The bill we are now asked to consider is to amend the Overseas Telecommunication Act of 1949 by removing the mandatory requirement that the Canadian Overseas Telecommunication Corporation shall pay annually to the Receiver General an amount equal to its operating profit, also the provision requiring payment to the corporation of an amount of money equal to its operating loss, such payment to be made from moneys appropriated by parliament for that purpose. This amendment would permit the corporation to accumulate a surplus each year for capital development and expansion purposes.

Late last year there was passed through this house the Financial Administration Act. All Crown corporations are governed by this over-riding "mother" act.

A comparison of the terms of this measure with relation to the Financial Administration Act shows confusion in some respects. I do not think that this is the place to point out what they are, but I suggest that the bill should be examined by the appropriate committee.

Hon. Mr. Reid: Before the motion for second reading is put, may I ask two questions? Can the mover explain to us why the profits of the corporation are to be retained, and why the requirement to report annually to parliament has been deleted.

Hon. Mr. Davis: I do not think there is any significance in the statement that profits are to be retained An amendment of this year to the Income Tax Act, section 74A, provides that all corporations listed in Schedule D of the Financial Administration Act are subject to federal corporation taxes. These Crown corporations which are now required to pay corporation taxes are the following: Canadian Broadcasting Corporation, Canadian Farm Loan Board, Canadian National (West Indies) Steamships, Limited, Canadian Overseas Telecommunication Corporation, Central Mortgage and Housing Corporation, Eldorado Mining and Refining (1944) Limited, Export Credits Insurance Corporation, National Railways as defined in the Canadian National-Canadian Pacific Act, 1933, Northern Transportation Company (1947) Limited, Northwest Territories Power Commission, Polymer Corporation Limited, Trans-Canada Air Lines.

The Canadian Overseas Telecommunication Corporation, along with these other Crown corporations, is required to pay federal corporation taxes effective from January 1, 1952, and the COTC has actually made instalment payments of $10,814 per month January to June, with similar payments to be made for the remaining six months. The federal corporation income tax payments for the year 1952 to the Receiver General are estimated to amount to $129,758. In consideration of this routine, it is felt that the corporation should be allowed to retain any surplus in order to put itself in the position of developing internally without recourse to further votes from the Crown.

Regarding competition, I may say that the Canadian Overseas Telecommunication Corporation receives about 95 per cent of its business from the Canadian Pacific Railway Telegraph Company. By a strange coincidence, which is quite explicable, the Canadian National Railways Telegraph Company gives its overseas messages to a foreign corporation, the Western Union Telegraph of the United States.

The Canadian Overseas Telecommunication Corporation is in a competitive position and would like to have its funds retained in its treasury.

I have pointed out that in respect of financial administration there are some contradictions between this bill and the Financial Administration Act that I think should be resolved.

Hon. Mr. Reid: What about the annual financial report to parliament? Will it be dropped and, if so, why?

Hon. Mr. Davis: The Financial Administration Act provides that a financial statement

be rendered to parliament each year. The bill before us apparently contradicts this, so I would suggest that legal minds should be set working to unravel this contradiction and other matters contained in the bill.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

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

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second readings of the following bills:

Bill S, an Act for the relief of Barbara Carrique Cordeau.

Bill T, an Act for the relief of Frederick Kenneth Hare.

Bill U, an Act for the relief of Frances Wavertree Harris McClure.

Bill V, an Act for the relief of Nicole Jeanne Andree Marion Comys.

Bill W, an Act for the relief of Joseph Mattioli.

Bill X, an Act for the relief of Gabrielle Bertrand McCullough.

Bill Y, an Act for the relief of Katherine Jessie McArthur.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, I move that these bills be now read the third time.

The motion was agreed to, and the bills were read the third time, and passed, on division.

ADJOURNMENT

Hon. Mr. Robertson: I move that when this house adjourns it stand adjourned until Monday, December 8, at 8 p.m.

I would point out that while there are no pressing matters on our Order Paper I have never known a time when our committees have been so busy. For instance, on Tuesday next five or six of our committees will be functioning.

Hon. Mr. Haig: Seven.

Hon. Mr. Robertson: I stand corrected.

The Senate adjourned until Monday, December 8, at 8 p.m.

THE SENATE

Monday, December 8, 1952

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

Prayers and routine proceedings.

SALACIOUS AND INDECENT LITERATURE

APPOINTMENT OF SPECIAL COMMITTEE

Hon. J. J. Hayes Doone moved:

That a special committee of the Senate be appointed, authorized and directed to examine into all phases, circumstances and conditions relating to the sale and distribution in Canada of—

1. Salacious and indecent literature;
2. Publications otherwise objectionable from the standpoint of crime promotion, including crime comics, treasonable and perversive tracts and periodicals;
3. Lewd drawings, pictures, photographs and articles whether offered as art or otherwise presented for circulation.

That without limiting the scope of its inquiry, the committee be authorized and directed to examine into—

(a) Sources of supply of the above noted items;
(b) Means and extent of distribution thereof;
(c) Relative departmental responsibility for entry or transmission;
(d) Sufficiency of existing legislation to define terms in relation thereto;
(e) Relative responsibility for law enforcement and effective legal measures of dealing with this problem.

That the said committee be composed of the Honourable Senators Bouffard, Burchill, David, Davis, Doone, Duffus, Fallis, Farquhar, Gershaw, Golding, Horner, Lacasse, McDonald, McGuire, McIntyre, Pratt, Quinn, Stambaugh, Stevenson, Vaillancourt, Wilson and Wood.

That the committee have the power to send for persons, papers and records, and to secure such services and assistance as may be necessary for the proper prosecution of its inquiries.

That the said committee shall report its findings to this house.

He said: Honourable senators will recall that during the last session of Parliament a special committee of the Senate—similar to that proposed in the resolution before us—was set up to inquire into the sale and distribution in Canada of salacious and indecent literature.

This committee held six meetings. In addition it received and recorded briefs, recommendations and resolutions numbered in hundreds and representing millions of Canadian citizens. Throughout its inquiry, as was stated in the language of its report, an intense public interest was displayed. Church officials and religious groups of all faiths tendered enthusiastic approval. Social, civic and business organizations in all parts of Canada commended the work in progress, and a full-hearted and sustained support was accorded by the press.

That public concern has in no way diminished may be gauged by the fact that during the parliamentary recess many national conventions of church and social bodies continued their studies of the problem presented through publication and dissemination of obscene and salacious material. By resolution and otherwise they have urged upon the Senate a continuance of its efforts to seek a workable solution. Requests to this effect have been received from the Roman Catholic Church in Canada, the Baptist Convention of Ontario and Quebec, the Free Methodist Church in Canada, the United Baptist Convention of the Maritime Provinces, and the Canadian Council of Churches, the latter representing the following religious and social organizations: the Church of England in Canada, the Baptist Federation of Canada, the Churches of Christ (Disciples), the Evangelical United Brethern Church, the Presbyterian Church in Canada, the Reformed Episcopal Church, the United Church of Canada, the Salvation Army, the Society of Friends, the National Council Y.M.C.A., the National Council Y.W.C.A., and the Student Christian Movement of Canada.

Many similar requests have been forwarded by affiliated organizations, including the Catholic Women's League, Home and School and Parent-Teacher federations, Women's Christian Temperance Union, Leagues of the Sacred Heart, Catholic Action and Holy Name societies. Associations of Mayors and Reeves and those representative of labour, have displayed an equal interest. The demand, therefore, is not local or restricted; it is nation-wide and impressive.

It might also be of interest to record similar activities in other areas. During the recess a request was received for a complete record of proceedings of the Senate investigation on this matter from Mr. E. C. Gathings, Chairman of the House Committee on Current Pornographic Materials, Washington, D.C. According to a communication received from the office of the Under Secretary of State for External Affairs, the Canadian Embassy in Washington advises that the Select Committee of which Mr. Gathings is chairman was due to convene in the House of Representatives in Washington on December 1 to pursue its investigation.

These comments may in some measure indicate the broad range of thought which this problem has provoked and, in consequence, the timeliness of our own inquiry.

Should any further evidence with respect to this feature be required, it may be found in a press report from Sydney, Australia, appearing in *The Ensign* under date of August 9, 1952. This report advises that comic strips and books published in the

United States came under fire last week at a conference of Australian state premiers, and that, similar to the situation in Canada, protests against the sale and distribution of salacious comics poured in from all sectors of the commonwealth. The outcome of these protests was the scheduling of a special conference of state authorities which will parallel the Canadian Senate's committee on salacious literature. It is reported that Prime Minister Robert G. Menizes told the Premier's conference that the only way to keep undesirable literature out of Australia was by censorship. Speaking on the subject matter, a director of the Sydney C.Y.O. informed the premiers that the reading matter involved is causing moral devastation among the youth of the country. The Australian Director General of Education has formed a special committee of investigation.

Under the same date it is reported by *The Ensign* that in Manila the Philippine Bureau of Customs state that the United States military bases on the island are funnelling-in points of much obscene literature. This was giving the board much concern and remedial measures were being sought.

Indicating the further global nature of protest and investigation on this matter, it is reported in the *Christian Science Monitor* of June 5, 1952, that a group of educators and legal experts at a conference on press, radio and cinema for children, and under the auspices of the United Nations Educational Scientific and Cultural Organization, reached the conclusion that comic books are turning the youth and adolescents of today into young ruffians and potential criminals. The delegates at this conference represented twenty-four countries, including Great Britain, India, Sweden, Germany, the Netherlands, France, Belgium, Switzerland, Spain and the United States. They were opposed to censorship and urged the banning of publicity posters which might prove too suggestive. The distinction between censorship and banning was not explained, but the constructive suggestion was made that offensive types of literature might be replaced by clean adventure stories and educational reading.

That the matter is engaging world thought, and that the public conscience is acutely aware of the moral and economic dangers incidental to the problems, are statements that need no further extension. But it is equally evident that public opinion, however insistent, can have no remedial effects unless there are legal enactments adequate in their restraint, and enforcement of them conscientiously carried into practice by those charged with the responsibility.

The duty of the proposed committee is to search into such factors and to make requisite recommendations.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, December 4, consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Vaillancourt for an Address in reply thereto.

Hon. F. W. Gershaw: Honourable senators, may I first of all congratulate the mover and the seconder of the Address (Hon. Mr. Vaillancourt and Hon. Mr. Hawkins) on their eloquence and the splendid subject-matter of their speeches.

Also at the outset I should like to say a word about some of the new Canadians who have come and been welcomed to our country and are making Canada their permanent home. They are strangers in a strange land. Service clubs, school boards and other bodies are doing a good work in trying to educate these people, trying to give them an opportunity to learn our language and our Canadian ways. It is an inspiring sight to see these people, with their many-coloured costumes, attending night classes week after week, and it is even more inspiring to hear them singing our patriotic songs and our national anthem. Their instructors are doing an excellent job, and they have the satisfaction of knowing that these newcomers are showing evidence of their loyalty to the Crown and their deep affection for our gracious monarch Elizabeth II.

Now, honourable senators, taxes are high in Canada. We have heard a good deal about high taxation, and constantly there are drives to reduce public expenditure. I just wish to express at this time and hope that these will not interfere with the irrigation program which has been well started. Structures have been built to store up the waters of the mountain streams, so as to make them available for the thirsty lands in the drought stricken area. These structures will endure and be a great blessing to the people who come after us, enabling them to avoid much of the despair and poverty which the pioneers lived through because of continual crop failures. The work should be continued.

One subject that I wish to discuss is national health insurance. As recently as August of this year at the Trades and Labour Congress meeting in Winnipeg a resolution was passed demanding a general nation-wide health insurance scheme. That organization felt that

many people were denied hospital and medical care because of its cost. I should like to have heard some elaboration on that resolution, for I believe that hospitals and doctors have for the most part been quite generous with their services. However, other labour and agricultural groups have passed similar resolutions, and the question of health insurance has been discussed in parliament. No party seems to be against the proposal, and indications for the most part are that the public would be receptive to some national health insurance plan.

The question of national health insurance has come to the fore today by reason of the increased scope of hospital and medical care and the cost of providing it. Today general practice includes antiseptic surgery, aseptic surgery, intravenous treatment, blood transfusion, electro-cardiographs, X-rays, and the use of radium both for diagnosis and for treatment. The result of the wide use of these facilities in practice has increased the average life span from about fifty years at the turn of the century to approximately sixty-eight years today. Along with this marvelous progress has come such an increase in the cost of medical attention and hospital care that prolonged illness spells financial ruin to the ordinary family.

The ethical responsibility of the medical profession is to render necessary service to all, regardless of ability to pay. I believe that the services of doctors and nurses have been given generously, in the best tradition of their great calling. However, in the days when a doctor required only a stethoscope and blood pressure apparatus, medical attention was comparatively simple; but today the doctor is called upon to make complicated blood tests, take basic metabolism tests, use electrocardiographs and X-rays, all of which make his services much more difficult and therefore more costly. The time has come therefore, for some protection by a prepaid scheme. A small fee at the time the services are rendered would make a patient feel more free to call for help, but it should not be used as a deterrent.

A petition is being circulated throughout Canada today asking for the immediate introduction of a national health insurance scheme. Before this demand can be met, certain things must be considered. First, under our constitution the provinces bear the major responsibility for health services, and before a health system could be uniformly applied by the federal government, an amendment to the constitution would have to be made. However, I do not foresee that step being taken in our time. A second proposal which has been made is that the federal government give a per capita grant to the provinces by way of a contribution towards the plan. The objection to such a proposal is that the taxing body would not be the spending body. The third and possibly the best proposal would be the extension of the present health policy of the government of Canada.

As honourable senators know, that policy was started in 1948, when some $30 million was made available on an annual basis for health services; $13 million was earmarked for hospital expansion. Money was made available for the treatment of venereal disease and tuberculosis, for cancer research, training personnel and conducting surveys along certain lines, and for giving aid to crippled children. These expenditures were for the most part to be made on a fifty-fifty basis as between the federal and provincial jurisdictions.

This scheme, by and large, has worked very well. An additional 40,000 hospital beds have been provided. The big Aberhart Sanatorium in Alberta has been completed by the province, with $600,000 of assistance from the federal government. Such an arrangement may well be the basis for the setting up of a national health plan.

The cost of a nation-wide health insurance scheme is perhaps worthy of consideration. I am sure that nobody today knows what the cost of an all-embracing scheme will be. For instance, while Great Britain estimated her financial outlay for such services to be £160 million per year, during the third year of the period the cost was more than £450 million. In Canada also there is considerable variation in costs from province to province. For instance under the provincial hospital scheme in Saskatchewan there is a charge of $10 per single person and $30 per family, while in British Columbia the fee is $27 for a single person and $39 per family, and in addition there is a small charge of $1 per day while the patient is in hospital. A subsidy is required to keep the Saskatchewan scheme going.

Honourable senators, I am speaking on this subject tonight because I want to place certain definite figures on the record. In the province of Alberta 31,383 pensioners and their dependents are eligible to receive hospital and medical care. The minister concerned with this service in that province has written me stating that the average cost in 1951 was $50 per person and that while the cost of hospital accommodation was $8.40 per day, only $6.40 was paid, and that the doctors received about 52 per cent of their regular

fees. It becomes apparent that if regular rates were charged the cost would be approximately $80 per person per year for the all-embracing medical care which the province of Alberta provides for this class of pensioners. To place this scheme on a national basis for our 14 million people would involve an aggregate cost of $1,120 million per year. True, this would not all be new money, because we all pay something by way of hospital and doctor bills each year, and this would be not necessary if we were insured. Perhaps this is not a fair example, because most of these people are over sixty years of age and practically all of them would qualify under the means test. It is notable, however, that under the Alberta scheme no provision is made for drugs or medicines except while the patient is in hospital; some dental care is provided for pensioners, and half the cost of new dentures is met. It is apparent that $1,120 million as an estimate is perhaps too high, but on the other hand $600 million, as the minister suggests, is definitely much too low.

I think it may be safely said that it is impossible to get an accurate figure, for so much depends on the scope of the benefits that are given. For instance, what are you going to do about referrals? If a man is referred for some special treatment to, say, Rochester, are you going to pay his expenses and his medical fees there? What are you going to do if an epidemic sweeps through the country? Are you going to give people in the distant regions of the north, where they can be reached only by airplanes, the same attention that people get in the cities? And where are you going to draw the line regarding the drugs and appliances that will be used?

So at the present time the problem is difficult and uncertain. Nevertheless I feel that it is an obligation of the government in Canada to make available to every person in the country the very best medical and hospital care; and further, it should be our aim to bring it within the reach of the ordinary individual without ruining him financially. As I see it, that can only be done by some prepaid scheme of insurance.

Of course, difficulties arise. For instance, in one province a compulsory hospitalization scheme had been in operation only a relatively short time when it was found necessary to institute some 1,297 prosecutions for non-payments of fees, and the wages of 5,815 people were garnisheed. That is one unpleasant feature of this kind of compulsory scheme.

I want to bring to your attention an experiment which has been tried out in south-western Saskatchewan. There they set up Swift Current Health Unit No. 1. There are in this area about 50,000 people, most of them in small towns and rural districts, with about forty to forty-four doctors. Under this scheme a single man pays each year $17, a married couple without children, $27, a married couple with one child, $34, and a family including more than three children, $40; in addition, 2·2 mills are levied on the assessed property of the district. This operation has given at least some definite information, and the benefits have been so attractive that the great majority willingly pay their premiums. In fact, 95 per cent pay voluntarily; the municipalities are liable in respect of the others. I have received full particulars from the Secretary-Manager, Mr. S. Robertson, of Swift Current. I find them very valuable, because they show that the scheme provides fairly definite benefits covering the whole field.

Hon. Mr. Vien: Do I understand from the honourable senator that the people of the district are satisfied with this scheme?

Hon. Mr. Gershaw: They seem to be. I inquired particularly about that. One evidence of it is that payments are willingly made. People have a free choice of doctors within the territory; and the benefits they receive just about equal in cost the amount they are paying.

Hon. Mr. Vien: Is the honourable gentleman convinced that a scheme of this kind is much more practical than a national scheme of health insurance would be?

Hon. Mr. Gershaw: I would say that Canada is not prepared as yet to adopt a national scheme. I intend to refer to that matter later. I think we need to get information by experiments in a small way before we start on a more comprehensive scheme.

Hon. Mr. Vien: Is the honourable senator aware of the system which exists in the province of Manitoba, and could he give us an idea of how it works?

Hon. Mr. Gershaw: In Manitoba there are two types of health insurance, one hospital and the other medical. There, as in other provinces there is a trans-Canada medical service under which every person who pays a premium is entitled to medical care for the year to which the premium applies. But it is not compulsory.

Hon. Mr. Vien: I am told that it works very well.

Hon. Mr. Gershaw: Yes, I think it does. I will bring that out a little later.

A word as to the attitude of the Canadian Medical Association. They have by resolution declared themselves in favour of a pre-

paid medical scheme, and they are willing to consider any scheme which will contribute to the health and welfare of the Canadian people. They point out, however, that more than medical and hospital care is required. The people should have adequate nutrition, good housing, education, a safe milk supply, a good water supply, and healthful working conditions. Furthermore, the association insists that any scheme should encourage progress towards better and better medical care, and that the doctor-patient relationship which has existed for so long must be maintained.

There are certain changes of which we must take notice. In 1911 5·64 of the people of Canada were over sixty-five years of age; today 9·2 are over sixty-five. How has this change come about? For centuries the prominent place among causes of death was held by infectious diseases—typhoid fever, pneumonia, septicaemia and children's diseases. These have been pretty well controlled by modern practices of medicine. But diseases which attack people in later life—cancer, and what might be called the cardio-vascular group—have not been controlled to the same extent. The old saying that "a man is as old as his arteries" has some truth to it. The life expectation of men or women over sixty-five has not increased much in recent years, because these particular diseases to which they are subject have not come under control. However, as someone has said, "If we cannot add more years to life we can add more life to years". We can add more life and happiness by improving the condition of the afflicted.

To sum up, our ideal is to have the best possible care available to everybody. The problem is how to get this. I do not think that the introduction of a national health insurance scheme at the present time would be the quickest and most satisfactory way. Six of the nine provinces reporting are not yet ready for such a plan, and I feel that there is insufficient experienced personnel to manage it; at best it would be a compromise. I believe there is a much better trail to the goal we wish to reach. From 1½ million to 2 million Canadians are already protected by such schemes as the Blue Cross and the trans-Canada medical scheme, which are already in existence. The government should look into the workings of these schemes, and if they are meeting the need they should be expanded. If necessary, the federal government should pay the premiums in part or in whole for those who cannot pay themselves. This principle has already been established by many of the provinces who pay for the health care of their pensioners.

If these plans are inadequate let each province set up a trial unit like Swift Current No. 1. We would then know exactly what we are undertaking, and men would be trained for management of the larger scheme. I would suggest that $30 million should continue to be made available in order that more research into arthritis and degenerative diseases, which cause such havoc in older life, could be carried out. Those who are partly or totally disabled at any age should receive a pension. They are the people whose lives are darkened and whose hopes are dimmed. They must depend on charity and friends. Their lot would be made much happier by a small regular pension of their very own.

Finally, honourable senators, I would say that these matters should receive top priority because they are of such importance. If carried out they would relieve human suffering and add greatly to the happiness and contentment of the Canadian people.

Some Hon. Senators: Hear, hear.

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

The motion was agreed to, and the debate was adjourned.

PRIVATE BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill A-1, an Act to incorporate the Mercantile Bank of Canada.

He said: Honourable senators, this is a rather unusual bill in the sense that it is the first time for many years that legislation has been introduced into parliament for the organization of a new chartered bank under the Bank Act. The form of the bill is comparatively simple, purporting to constitute a number of prominent gentlemen, who are named in the first paragraph, as incorporators of the Mercantile Bank of Canada. It prescribes that the authorized capital of the bank shall be $3 million, divided into 300,000 shares of $10 each, and that the chief office of the bank shall be located in the city of Montreal.

The petition in connection with this legislation is presented on behalf of a Netherlands banking organization known as the Nationale Handelsbank N.V., which has its head office in Amsterdam. Until the transfer of sovereignty to the Netherlands East Indies, the Nationale Handelsbank N.V. was known as the Netherlands Indies Commercial Bank. This bank was established in Amsterdam in 1863 and is principally concerned with the financing of trade. Besides the head office in

Amsterdam, the bank maintains offices only in the two other principal cities of Holland. It is distinct from the so-called "Big Five" banks, which operate an extensive branch banking system in that country. Nevertheless, the Nationale Handelsbank is a substantial organization.

I hold in my hand a statement of this bank's condition as of January 1, 1952, from which it appears that its capital and reserve amount to 56 million florins, the equivalent of approximately $17 million, and that its total assets are approximately 450 million florins, equivalent to about $120 million. Those seeking this charter are therefore apparently substantial financial people.

This bank conducts an extensive banking organization in the Far East, with branches in Indonesia, India, Singapore, Hong Kong, Thailand and Japan. Through its head office in Amsterdam, its extensive banking organization in the Far East, and its various correspondents throughout the world, the bank is well equipped to serve the needs of world trade and commerce.

It is felt that the Mercantile Bank of Canada, with the knowledge and experience which can be supplied to it by the Nationale Handelsbank—having in mind the growing requirements of Canada and of the countries in which Nationale Handelsbank has its business interests and connections—will develop from a modest start into a useful organization for the growth and development of international trade connections of Canadian organizations. The present plan, if parliament sees fit to grant the charter, provides for the establishment of the head office in Montreal; but almost immediately a branch will be opened in Vancouver, because of the extensive banking and investment interests of the Nationale Handelsbank in India and the Far East.

Hon. Mr. Roebuck: What is the matter with Toronto?

Hon. Mr. Hugessen: In due course branches are likely to be opened in other cities in Canada.

Hon. Mr. Roebuck: I was asking the honourable gentleman, "What is the matter with Toronto?"

Hon. Mr. Hugessen: I think Toronto ranks as another city in Canada, does it not?

Hon. Mr. Crerar: It is doubtful.

Some Hon. Senators: Oh, oh.

Hon. Mr. Hugessen: I am going to suggest that the bill, if given second reading, be referred to the Standing Committee on Banking and Commerce, where the proponents of the measure will be asked to appear and justify the application they are making to parliament.

I would, however, direct the attention of the house to the fact that before it can commence operations this organization will have to comply with the very stringent requirements of the Bank Act. Perhaps it might be well to mention a few of these requirements. The first is that the bank has to have a paid-up capital of not less than $500,000. Secondly, it is not allowed to commence the business of banking until it has obtained from the Treasury Board a certificate permitting it to do so—and honourable senators are aware of the nature and constitution of the Treasury Board. Thirdly, no such certificate shall be given by the Treasury Board until it has been shown to the board's satisfaction that all the requirements of the Bank Act and of the special Act of incorporation of the bank as to subscriptions of capital stock, payment of subscriptions, and so on, have been properly complied with.

Honourable senators, I think that is all that it is fair or useful for me to say at this stage. I simply repeat that should the house see fit to give the bill second reading I will move that it be referred for consideration to the Standing Committee on Banking and Commerce, at which all further explanations that may be required will be forthcoming.

Hon. Mr. Horner: Honourable senators, I notice that the sponsor of the bill did not attempt to make any argument as to the need for this or any other additional bank in this country, and I would like to ask him now if he wishes to say anything about that. I think we are sufficiently served with banks at the present time.

Hon. Mr. Hugessen: I do not know that it is so much a question of need as of desirability, in view of the expansion of this country's international trade. I was trying to point out that the Netherlands interests behind this bill have very extensive connections in the Far East, and that it is hoped the organization of this bank will make possible the development of greater trade between Canada and the Far East. That is the reason why it is said that it is proposed to open a branch in Vancouver almost at once.

Hon. Mr. Reid: I wonder if the sponsor of the bill would mind explaining section 5? It says:

> This Act shall, subject to the provisions of section sixteen of the Bank Act, remain in force until the first day of July, in the year one thousand nine hundred and fifty-four.

Does that mean that the bank would have to come back to parliament in July 1954 for a renewal of its charter?

Hon. Mr. Hugessen: Yes. The reason for that is, as the honourable senator will recall, when he thinks of it, that under the Bank Act the charter of every chartered bank in Canada is for a term of only ten years. The Bank Act, under which all these charters are given, has to come before parliament every ten years, and it so happens that the term of the present Bank Act runs until the 1st of July 1954. That is the reason for the particular clause which my honourable friend quoted.

Hon. Mr. Vien: On the question raised by the honourable senator from Blaine Lake (Hon. Mr. Horner), as to the need for an additional bank, I just wish to suggest that that need is something which cannot be demonstrated as simply as it can be shown that two plus two are four; but I think that when one considers the vast financial and economic expansion that has recently taken place in Canada, and in our trade with foreign countries, the need for additional banking facilities, particularly in the mercantile field, becomes quite obvious. At one time there were as many as 17,000 banks in the United States, and I believe that at present there are some nine or ten thousand. The banks in that country, of course, particularly those in the federal bank system, are unit banks. In Canada we have only ten banks, each of which, as we know, has a considerable number of branches. These banks and their branches are rendering a tremendous service throughout the country, but I think that the usefulness of an additional bank of the kind proposed in this bill can hardly be challenged.

Hon. Mr. Horner: Well, honourable senators, besides our branch banks we have a large number of credit unions and lending companies now doing business. Our chartered banks themselves are pretty well set up to take care of banking for trade purposes throughout the whole world. If it were argued that we are receiving a large number of settlers from the Netherlands and that the opening of this proposed new bank would make it possible for bankers from that country to continue to serve their own nationals here, that argument would appeal to me. Otherwise I do not see any need for the bank.

Hon. Mr. Roebuck: Honourable senators, it seems to me that in banking, as in every commercial field, competition is the life of trade. I have been somewhat concerned because for a number of years we have had no new banks opening up in this country. As a matter of fact, notwithstanding the commercial and other growth that has gone on in Canada in recent years, as was just pointed out by the Senator from De Lorimier (Hon. Mr. Vien), the number of banks has decreased since I was a young man.

I should like to ask the sponsor of the bill (Hon. Mr. Hugessen) whether there is any possibility of the proposed bank doing not only an international commercial business but also invading the domestic or local field in Canada, in which I would prefer to see much more competition than there is now. There are in Canada some people who look on our banking system as a great monoply. I observe with some pleasure that our banks are exceedingly prosperous. In our big cities and towns they buy up every good corner and erect palatial buildings thereon. That is a fine thing, but it does look as though the banks were rather more prosperous than the rest of Canada, and sometimes one wonders whether they enjoy special privileges which allow that condition to be maintained. I should be pleased if the sponsor of the bill could tell us that this new bank will also conduct a domestic or local business in Canada as well as an international business.

Hon. Mr. Lambert: Honourable senators, I was going to ask the sponsor of the bill (Hon. Mr. Hugessen) if he could say whether or not the class of business that would be done by this proposed new bank would likely involve any amendments to our Bank Act. Before he answers that question, I wish to make a brief comment, arising out of what has just been said by the senator from Toronto-Trinity (Hon. Mr. Roebuck), about our existing banking system. I think we are all bound to agree that during the war years, particularly while the Foreign Exchange Control Board had charge of so much of the business that was being done in Canada, our banking system did a tremendous job for this country and got very little in return. Now that the Foreign Exchange Control Board has been abolished and our processes of exchange are operating through the ordinary channels, our banking system is meeting the situation very well, and the banks are perhaps making a bit more profit than they did in the period from 1940 to 1950.

I think that competition from the proposed Mercantile Bank of Canada, which I presume will be established by Dutch capital, is a good thing. When the matter is before the committee we should be given all details of the operations of the proposed bank. Further, if the sponsor can give us information about the possibility of amending the Bank Act to accommodate the backers of the proposed bank, I for one should like to hear it.

Hon. Mr. Hugessen: Honourable senators, I shall try to answer the specific question.

Hon. Mr. Haig: Mr. Speaker, do I understand that the answer to this question will close the debate?

The Hon. the Speaker: If it is only an answer to a specific question addressed to the mover of the bill, it would not close the debate.

Hon. Mr. Hugessen: Perhaps it would be simpler if the honourable leader opposite said what he had to say now. He also may have some questions to ask.

Hon. Mr. Haig: I have no desire to interrupt the answer to the question put by my honourable friend from Ottawa (Hon. Mr. Lambert), but the Speaker warned the house a few days ago about application of the rule in this respect, and I did not want to be taken by surprise by the closing of the debate.

Hon. Mr. Hugessen: Perhaps I should hear what the honourable leader opposite has to say, and then attempt to answer all questions when he is through.

Hon. John T. Haig: Honourable members, I am for the most part in accord with the views expressed by my honourable colleague from Blaine Lake (Hon. Mr. Horner) and the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck).

One question in my mind is, what is the purpose of the bank? Apparently it is not going into the commercial field. It proposes to open offices in Vancouver and Montreal, both of which are centres for foreign trade. I can understand that it may be a sort of branch bank, but I am bothered by the possibility that when it is incorporated the door will be opened, and there will be nothing to prevent the 1,900 odd banks of the United States coming to Canada and setting up offices.

We must not forget that throughout the depression years from 1929 to about 1939 Canada's banks survived while many of the American banks failed. There is something to be said for our banking system when it can survive the fury of such a depression.

I have heard very little criticism of the banks in my province since the depression, although I did hear a good deal of criticism before that. The main complaint was that the banks would not lend enough money. At the present time they are doing a great deal of work for the federal government; indeed they are almost a government agent in many financial ventures. Any criticism that I might make of the banks is that in many instances they lend too much money, which eventually results in the borrower's failure. My memory goes back to the years 1927 to 1929, when large amounts of money were lent on stocks, with the result that the men and women who borrowed eventually met financial ruin.

In 1951 the federal government used the banks to control expenditures in this country. I am not now arguing as to whether that was right or wrong. The fact is that credits were cut off and expenses were reduced through the banks.

For my part, I am quite willing that this bill go to committee for full consideration, though I fail to see the purpose of the measure. When I heard that such a bill was coming to this house I thought that the Amsterdam group would be licensed here and would bring their assets from that country. We must not forget that Canada's reputation in world banking circles is good. I am not an authority on banks, but I know that when a bank is given a charter to operate in Canada, it is presumed to be a sound financial institution. Why should this bank be incorporated here without the full financial backing of the organization behind it? Following the suggestion of my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), I ask, Why should Canadian people put their money into this venture with its limited capital stock? I recall that back in 1932 the then Prime Minister of Canada told me that he had to be most careful to keep the Canadian banking system on an even keel. While he seemed to be able to do it with ten or twelve banks, I am sure he could not have done it with a hundred. That is the trouble. If we let this Dutch bank in, why should we not let in banks from every state in the Union?

Hon. Mr. Roebuck: Well, why not let them come in?

Hon. Mr. Haig: Maybe it would be a good thing. But rightly or wrongly I believe that faith in Canadian banks was established when at the height of the depression depositors were able to go in and withdraw their money, although many people in the United States lost their entire savings.

My honourable friend from Toronto-Trinity spoke about competition amongst banks. This proposed institution would seem to me to offer a rather peculiar kind of competition. The whole matter should, in my opinion, be carefully considered in committee. The question may well be asked: If banking operations are profitable, why is it that bank stocks do not rise and dividends are invariably low? I do not know how many honourable senators or members of the other place own bank stocks; I doubt whether there are very many.

Hon. Mr. Aseltine: There is the matter of double liability.

Hon. Mr. Haig: Yes. The value of bank stocks increases very slowly, and I believe that at the present time the government takes 52 per cent of the profits of the banks.

Hon. Mr. Wood: With other taxes, 55 per cent.

Hon. Mr. Haig: The Province of Manitoba requires banks to put up $5,000 for the first branch and $500 for each succeeding branch. These heavy taxes add to the risk of opening branches. I know of little towns in Manitoba, though I do not wish to name them, in which the banks' operating expenses, plus the provincial tax of $500, has caused the branch offices to be closed. I have no pecuniary interest in the matter. I have not now nor ever had a nickel invested in any bank in the country.

Hon. Mr. Horner: You missed something good.

Hon. Mr. Haig: Maybe I did, but anybody who has owned bank stock advised me not to buy it, and I took the advice. I may add that I have always been able to borrow money from a bank when I had a proposition which was reasonable to nobody except myself. A proposition may have seemed attractive to me, but when I consulted someone who had no interest in it one way or the other, his reply was, "Haig, if I were a banker I don't think I would make a loan to you on that." My experience in this direction is, I venture to say, that of a good many other business men in the house.

So I hope we shall go slowly about this whole matter. We ought to be sure, when we grant a charter to this or to any other bank, that the capital of the mother bank is behind the institution; and that requirement should be written into the legislation. We should make sure that there is security for those involved and that we are not incorporating a fly-by-night organization.

I will not vote against the bill, but I believe it should be very carefully considered in committee.

Hon. T. A. Crerar: Honourable senators, it appears to me that there are some quite unnecessary apprehensions of lurking dangers behind this bill. In the first place, before the promoters can do any business they must secure a charter from parliament. If that is obtained, they will be subject to all the provisions of the Bank Act and I would draw attention to the fact that those provisions which guarantee safety to depositors and to holders of currency are vastly different from what they were even twenty years ago. In other words, through federal government inspection, and through the operations of the Bank of Canada, our Canadian banks now are about as secure against failure as they could be under any system which can be devised. As the proposed bank will be subject to every provision of the Bank Act, I cannot share the fears which have been expressed this evening as to this development. Nor can I concur in the observation of my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) to the effect that many people think that Canadian banking today is a good deal of monopoly. I do not believe it is. There is very active competition, within the framework of the Bank Act, between the chartered banks. In my own experience of banks, going back over quite a number of years, I have had some evidence of that. They were eager to get business. With that purpose in view they gave the best possible service; and today that service is of a very high quality.

The honourable senator from Blaine Lake (Hon. Mr. Horner) raised an important point when he asked whether this bank, if it were chartered, would be of any value to Canada. It appears to me that it will have a very definite value. Canada's position in the world has changed greatly in the last ten years. A glance at our trade statistics covering the countries to which we export and from which we import goods shows the immense ramifications of our trade. It is true that at the present time the Far East, including Indonesia, China, Malaya and some adjacent lands, is more or less in a state of ferment. Nevertheless, all of these countries are importers of Canadian goods. The parent bank in the Netherlands which is promoting this Mercantile Bank of Canada has a vast experience in the Far East. Canadian banks, whose operations abroad have been mainly in Central and South America and the West Indies, have neither the experience nor the connections in eastern Asia.

Hon. Mr. Lambert: Does my honourable friend remember the Union Bank and the Park Bank, its branch in China?

Hon. Mr. Crerar: Which bank?

Hon. Mr. Lambert: Several years ago the Union Bank of Canada established an export branch in China called the Park Bank, and it went broke.

Hon. Mr. Crerar: That may be. The Union Bank itself failed, or rather, it had to be absorbed by another bank.

Hon. Mr. Lambert: The Park Bank was in China.

Hon. Mr. Crerar: But that does not affect the argument I am making, for the people of the Netherlands have had decades and decades of banking experience in the Far East.

How will this enterprise affect us? Probably the greatest recent industrial development in Canada has been in British Columbia, where an immense expansion of activity, the fruit of large investments of capital, is evident in every direction. Where does the market lie for the products of the Pacific Coast? Very largely, I suggest, in the great basin of the Pacific ocean. Malaya, Indonesia, the Philippines and other states in that area are large importers of pulp and paper and many other materials, raw and semi-finished, which Canada can supply. So it seems to me that the development of this Mercantile Bank, associated as it will be with the experience in the Far East of its promoters, cannot be otherwise than of great advantage to this country.

There is not much danger that the Mercantile Bank of Canada, if granted a charter, will be permited under our Canadian banking laws to develop along lines that may imperil depositors in Canada or anywhere else. Consequently, looking at the question as a cold-blooded proposition, I quite heartily support the second reading of the bill.

Hon. Salter A. Hayden: Honourable senators, I had not intended to say anything but I am loath to agree to second reading of this bill, which would mean approving of it in principle, unless it is first understood that I am not approving of the establishment of more banks in Canada until I hear the full story in committee.

It is not often that I find myself in disagreement with the honourable gentleman from Churchill (Hon. Mr. Crerar). I am afraid, however, that I cannot go as far as he does when he suggests that the provisions of the Bank Act guarantee a successful operation of banks in Canada. This is not so. The Bank Act has its provisions and prerequisites for the setting up and the operation of a bank. It provides for inspections and returns, and in that way it goes as far as the government feels it can go in safeguarding the interests and funds of bank depositors. But when the Bank Act stops there is still required great wisdom, foresight, business judgment and knowledge of industrial and trade conditions in order that our Canadian banks may operate successfully. The Bank Act does not guarantee banks against losses. Banking people have to apply their judgment and risk their capital in order to make money for the banks. They must exercise their best judgment as to the manner in which, within the limitations that are imposed upon them, they should employ the money at hand.

I am neither for nor against this particular bank, nor am I for or against the establishment of more banks at the present time. The present drive that is going on for bank depositors, as is evidenced by the opening of bank branches throughout newly-developed sections of the country, prove that there is plenty of keen competition among existing banks. There is certainly no such thing as a cartel or a closed corporation so far as our Canadian banks are concerned. From time to time accounts move from one bank to another, and I assume that people do a little bit of shopping around and deposit their money in the bank where they believe they get the most favourable terms. That is the best evidence of a free-enterprise system with private capital operating at the greatest advantage in the interests of those who use the banks.

If this bank is incorporated by parliament I do not know whether it is going to conduct a banking business in all its phases or is just going to engage in some of the banking operations which may be more attractive and remunerative. Is it going to leave to existing institutions those phases of the banking business which form a drain upon the earnings of banks? These are some of the questions I should like to have answered in committee before I vote for the passing of this bill by parliament.

Hon. J. J. Kinley: Honourable senators, it has always been my impression in this country that as long as people can fulfil the conditions of the Banking Act they are entitled to go into the banking business. I recall that when I was a member of the Banking Committee of the House of Commons the Province of Alberta was refused a banking permit, on the grounds that the province wanted to set aside certain conditions of the Bank Act, particularly with regard to a deposit of $500,000. It was felt that even a province should not be granted a banking franchise unless it conforms to the provisions of the Bank Act.

Hon. Mr. Hayden: May I ask the honourable senator a question?

Hon. Mr. Kinley: Yes.

Hon. Mr. Hayden: Do I understand your interpretation of the Bank Act to be this? If I am prepared to meet the conditions of the Act I am entitled to obtain a charter, and therefore the function of parliament is simply an automatic one of stamping the charter and giving the incorporation?

Hon. Mr. Kinley: In principle, yes. I maintain that the Bank Act was established to protect the public and business generally, and to ensure sound and stable commerce. When people who want to incorporate a bank are able to fill the conditions of the Act,

parliament should go a long way before refusing them. After all, this is a bill for incorporation.

We are told that bankers do not make much money. We know, however, that banking is a stable business and that the banks in Canada have been very successful. I remember well the time when the Province of Nova Scotia was the seat of the banking business; and there were a great many banks there. But most of these banks were taken over by central Canada with its greater monetary resources. It was felt at that time that the system of banking was being centralized, but it would appear from experience that the centralization of banks and the system of agencies throughout this country was a wise move. It provided an over-all strength to every part of the country, and that is the one difference between our banking system and that of the United States.

I would remind honourable senators that our banks have branches in foreign countries. They are doing a good business, and that is a test of their efficient operation.

It was said by the leader of the opposition (Hon. Mr. Haig) that banks pay 52 per cent of their profits to the government. I would point out that this is true of every corporation in Canada which has a minimum earning of over $10,000; and I think they are all glad to pay.

The leader of the opposition expressed the opinion that the assets of the Nationale Handelsbank in Amsterdam should be put behind the Mercantile Bank of Canada, but I would warn the house that this sort of thing works both ways. If the assets of the bank in Amsterdam are included, by the same taken, so are the liabilities. It may be that in Canada we do not want to accept the responsibilities and liabilities of a bank in Europe. I think it would be better if it were purely Canadian in its financial structure.

The Canadian banking system is about the best in the world. For that reason it should be able to meet fair competition. Our banks are by no means sacred institutions. The fact that a group of men obtain a charter for the incorporation of a bank is no proof that they are going to succeed in their endeavours. The uncertainties of the future apply to banking as to any other business. In this field, as in all others, good management succeeds and bad management fails. We are told that over the years the percentage of failures in commercial enterprises has been very large. Well, I would suggest to the house that our banks, notwithstanding their great services and accumulated strength, are not impregnable. We have had some bank failures too in this country. Banks must take their chances, as all other businesses do, and I think they are happy to be allowed to operate on this basis. I do not believe we shall see any of the chartered banks objecting to this proposed new bank, so long as it is being brought into existence in a proper way. On the other hand, if the banks feel that there is anything improper about what is proposed in this bill, I am sure we shall hear from them.

I think we can safely proceed on the principle that any group of responsible men who conform with the requirements of the Bank Act should be allowed to go into the banking business. For that reason, I am going to vote for the second reading of the bill.

Hon. Mr. Roebuck: Honourable senators, may I have your indulgence for a moment, so as to prevent any misunderstanding of what I have said? In my experience I have had nothing but courtesy and helpfulness from the banks with which I have done business; and I have a considerable respect for the management of our banks, particularly for the local management.

Hon. Mr. Burchill: Honourable senators, may I be allowed to add a few words? I intend to vote for the second reading of the bill, but I think that in committee we should give it very careful scrutiny and hear all the arguments about it, *pro* and *con*. With all due respect for my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), with whose proposition that competition is a good thing I entirely agree, and admitting also that I was much impressed by the arguments of my honourable friend from Churchill (Hon. Mr. Crerar), I still think it is well to point out that our Canadian chartered banks provide banking facilities throughout this country, from east to west, not only in the larger centres of Montreal, Vancouver, Toronto and so on, where business is profitable, but in thousands of small communities, where banking operations cannot be very profitable and often must be unprofitable. That is one of the things I think we should consider, and we should protect the present banks, which are carrying the load at this time. As has been rightly said, they are affording this country a sound banking system, which is perhaps the envy of the world. I would be the last to do anything that would in any way, shape or form imperil our Canadian banking system.

Hon. Mr. Hugessen: Honourable senators, I think that one thing which can be said at once is that, if they have done nothing else, the few words I spoke when sponsoring this measure for second reading have given rise to a most interesting discussion. When one

introduces a private bill, in which he has no personal interest of any kind, merely for the purpose of submitting it for consideration in the house and thereafter in committee, I do not know that it is his function to attempt to answer in full detail all the arguments that have been raised in debate.

Hon. Mr. Haig: No.

Hon. Mr. Hugessen: I fully agree that this is an important matter and that it will be necessary for us to consider the bill very carefully when it goes to committee. On the other hand, I do suggest to the house that there is sufficient reason to give the bill second reading, in order that we may conduct in committee that inquiry which it is obviously impossible for us to conduct here.

There were one or two questions asked to which I can give answer. I can say to my honourable friend from Ottawa (Hon. Mr. Lambert) that I know of no reason why the introduction of this bill should lead to any amendment of the Bank Act. In fact, a look at the bill suggests that precisely the reverse is the case. This bill seeks to bring the proposed new bank squarely and fairly within the four corners of the existing Bank Act.

My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) asked whether the proposed new bank contemplated engaging in domestic or local business. Well, that is an extremely difficult question to answer. I thought I made it plain that at the outset the primary object was to engage in international business, particularly with the Far East. But, of course, having been granted a charter under the Bank Act, this bank would be in a position to engage in domestic banking business, if, as and when it appeared to it to be profitable or advisable to do so.

There is one precedent for the sort of thing that is being asked for in this bill, and that is the incorporation of Barclays Bank (Canada), which obtained a charter from the parliament of this country some twenty-five or thirty years ago, I think. That too was a subsidiary of a large European bank—in that case a British bank—and that too was organized primarily for the purpose of engaging in international trade between Canada and Great Britain and the various parts of the Commonwealth in which Barclays Bank, the parent organization, is so strongly established. When Barclays Bank (Canada) began operations it had, I think, only one office, in Montreal. Over the years it has greatly extended its business in Canada, and it now has a branch office in Montreal, as well as one each in Toronto and Vancouver. I am not sure whether it has one in Winnipeg, but at any rate it is gradually extending its Canadian business as conditions permit.

It is impossible for me to gauge what the future may bring to the new bank which this bill proposes to incorporate. The only general answer I can give to my honourable friend is that the power to engage in a general banking business in Canada will be there, if parliament sees fit to grant a charter.

What was said by my honourable friend from Churchill (Hon. Mr. Crerar) about the very stringent control now exercised by the government of this country over every chartered bank, has, I think, a good deal of force. It is true, as was pointed out by the honourable senator from Toronto (Hon. Mr. Hayden) that the government cannot guarantee that every loan which is made by a bank will be a good loan. But it will be recalled that in the year 1934 the Bank Act was amended to provide for the appointment of a federal official called the Inspector General of Banks, who has very extensive and continuous duties in examining into the conditions of the chartered banks. I think I am right in saying that at no time since that amendment was introduced has there been any failure of a Canadian chartered bank, or even a suspicion that any of them were anywhere near to being unable to fulfil their obligations.

Honourable senators, I believe that is about all I can usefully say. If it is the wish of the house to obtain most complete details in committee, I am quite sure that the sponsors of the measure will be willing and indeed anxious to provide the information.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hugessen: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill B-1, an Act for the relief of Sarah Cohen Lintz.

Bill C-1, an Act for the relief of Fernande Robitaille Viel.

Bill D-1, an Act for the relief of John Joseph Francis.

Bill E-1, an Act for the relief of Olga Andrews Martin.

Bill F-1, an Act for the relief of Lois Hattie Adelstein Green.

Bill G-1, an Act for the relief of Nellie Slade McCue.

Bill H-1, an Act for the relief of Jean Davis Brady.

Bill I-1, an Act for the relief of Dominique Fiorito.

Bill J-1, an Act for the relief of Pearl Elmeda Clarke Staples.

Bill K-1, an Act for the relief of James Arthur Bruce.

Bill L-1, an Act for the relief of Bernice Rosen Rapps.

Bill M-1, an Act for the relief of Murray Cecil Day.

Bill N-1, an Act for the relief of Elizabeth Florence Robson Hamilton.

Bill O-1, an Act for the relief of Winniefred Ann Maltby Gurlevitch.

Bill P-1, an Act for the relief of Marie Claude Audette Isabelle Boulanger Douglas.

Bill Q-1, an Act for the relief of Gaston Courtemanche.

Bill R-1, an Act for the relief of Norma Bernstein Cohen.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the second time, on division.

BANKING AND COMMERCE COMMITTEE MEETING

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, before I move the adjournment of the house, I would remind members of the Banking and Commerce Committee that the committee will meet immediately after the Senate rises.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, December 9, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STAFF OF THE SENATE

REPORT OF INTERNAL ECONOMY COMMITTEE

Hon. Norman M. Paterson, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented the second report of the committee, as follows:

Your Committee recommend:

1. That Mr. Harold Horton Emerson, Editor of Debates and Chief of Reporting Branch, Senate, be retired on the 1st day of January, 1953, and be granted an annuity under the provisions of the Civil Service Superannuation Act.

2. That in lieu of retiring leave with pay Mr. Emerson be granted a gratuity equal to the difference between six months' salary and annuity for that period.

He said: At this point I would like to take the opportunity of expressing the deep regret of my committee at the retirement of Mr. Emerson after his long and faithful service. We wish to go on record as appreciating his service, which has extended over about thirty-seven years, and our regret that we have to accept his resignation.

THIRD, FOURTH, FIFTH, SIXTH, SEVENTH AND EIGHTH REPORTS

Hon. Mr. Paterson presented the third, fourth, fifth, sixth, seventh and eighth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The reports were severally read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Paterson: Tomorrow.

SAINT JOHN BRIDGE AND RAILWAY EXTENSION COMPANY BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Ghairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill L, an Act respecting the Saint John Bridge and Railway Extension Company.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill L, an Act respecting the Saint John Bridge and Railway Extension Company, have in obedience to the order of reference of December 2, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hugessen: Tomorrow.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill M, an Act to amend the Canadian Overseas Telecommunication Corporation Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill M, an Act to amend the Canadian Overseas Telecommunication Corporation Act, have in obedience to the order of reference of December 4, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hugessen: Tomorrow.

INDIAN BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill B, an Act to amend the Indian Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill B, an Act to amend the Indian Act, have in obedience to the order of reference of December 2, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hugessen: Tomorrow.

NATIONAL RAILWAYS AUDITORS BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill N, an Act respecting the appointment of auditors for National Railways.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill N, an Act respecting the appointment of auditors for National

Railways, have in obedience to the order of reference of December 3, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Tomorrow.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill P, an Act respecting Interprovincial Pipe Line Company.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill P, an Act respecting Interprovincial Pipe Line Company, have in obedience to the order of reference of December 1, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: Tomorrow.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill R, an Act respecting Beaver Fire Insurance Company.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred Bill R, an Act respecting Beaver Fire Insurance Company, have in obedience to the order of reference of December 2, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Bouffard: Tomorrow.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill Q, an Act to incorporate Peace River Transmission Company Limited.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred Bill Q, an Act to incorporate Peace River Transmission Company Limited, have in obedience to the order of reference of December 1, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Bouffard: Tomorrow.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, I should like to make a brief statement with respect to the forthcoming adjournment, about which a number of honourable members have asked me for information. The question presents some problems, but I will give the house what I think about it under the existing circumstances. As always, I must reserve the right to change my views should unforeseen circumstances develop.

There is some doubt as to whether we will be able to complete our consideration of the legislation presently before us by Thursday, December 18, and if on that date the work has not been completed, I will then move that we adjourn until January 12, when we can complete our consideration of outstanding matters and adjourn until Tuesday, February 3. It is highly unlikely that any appreciable amount of new legislation will reach us from the House of Commons before that date. On the other hand, should it develop that the present legislation is disposed of on or before December 18, I would consider that no useful purpose would be served by our re-assembling on January 12, and accordingly would move that we adjourn until February 3.

The basis of my proposal is that when we have work to do we should do it with all reasonable expedition, but that when we have nothing to do we should adjourn.

Hon. Mr. Reid: Honourable senators, I have listened with interest to what the honourable leader has had to say, and have one observation to make. It is rather awkward for those of us who come from as far away as British Columbia to return to Ottawa on January 12 for a period of perhaps three or four days, and then adjourn until an early date in February. I think such an arrangement would hardly be fair to those of us who have so far to travel.

Hon. Mr. Robertson: I have stated my proposal.

Hon. Mr. Crerar: Can the honourable leader of the government give the house any idea of the prospects of adjourning on December 18 for the longer period?

While I am on my feet I might add that if we re-assemble on January 12 we may be here for only a few days before adjourning until February. That means that those of

us who choose to spend Christmas at home will be coming back here for a few days only, and then either staying around Ottawa with nothing to do or returning home at our own expense. That, honourable senators, is a consideration. If the honourable leader is able to give us any enlightenment on the prospect, I for one should like to hear it.

Hon. Mr. Robertson: Honourable senators, I think the only enlightenment I can give is that as the sole member of the government in this house it is my duty to present legislation in the Senate and to see that it gets early and careful consideration. The length of time the Senate chooses to spend on legislation, either in the house or before the committees, is entirely up to honourable senators.

Hon. Mr. Crerar: May I ask a further question? Is the longer adjournment dependent upon the passage of the Criminal Code Bill through this house?

Hon. Mr. Robertson: Yes; by reason of its size it, along with other legislation, has some bearing.

I may say that I should not like what I have said to be taken as an indication of any particular wishes on my part, for I live in Ottawa and am impartial; however, I do appreciate what has been said by honourable senators who have some distance to travel. I would not suggest that the discussion of proposed legislation should not occupy all the time which the Senate may see fit to give it. However, it seems to me, although it is for the house to decide, that matters might be so far expedited as to avoid the possibility that on the 18th of December our consideration of this legislation would not be completed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill B-1, an Act for the relief of Sarah Cohen Lintz.

Bill C-1, an Act for the relief of Fernande Robitaille Viel.

Bill D-1, an Act for the relief of John Joseph Francis.

Bill E-1, an Act for the relief of Olga Andrews Martin.

Bill F-1, an Act for the relief of Lois Hattie Adelstein Green.

Bill G-1, an Act for the relief of Nellie Slade McCue.

Bill H-1, an Act for the relief of Jean Davis Brady.

Bill I-1, an Act for the relief of Dominique Fiorito.

Bill J-1, an Act for the relief of Pearl Elmeda Clarke Staples.

Bill K-1, an Act for the relief of James Arthur Bruce.

Bill L-1, an Act for the relief of Bernice Rosen Rapps.

Bill M-1, an Act for the relief of Murray Cecil Day.

Bill N-1, an Act for the relief of Elizabeth Florence Robson Hamilton.

Bill O-1, an Act for the relief of Winniefred Ann Maltby Gurlevitch.

Bill P-1, an Act for the relief of Marie Claude Audette Isabelle Boulanger Douglas.

Bill Q-1, an Act for the relief of Gaston Courtemanche.

Bill R-1, an Act for the relief of Norman Bernstein Cohen.

The bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Honourable Mr. Vaillancourt for an Address in reply thereto.

Hon. Thomas Reid: Honourable senators, I realize that most if not all of the items contained in the Speech from the Throne will come before us from time to time, and that opportunity will then be available to speak on them, so that it is not my intention to deal with many of them this afternoon.

My first words are to commend the government for the appointment of the Hon. Mr. Mayhew as Canada's Ambassador to Japan. Those of us who live in British Columbia, in common no doubt with many elsewhere, know that the government could not have made a better choice. Mr. Mayhew is a very successful business man. He is not without experience in Japanese affairs, having been associated with the negotiation of the Fisheries Treaty between Japan, the United States and Canada. Also, he is a real diplomat, and I feel sure that in his new position he will maintain and extend the prestige of Canada.

I want also to congratulate the government upon having appointed two cabinet ministers from our province. We in British Columbia feel very pleased that the province is now represented by two federal ministers instead of one. The people generally understand that this indicates the government's recognition of the great industrial development and the rapidly-increasing population of our province.

Reverting for a moment to our relations with Japan, may I reiterate what I said last session: I trust that no presure group

will arise when matters of trade between that country and our own come under discussion. Excluding countries within the British Commonwealth, Japan now holds second place in respect of our exports, the United States leading, with Venezuela third. In the first nine months of this year our sales to Japan have risen to nearly $69 million. If business is maintained at this rate, by the end of the year nearly $90 million worth of Canadian goods will have gone to Japan for the use and benefit of the people of that country. But our imports from Japan have been of the order of only eight or nine million dollars, and I noticed in the press the other day that the Japanese Ambassador spoke seriously about this disparity in trading, asked for western investment in Japan, and appealed for greater opportunities for the sale of Japanese goods in western markets. To those who live in the central provinces I would say, do not be obstructive in this matter or allow pressure groups in Canada to stop Japanese goods from coming in, or Japan may perforce turn to the Soviet, and we shall be deprived of a bulwark in the Pacific, represented by a nation of 95 million people, whose aid we greatly need in the Far East.

Regarding the recognition which the government has given British Columbia by the appointment of two cabinet ministers from that province, I was interested in some historical references by the honourable leader of the opposition (Hon. Mr. Haig) to the early days of the Canadian Pacific Railway. In looking through my papers the other day I came upon some information which illustrates afresh how foolish sometimes it is for people to assume the role of prophets. When, in 1881 the C.P.R., disappointed in efforts to raise money in Canada, went to London with a view to selling bonds for the construction of its road into British Columbia, London "Truth" had this to say about that province:

> The Canadian Pacific Railway will run, (if it is ever finished) through a country frostbound for seven or eight months in the year, and will connect with the western part of the dominion a province which embraces about as forbidding a country as any on the face of the earth. British Columbians, they say, have forced on the execution of this part of the contract under which they have become incorporated with the dominion, and believe that prosperity will come to them when the line is made. This is a delusion on their part: British Columbia is a barren, cold, mountain country, that is not worth keeping. It would never have been inhabited at all, unless by trappers of the Hudson's Bay Company, had the "Gold Fever" not taken a party of mining adventurers there, and ever since that fever died down the place has been going from bad to worse. Fifty railroads would not galvanize it into prosperity.

What a woeful prediction about one of Canada's now most progressive and prosperous provinces.

But the writer did not overlook Manitoba: Here is his comment on that province:

> A friend of mine told me,—and he knew what he was talking about,—that he did not believe the much touted Manitoba settlement would hold out many years. The people who have gone there cannot stand the coldness of the winters. Men and cattle are frozen to death in numbers that would startle the intending settler if he knew, and those who are not killed outright are often maimed for life by frostbites. Its street nuisances kill people with malaria or drive them mad with plagues of insects; and to keep themselves alive during the long winters they have to imitate the habits of the Esquimaux. Those who want to know what it is like should read the not-yet forgotten books of Colonel Butler. His "Great Lone Land" is the land of which the Canadian Pacific Railway has yet five-and-twenty million acres to sell, and it is through a death-dealing region of this kind that the "new railway" is to run.

When one realizes what wonderful provinces now lie from Manitoba westward to British Columbia, it is interesting to look back on that prophecy after all these years and smile.

I sympathize with the leader of the opposition (Hon. Mr. Haig) in his views about the United Nations. I, too, am not so confident in this matter. If one reads the history of 1898, some fifty-four years ago, one will find that Czar Nicholas II spoke in exactly the same language as is being used today by Stalin's advocates at the United Nations. Back in 1898 the Czar talked about maintaining peace and carrying out a program of disarmament. No one would dare argue that we should cease talking about this merely because of the fact that for fifty-four years now Russia, in particular, has been talking of peace and disarmament. Those who come from Russia do not like to be reminded of this fact. They want to tell you that they belong to the Soviet Republic. Just the same, it should be pointed out that the Russian is still there and he has not altered his ways or his old ambitions.

I am one who believes that we should not fear any military attack from the Soviet. I think the danger is that some untoward incident may come up that might cause us to attack Russia, and that is just the thing the Soviet wants. Stalin and his followers are enabled to carry on their form of government far easier by keeping alive the fear of war in the minds of the Russian people. They are laying back and watching the western powers, hoping to see us fighting among ourselves. They are watching the United States and Canada, among other countries, beginning to waste a substantial part of their great heritage and reserves. I am wondering how long we can stand the great loss of our heritage which results from the reckless manner in which we are using them.

Speaking about the new United Nations headquarters, somebody said, "At least they

have built a permanent building to fight in." I do not think that statement is far from the truth. Wilson Woodside has said in a recent article that the "have-nots" of the United Nations have the votes, and the latest proposal amongst the "have-not" nations is to amalgamate and form a union to get more and better deals from the countries who "have". One of these "have" countries is Canada, which in my opinion is exceedingly well off. I would point out, however, that many of us are beginning to fear what may happen if we lose our export markets. I trust that we are not going to price ourselves out of some of our export markets. Let me illustrate by just one instance which to my way of thinking is alarming. Last year the herring industry in British Columbia was worth $8½ million. This year some of the leaders of the fisheries union—perhaps Soviet inspired—called a strike, and as a result no herring will be caught this year. Further, the strikers have published articles in the press about the starvation wages paid by the fish canning companies. The house will be interested to learn that last year every man aboard the herring vessels—I am not talking about the captains, but the deckhands—earned $3,500 for approximately seventy days' work. With the price of fish oil dropping from about eighteen cents to about six cents, the fishermen were offered a cut in the per ton prices for herring. The strikers called these starvation prices, but I am informed that had they accepted the terms offered every man aboard a herring vessel would have earned at least $2,250 for seventy days' employment. Is it any wonder that some of us are becoming alarmed at this trend? I saw an editorial the other day about British Columbia carpenters, who went on strike this year. They were demanding $2.50 an hour. The carpenters were being commended in the editorial on the fact that they had decided not to proceed at the present time with a demand for a thirty-hour week.

As I say, I do not know where we are going in this country. I really hope that we can maintain our way of life and continue to be able to pay these great prices for the services of our citizens. But I think the time has come to draw the serious attention of the union leaders and the people at large to the way we are drifting.

There have been other strikes in the fishing industry with regard to certain species of salmon. As there are no export markets for our salmon and British Columbia warehouses are filled with salmon from last year's fishing as well as this, our fishermen were told that they would have to take a minor wage cut this year. They said "No." And so it goes. Wages are increasing and working days are being shortened, so naturally the price of our goods continues to rise. As I said before, we are in some danger of pricing ourselves out of our export markets, which are so vital and necessary to our way of life.

I want to deal now with Canada's social welfare state. I listened with a great deal of interest to the speech made last night by the honourable senator from Medicine Hat (Hon. Mr. Gershaw), and I want to say something about health schemes and refer particularly to what we in British Columbia have gone through as a result of having too hasty a scheme. First of all, I think the drift towards a welfare state in this country is troubling many of us.

The *Financial Post*, in the column "The Nation's Business", reports J. Gerald Godsoe as saying:

> Scarcely a week passes without some group of people or some organization pressing one or other of our governments somewhere in Canada to undertake some new project for spending public moneys or to embark upon some other form of paternalism. Businessmen have been as imprudent as anybody else in this respect and all too frequently have gone running to government to seek some redress or some remedy when the answer, if the problem were tackled with some enterprise, could well have been found in the hands of business itself.

The writer of the column comments as follows:

> When we demand more, governments inevitably grow bigger and so do our taxes. And governments can't do and spend more and tax less. Big government means more interference in our everyday lives, and a strengthening of the fallacy that big government by its nature is good and desirable.
>
> Some of the most outspoken opponents of big government and big public expenditures are very prone to say their pleas to Ottawa are just;—

I emphasize these words, that they think their own particular pleas are just. The writer continues:

> —it's the other fellows with their pleas who are making improper claims which contribute to big government.

And they contribute also to high taxes.

And now we see that many members of parliament, on the government side, are beginning to importune the government to go ahead with a great national health insurance scheme for Canada. Before I comment upon that, I wish to make a few preliminary remarks. We must and should remember that there is no socialism without centralization, and a national health scheme would be, in part at least, socialistic. As a government grows in size it grows in authority, because more and more power is concentrated in the hands of a few.

Canada's system of government, so far as my reading of history shows, was designed to distribute power and to act as a check upon the dangerous centralization that is the essential basis of socialism. I wonder if those who are advocating centralization—whether they call themselves Liberals or not—realize that they are in effect striking at the British North America Act, which sought to spread governmental powers evenly between the dominion and the provinces. I hear members of parliament and others urging that the federal government do all kinds of things that it was not intended to do—build roads, build hospitals, build almost anything at all. To my way of thinking, that kind of thing would lead us down a certain path that could only end in state dictatorship. We give lip service to the British North America Act and to the rights of the provinces, but subtly and surely these provincial rights are gradually being filched away. Woodrow Wilson well said some forty years ago:

> The history of liberty is a history of limitations of governmental power, not of the increase of it.

Let us remember that communism is merely the climax of despotic government power; and whether we agree with communism or not, the fact is that as our governments become greater and greater we gradually take on the face of our enemy.

I come now to this proposal before the country for health insurance. So far as I know, no one has yet defined what he means by health insurance or stated clearly what it would consist of. I once heard the late Prime Minister Mackenzie King say to a group of Liberals, "You can never outbid the C.C.F." Yet, that is what some Liberals are now trying to do. A national health scheme is being proposed in another place by a certain party, and with an election in sight some who want to be elected think this might be a very good talking point, and so are expressing themselves in favour of the proposal. It is feared by some others that if they criticize the proposal at all or come out against it, the voters will reject them at the next election.

Well, there is a great danger of jumping into a thing of that kind too quickly, as we found out in British Columbia. We have a rather sad story to tell about hospitalization. The present scheme that we have out there had its origin in this way. Some years ago it was suggested and talked about, not very warmly, shall I say, all over the province, and with the view of outsmarting the C.C.F., the Liberal government in the province jumped into the scheme without giving any great thought to the possible costs. Before coming down here I collected some figures, so as to be able to tell you where we are drifting to in British Columbia. As no doubt most honourable members know, the scheme is compulsory. In 1949, when it was first put into effect, the premium for a single man was $15, and for a married man with one child $24. Well, as soon as the hospitals learned that the government was underwriting the costs, and that people were compelled to pay these premiums, the operating costs of hospitals went up. Union organizers walked in and organized all the nurses, all the janitors and everybody else around the hospitals who could be organized. Of course, the doctors already had a union of their own, so the unions could not get any further with them.

To give the house an idea of the degree to which hospital staffs have been unionized, I will repeat a story that was told me by a doctor in Vancouver just before I came to Ottawa. He said that when attending a patient at the Vancouver General Hospital he needed to use an oxygen tent, but the door of the patient's room was too small to admit the apparatus. So he asked the janitor, "Would you mind taking a screw-driver and removing the door from its hinges, so that I can get this machine inside?" The janitor replied: "Do not expect me to do that. If I did a thing of that kind I would be up before the union." The doctor himself then borrowed a screw-driver from the janitor and removed the door from its hinges.

If an electric lamp breaks or burns out, do not think that any one of the attendants there would put in a new one. It too is a specialized job, and if one of them were asked to do it he would say "That is not my job, and if I did it the union would get after me."

Naturally costs kept on climbing, and it was not long before the provincial government found that the original scale of premiums was not large enough. In 1950 the rates were increased to $21 for a single man and $33 for a married man with one child. But there were still more demands for increased wages, and other costs as well continued to rise, so that the hospitals were still experiencing financial difficulties. Then in 1951 the government put the premiums up again, this time to $30 for a single man and $42 for a married man with one child.

On the 1st of July, 1951, a scheme of so-called co-insurance was introduced. It was said that many people were staying in hospital much longer than was necessary, and the government decided that some method would have to be adopted to make these people go home when they were well enough to do so. So this co-insurance scheme provided that in addition to the annual premium there should be a charge of from $2 to $3.50

per day during the first ten days that a person spent in hospital. That is, a married person who had paid an annual premium of $42 and was in hospital ten days would pay an additional charge of $20 or more.

These additional charges caused great dissatisfaction, and many people were hopeful that the government would call an election before long, so that they could register their definite protest. Well, an election was held and the people did register a protest, and in no uncertain terms. And so the Social Credit party came into office. It had made some kind of promise to eliminate the compulsory feature of the insurance and allow people to pay or not, as they liked. In July of this year the new government, as a gesture to the people, reduced the annual premiums for both single and married persons by $3 a year; that is, it made the premium for a single person $27 and for a married man with one child $39. Also, the co-insurance charge was reduced to $1 per day, but it is to be paid as long as the patient remains in hospital. Thus, if a patient is hospitalized for fifteen days he will pay $15; but if he has to stay in the institution for fifty days he will pay $50, and so on. This, as I say, is in addition to the annual premium; and now the newly elected government is finding itself in difficulties. So the matter now stands. Certain hospital authorities in the province have recently told the government that they are not going to carry on any longer. They say "You can have the hospital, and do what you like with it".

I have mentioned these facts just to show the kind of thing that can happen when a government scheme of this kind is adopted hastily. The experience of the government of British Columbia was somewhat similar to that of the British government after it began to supply free glasses, free teeth, and free medical services of every kind. Everybody wanted to take advantage of these things that were free. People were changing their glasses every week because they did not like the colour of the rims. That kind of thing has been happening, until today Great Britain is labouring under a system which, if the truth were told, she really cannot afford.

The major difficulty in the way of the success of the health scheme attempted in British Columbia was that it could not be made compulsory.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Reid: It simply could not be done, and the government was afraid to face up to the need for compulsion. True, the odd person here and there was checked—and I felt sorry for these few—especially when it became apparent that at least thirty-five per cent of the people of the province were not paying anything towards hospitalization; nor are they yet paying; and it is my opinion that no scheme carried by only sixty or sixty-five per cent of the people can succeed.

That is the problem facing British Columbia. In my opinion that province will never succeed in operating a health scheme unless it is paid for directly from the exchequer or by means of a sales tax imposed for the specific purpose. As honourable senators know, a sales tax is not a very popular collection method. I think the federal government was alert in its financing of the universal old age pension by taking two per cent of the sales tax and directing it to that purpose. The general public never felt it as there was no added burden in so far as the sales tax was concerned.

When talking of the welfare state, I am one who believes that the action of the present government during the past few years has pushed the C.C.F. party off the map. That was the party that frightened some people into an advocacy of a welfare state. Notwithstanding that, we are today giving more and more consideration to a national health policy. What does this mean? Does it mean that our hospitalization will be taken care of, that we will have free teeth care, or what? The people of this country must be warned that whatever they get from this or any other government must be paid for. There is no hidden barrel into which the government can dip to pay for all these services; therefore some guidance and some warning about the costs of the welfare state should now be given to the people.

Another trend which I view with alarm is the claim that pensionability at seventy years is too late, and that people should become pensionable at sixty-five. I warn the country and the government to guard against any such campaign. I recently read with interest an article entitled: "A Doctor Looks at Retirement." In this article the doctor warns about what can happen when you retire at sixty-five. These are his words:

> Bankers, teachers, salaried scientists and others in the higher employed groups are forcibly relieved of their positions at 60. Unions, too, do not realize that when they ask for and get retirement pensions at 60 or 65, they are in many cases signing a death certificate for a working man who has been used to a daily routine of employment all his life. When he is shifted from the factory machine to the armchair he soon deteriorates mentally and physically.

I realize of course, that some provision has to be made for the earlier retirement of persons who are not in good health. I think, however, the members of the medical profession should warn people of the dangers of early retirement. The insurance companies have long known that men who retired from

their labours as active railway workers, for instance, had in three years' time become bent, crippled and almost ready for the grave, because they had nothing to do. It is interesting to note that some of the leaders of the various labour unions who previously favoured retirement at sixty-five are themselves seventy years of age or over. Mr. Mosher, in an article entitled "Should Retirement at Sixty-five be Compulsory?" admits that his views in earlier years were wrong. Now that he has reached seventy, he is in disagreement with the policy of retirement at sixty-five.

May I say one further word as to Great Britain's welfare state, and I direct my remarks to those honourable senators who belong to the medical profession. According to the reports I get from the Old Country, the good health of many of the citizens there has been acquired since the beginning of World War II. This was due not so much to the welfare state as to the fact that the people had been on rations and could not get all they wanted to eat. It should teach a lesson to the people in this country, many of whom are eating themselves into the grave, with no one to warn them of the dangers they are incurring. I was about to combine over-drinking with over-eating, but perhaps I should stick to eating, because I know more about it—

Hon. Mr. Hugessen: Question?

Hon. Mr. Reid: —and am one of those who watch their diet carefully, and eat very little.

Hon. Mr. Robertson: An authority?

Hon. Mr. Reid: A scientist, prominent enough to address the Mayo Brothers Clinic, lived with me last year for a period of three weeks. He made this observation: "Where I come from I have never known people to drop dead with heart disease; True, you may be able to hear them breathing heavily when climbing a mountain, but they never die or drop dead suddenly of heart attack". He went on to say that what in his opinion was wrong with the people of this country was that they ate too much. Human beings should not be led to hope or believe that they will be better off under a cradle-to-the-grave welfare policy. The welfare state is not the complete answer.

I do not want anyone to point a finger at me and accuse me of being opposed to social services, for I am not. I consider it my duty, however, to speak today in answer to certain welfare proposals that have been made, and to meet the agitations of certain people. In my opinion this country is not nearly ready for a national health scheme. Such a scheme does make good propaganda, and may well be a lure to many; but if I were a member of the government I would be cautious and take warning from the experiences of other countries which have embarked on all-embracing schemes of this kind.

I turn now for a few minutes to a subject which, to my knowledge, has not been discussed in parliament, but which is of such tremendous importance to the health and welfare of the country that I think the attention of government and the people should be drawn to it. I refer to the use of narcotics and drugs, a problem which is becoming acute on the Pacific coast. I believe it has also become more or less acute in Montreal and Toronto, and perhaps in Winnipeg but in British Columbia it is of very serious concern to the authorities.

First of all, I should like to refer to some information which has been submitted by the Standing Committee on the Prevention of Narcotic Addiction, which was set up in Vancouver to bring the problem to the attention of the people of Canada and to the government. The committee, under the chairmanship of Dr. Lawrence E. Banta, published an article entitled "Drug Addiction in Canada —The Problem and Its Solution". Honourable senators, upon first hearing the solution suggested by this article you may be inclined to disagree with it; but I ask that you hear it and give it some thought before coming to a final conclusion. This committee, organized on a voluntary basis, is doing much to bring the drug traffic to the attention of not only the people of Vancouver but the government.

The article, in its reference to drugs, has this to say:

> A variety of narcotic drugs may be extracted from plants . . . The most dangerous drugs are chemically refined from raw plant narcotic chemicals, or they are completely synthesized from entirely innocent organic chemical sources.
>
> Morphine is the principal active agent of opium. It is one of the most valuable drugs employed by medical science, but it readily causes addiction. It may be employed as extracted from opium or it may be chemically modified into diacetyl-morphine (heroin). The latter drug is reputed to cause habituation with comparative quickness.
>
> Coca leaf yields cocaine (snow) which may produce a relatively less tenacious addiction, but it has drastic physical and mental effects.
>
> The active agent of Indian hemp is not used in a refined state. The leaves of the plant are smoked. Habituation to marihuana is perhaps less destructive to the individual, but it frequently leads to the employment of more sinister drugs. Its victims may also produce crimes of particular violence.
>
> There are a number of fully synthesized narcotic drugs, e.g., demorol, which may induce habituation with results equally destructive as addiction to natural drugs . . .
>
> It is not possible to obtain a satisfactory estimate of the number of drug addicts in Canada, or in any part of it. There is, however, a fairly adequate

knowledge of the number of addicts who are at present free to continue their addiction, but who were at one time convicted on a drug charge.

These number some 4800 persons in Canada, of whom at least 1300 persons are in Vancouver. Thus, about a quarter of Canada's known drug addicts live in this city.

Bear in mind that these figures only relate to the number of those who have come before our police courts. They do not include the many who are addicted to the drug habit but who, living in homes private or elsewhere, are not generally known to the police.

Unhappily, there is no evidence that the present system of control of narcotic addiction is succeeding in reducing the number of addicts. In fact, all signs point to a progressive increase, as illustrated by the number of prosecutions under the Opium and Narcotic Drug Act in Vancouver during recent years.

In 1947 there were 120 prosecutions; in 1948, 168; in 1949, 195; in 1950, 260; and in 1951, 266; while the first six months of 1952 have seen 169 prosecutions. This may reflect a growing efficiency of the law-enforcement agencies, but it may reveal greater opportunities for discovery.

I am not going to unduly weary honourable senators by reading all this material, because I do not think it is necessary to do so, but one statement that I should like to put on record is that of Honourable Mr. Justice Manson, when he recently sentenced ten persons who had been convicted because they had drugs in their possession and were engaged, or about to be engaged, in the traffic in drugs. He said:

Years ago it was said by a very eminent judge, a former colleague of mine, the late Mr. Justice Murphy, that a man who trafficked in drugs was worse than a murderer in that he murdered not only the body but the soul. The drug addict is, indeed, a tragic person. He has ceased to be master of himself. He sinks and sinks to the very lowest depths of moral depravity, and when the addict is a woman—a girl of teen age—the situation is twice as tragic.

No crime can be more heinous than that of the individual who peddles drugs. It is twice heinous—utterly damnable—when the pedlar peddles to girls; that peddling results in the prostitution of both body and soul. It is no excuse to say the girls were bad or they "asked me for drugs".

Finally, Judge Manson says:

It is not for me to enquire why girls go wrong, nor to pass judgment upon those who have been responsible for their upbringing. One can only believe that someone has been criminally neglectful in the upbringing of these girls.

The association makes certain suggestions which have aroused considerable criticism. First, they point out that the great spread of drug addiction is due to the increase in the traffic which is the consequence of the fabulous profits which are made by the selling of drugs. Unfortunately it is not always possible to get hold of the higher-ups. Usually the police catch a man or woman who has some drugs in his or her possession, and who, maybe, is peddling to others.

According to the committee's report, it costs an habitual addict $7,000 a year to buy the "shots" necessary to keep him going. You can realize just what has to be done by these drug addicts at certain times to obtain the money necessary to secure the drug they desire. Usually, I am told, the price begins at about $6 a "shot". Before long the young girl or boy who becomes addicted needs two or three "shots" a day, with the result that the boy often takes to stealing and the young girl goes off and stays with someone who can provide her with funds.

The committee also point out—and honourable senators who are doctors may disagree, if I do not correctly state the facts—that for those who begin to take heroin there is no certain cure but death itself. Once they start on that road, they are gone. Those who peddle this stuff may attend dances, or even go around the schools to induce these youngsters to try a "shot". It feels so good, they say, that after a while they want another; and when they have acquired the appetite, ways and means must be found to get the necessary money for more.

The committee, having given considerable thought and study to the subject, believe that our whole approach to the matter will have to be revolutionized. They are not unmindful of the splendid work done by the Royal Canadian Mounted Police in apprehending offenders, but catching them, bringing them before a judge and having them sentenced to jail is no cure at all. As a matter of fact, instead of convictions improving, they are getting worse, and many serious-minded citizens are really alarmed. The situation has aroused some criticism from an ex-member of the police who held a very prominent position in the force, and has recently written an article on the proposals of the committee. Former Superintendent R. S. Wilson does not disagree with the proposals in their entirety, but in only one particular. He does not think that a panel of doctors should be set up through whom drug addicts should obtain their dose at a nominal price, say 25 cents or so, under medical supervision and control. But others believe that, while it would not effect the cure of those who take drugs, it might eliminate a traffic which means hundreds of thousands of dollars to those who are in the business.

I know people who take the viewpoint that the trafficker who, though not using the drug himself, takes money for the sale of it, should be given the death sentence. Whether or not we agree with the contention that this should be done, we must all agree that this traffic is one of the most serious problems affecting the welfare of our youth to-day. As I have

said, it is affecting the youth of Vancouver and other cities like Montreal and Toronto, and perhaps Winnipeg and Halifax.

Mr. Wilson, the former R.C.M.P. Superintendent, is quoted in the *Vancouver Province* as follows:

> Where, before the war Canadian addicts used opium and morphine, they are now almost 100 per cent addicted to heroin, a drug so deadly in its habit-forming characteristics that its medical use is forbidden throughout the United States and in all hospitals in this country operated by the Department of Veterans Affairs.

He says further—and in this he is in agreement with the committee's proposal:

> —that the Opium and Narcotic Drug Act should be amended to provide that a drug addict, after certification as such by three physicians, must be committed for a period of not less than 10 years to a narcotic hospital operated by the Federal Government.

The committee in charge of this report on narcotic addiction agree that these people who are addicted should be treated medically instead of criminally. They claim that wherever this has been tried it has been the means of reducing the number of drug victims. In 1937 the number of addicts reported in Great Britain was about 700. In 1949 Great Britain had 326 addicts in addition to 337 who regularly received drugs. In this country we have 4,800 known drug addicts in a population of some 14 million people.

The Deputy Chief of Police of Vancouver told me recently that most of the teen-agers, who are arrested in that city for theft and burglary are drug addicts, and that their ages range from fourteen to nineteen. He said that these addicts resorted to crime when they could not get enough money to pay for the dope they crave.

I am not going into this subject to-day as exhaustively as I could, but I do want to bring the matter before the Senate in the hope that serious notice will be taken of the terrible traffic in drugs, and that parents will endeavour to find out what their sons and daughters are doing, so that they can guide them and prevent them from going down the narcotic path. I hope that the government will give consideration to the recommendations that have been put forth, particularly the one advocating that the federal government co-opperate with the provincial authorities in setting up a pilot treatment and rehabilitation centre. This probably could be established somewhere in the centre of British Columbia. Surely the federal government could not readily refuse to co-operate with the provincial authorities in the establishment of this kind of clinic, with a view to trying to eliminate this serious drug traffic.

To my mind it is worth a trial. It is believed that this centre, would develop into a medical rehabilitation centre to serve as a substitute for the present ineffective penitentiary confinement of addicts who have committed no crime other than to become addicted to a narcotic drug.

Some Hon. Senators: Hear, hear.

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

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, December 10, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

MERCHANT SEAMEN COMPENSATION BILL

REPORT OF COMMITTEE

Hon. Mr. Beaubien (on behalf of Hon. Mr. Farris, Acting Chairman of the Standing Committee on Banking and Commerce) presented the report of the committee on Bill I, an Act to amend the Merchant Seamen Compensation Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred Bill I, an Act to amend the Merchant Seamen Compensation Act, have in obedience to the order of reference of December 2, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: Next sitting.

COMPANIES' CREDITORS ARRANGEMENT BILL

REPORT OF COMMITTEE

Hon. Mr. Beaubien (for Hon. Mr. Farris) presented the report of the Standing Committee on Banking and Commerce on Bill H, an Act to amend the Companies' Creditors Arrangement Act, 1933.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill H, an Act to amend the Companies' Creditors Arrangement Act, 1933, have in obedience to the order of reference of December 1, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Beaubien: Next sitting.

FOOD AND DRUGS BILL

REPORT OF COMMITTEE

Hon. Mr. Veniot presented the report of the Standing Committee on Public Health and Welfare, on Bill J, an Act respecting food, drugs, cosmetics and therapeutic devices.

He said: Honourable senators, the Standing Committee on Public Health and Welfare, to whom was referred Bill J, an Act respecting food, drugs, cosmetics and therapeutic devices, have in obedience to the order of reference of November 26, 1952, examined the said bill and now beg leave to report the same with a number of amendments.

Hon. Mr. Robertson: Honourable senators, as there are quite a few amendments, I would suggest that the report be not read at this time—

Hon. Mr. Roebuck: I would like to hear it read.

Hon. Mr. Robertson: I was going on to suggest that the report be taken into consideration tomorrow. The report will be printed in our proceedings, and honourable members will have an opportunity to study it before dealing with it here.

Hon. Mr. Roebuck: That is satisfactory, thank you. Then there is no need to read the report.

The Hon. the Speaker: Honourable senators, when shall the report be taken into consideration

Hon. Mr. Veniot: Next sitting.

(*See appendix at end of today's report.*)

COASTAL FISHERIES PROTECTION BILL

REPORT OF COMMITTEE

Hon. Mr. Vaillancourt presented the report of the Standing Committee on Natural Resources on Bill E, an Act to protect the coastal fisheries.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred Bill E, an Act to protect the Coastal Fisheries, have in obedience to the order of reference of December 1, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Vaillancourt: Next sitting.

TERRITORIAL LANDS BILL

REPORT OF COMMITTEE

Hon. Mr. Vaillancourt presented the report of the Standing Committee on Natural Resources on Bill K, an Act to amend the Territorial Lands Act and to repeal the Yukon Quartz Mining Act and the Yukon Placer Mining Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred Bill K, an Act to amend the

Territorial Lands Act and to repeal the Yukon Quartz Mining Act and the Yukon Placer Mining Act, have in obedience to the order of reference of December 2, 1952, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Vaillancourt: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill S-1, an Act for the relief of Mina Eisenthal Hamerman Segal, otherwise known as Mina Eisenthal Segal.

Bill T-1, an Act for the relief of Agnes Charlotte Quamme Higgins.

Bill U-1, an Act for the relief of Agnes Mary Perkins Pereira.

Bill V-1, an Act for the relief of Rosalia Marie Sepchuk Maniloff.

Bill W-1, an Act for the relief of Anne Reddie Banks Carruthers Beaudoin.

Bill X-1, an Act for the relief of Doris Isabell Dalzell Bennett.

Bill Y-1, an Act for the relief of Costanza Marzitelli Boisvert.

Bill Z-1, an Act for the relief of Gladys Emily Miller Young.

Bill A-2, an Act for the relief of Francoise Ernout Fisher.

Bill B-2, an Act for the relief of Margaret Girvan Hill.

Bill C-2, an Act for the relief of Fernand Ratelle.

Bill D-2, an Act for the relief of Charles Meela Voyinovitch Seifert.

Bill E-2, an Act for the relief of Lily Isenberg Kwavnick.

Bill F-2, an Act for the relief of Doreen Mae Walmough dit Watmough Colson.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the second time, on division.

BANKING AND COMMERCE COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate, I move that the name of the Honourable Senator Buchanan be added to the list of senators serving on the Standing Committee on Banking and Commerce.

The motion was agreed to.

THE SENATE

NEWSPAPER ARTICLE—PRIVILEGE

On the Orders of the Day:

Hon. Mr. Burchill: Honourable senators, before the Orders of the Day are called, I should like to rise on a question of privilege.

I have in my hand a copy of this morning's Montreal *Gazette*, which contains an article on the very excellent address delivered by the distinguished leader of the government in this house (Hon. Mr. Robertson) last Thursday in the debate on the Address in Reply to the Speech from the Throne. The article contains these words:

> His address, made to rows of empty seats in the Senate . . .

As a matter of fact, honourable senators, there were present on that occasion sixty-six senators out of a possible eighty-three.

Some Hon. Senators: Hear, hear.

Hon. Mr. Burchill: That is a little more than eighty per cent attendance, which I think compares very favourably with the average attendance of any legislative body anywhere in Christendom.

I call the attention of the Senate to this newspaper comment because I think it reflects unfairly on the deliberations and the attendance of honourable senators in this chamber.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: The article perhaps reflects the absence of newspapermen rather than of senators, since it has taken them five days to discover that I made a speech.

Some Hon. Senators: Hear, hear.

INDIAN BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill B, an Act to amend the Indian Act.

The motion was agreed to, and the bill was read the third time, and passed.

SAINT JOHN BRIDGE AND RAILWAY EXTENSION COMPANY BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill L, an Act respecting the Saint John Bridge and Railway Extension Company.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill M, an Act to amend the Canadian Overseas Telecommunication Corporation Act.

The motion was agreed to, and the bill was read the third time, and passed.

NATIONAL RAILWAYS AUDITORS BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill N, an Act respecting the appointment of Auditors for National Railways.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. Lambert moved the third reading of Bill P, an Act respecting Interprovincial Pipe Line Company.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. Taylor (for Hon. Mr. Bouffard) moved the third reading of Bill Q, an Act to incorporate Peace River Transmission Company Limited.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. Taylor (for Hon. Mr. Bouffard) moved the third reading of Bill R, an Act respecting Beaver Fire Insurance Company.

The motion was agreed to, and the bill was read the third time, and passed.

STAFF OF THE SENATE

CONCURRENCE IN REPORTS OF INTERNAL ECONOMY COMMITTEE

Hon. Norman M. Paterson, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, moved concurrence in the second, third, fourth, fifth, sixth, seventh and eighth reports of the committee.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Vaillancourt for an address in reply thereto.

Hon. G. H. Ross: Honourable senators, at the outset, may I say that I enjoyed reading the translation of the speech of the mover of the Address (Hon. Mr. Vaillancourt). I have always envied those who can speak fluently in two languages. Many of us have to be content to stumble along in one.

Canada owes a debt of gratitude for the contributions which the French-speaking citizens have made to Canadian culture. The forefathers of many of them were here before the arrival of the first English-speaking settlers, and our French-speaking citizens have enriched the life of this country in many ways, particularly with their gracious manners and their sense of human dignity and justice.

I also enjoyed the speech of the seconder, the honourable senator from Milford-Hants (Hon. Mr. Hawkins). I liked his optimism and faith in the federal government.

Some Hon. Senators: Hear, hear.

Hon. Mr. Ross: As a matter of fact, all speeches that have been made on the Address so far have been of an unusually high calibre.

During the last session I had occasion to study the Indian Act. At that time different questions arose in my mind as to the prairie Indians. Why do they lack morale and incentive, and appear so depressed and discouraged? Why are their spirits so low? Why have they made so little progress since entering into a treaty with Canada seventy-five years ago? Can the policy of the government towards them be improved? If so, what changes should be made? I have given considerable thought and study to these matters, and I propose to deal with them this afternoon.

In the year 1670, Charles II granted to the Hudson's Bay Company a trading monopoly and the ownership of all the lands in the Northwest Territories. For nearly two hundred years the company governed the country as a colony of Great Britain.

In 1868 the population of this vast area consisted largely of Indians. A kind providence provided generously for them—wild animals for food, fur-bearing animals and forests to clothe and shelter them, and luxuriant grass for their horses. All these things were so abundantly provided that they did not suffer for food, clothing or shelter before the advent of the white man.

At that time, 1868, there were living in the Red River settlement some 12,000 pioneers,

Indians, and persons of mixed blood, commonly referred to as Metis, of whom the great majority were French Metis and spoke French. Many were Scotch and English Metis and spoke English.

Up to this time the residents had relied largely on the flesh of the buffalo and other wild animals for food, and on their hides for clothing and shelter. But by the late 1860's wild life in this area had become scarce, and it became necessary for them to look to some extent to agriculture for a living. Consequently, they purchased lands from the Hudson's Bay Company and were given title to what were known as "river lots". A river lot had a narrow frontage on a river, and extended back for a considerable distance, so that each lot owner had access to the river and to trails without crossing the property of others. The residents became active in building homes for themselves, in tilling the soil on their river lots and in building churches and schools. They were happy and prosperous according to their mode of living.

As I have already stated, the territory was then a colony of Great Britain, separate and apart from Canada. Although Canada was negotiating with Britain for the purchase, she had no greater rights in this territory than in New York State prior to July 15, 1870. Yet, without any rights there, Canada undertook to usurp the rights of the residents in the Red River area. The natives resisted, claiming the rights and privileges to which they were entitled as subjects of Great Britain. But the Canadian government crossed the Indians and Metis at every turn, and treated them with scorn and contempt as an inferior race.

Let me here recall some of the ways in which the Canadian government persecuted the Indians. I think I should do so in detail to show how the morale of the Indians, who were a proud and haughty people by nature, was destroyed.

Some two years before Canada had acquired any rights in the Northwest Territories, Col. J. S. Dennis, an official of the Canadian government, entered the Red River settlement with a crew of surveyors and equipment, to make a survey of the country and prepare it for settlement. Dennis, with his crew and equipment, entered upon the river lots of the natives to survey them according to a checker-board plan. The surveyors refused to recognize the titles to the lands issued by the Hudson's Bay Company to the Indians and Metis. This stirred up much restless excitement among the natives.

At that time William McTavish was the local Governor of the Hudson's Bay Company. The Government of Canada, without any right to do so, as the country was still owned by the company as a Colony of Great Britain, dismissed him as governor of the country, and appointed William McDougall, erstwhile Minister of Public Works, as Lieutenant Governor, purporting to give him dictatorial powers over the area. The Hudson's Bay Company officials in London protested against this encroachment on their rights, and McTavish abdicated his office as governor of the territory.

The abdication by Governor McTavish left the territory without any government. Matters went well for a while, but disturbances taking place, the people thought it advisable to set up a government of their own, which was organized by Thomas Spence. No other end was sought in this organization than mutual protection. As soon as the Imperial Government was made aware of what the people had done, it notified Mr. Spence how far he could go without breaking the law. (John Macoun's *Manitoba and the Northwest Territories* p. 457.) The provisional government was fully recognized by Governor McTavish (p. 464.)

In December 1869 Donald A. Smith appeared as Governor of the Hudson Bay Company to succeed McTavish, but not as governor of the settlement. He, too, acknowledged the provisional government created by the residents and gave a pledge that he would take no step to upset it. (W. M. Davidson's *Life and Times of Louis Riel*, p. 31.)

McDougall who was appointed Governor by Canada, armed Surveyor Dennis with a proclamation purporting to have been issued by the Queen, transferring the Northwest Territories to Canada. It was a forgery. Yet, on the strength of it, McDougall appointed Surveyor Dennis "Conservator of the Peace", with authority to:

—raise, organize, arm, equip, . . . attack, arrest, disarm, assault, fire upon, pull down, or break into . . .

Dennis raised an armed force of some 45 or 50 men to overthrow the provisional government. They were quickly surrounded, disarmed, and imprisoned in Fort Garry. As neither the Government of Canada nor McDougall had any rights in the Northwest Territories at that time, they could not confer any on Dennis. Their actions stirred up great hostility among the natives towards Canada.

As a result of the election in February 1870, forty persons—twenty French speaking and twenty English speaking—were chosen from the best intellects of the country to

adopt such measures as might be deemed best for the future welfare of the country, until Canada should acquire the territory. Among the twenty French who were chosen were men of marked frontier ability and resource, if not in every case of scholarly attainment. Ambrose Lepine and Charles Nolin were both highly educated. Pierre Delorme, an outstanding farmer, and Pierre Parenteau were famed buffalo runners. Louis Schmidt, son of a Hudson's Bay Company trader, had been educated in Montreal. On the English side, John Sutherland, whose father had served in the Continental wars under the Duke of Wellington, was a splendid example of the pioneering Scot. He was afterwards a member of the Canadian Senate. Thomas Spence, also a Scot, who organized the provisional government, was a man of versatile ambitions. Dr. Curtis J. Bird, born at Red River, had been educated in London and has gained a reputation for professional ability. James Rose, a Scotch Metis who had graduated with high honours from Toronto University, was an able lawyer and a former editor of the Toronto *Globe*. Robert Tait, of Orkney descent, was a trader, farmer and freighter. Thomas Burne, an English Metis, had acted as chairman of the great open air meeting at which it was decided to form a government. Judge Black, Chief Justice under the Hudson Bay Company rule was probably the most respected citizen in the settlement. Rev. Henry Cochran, a full-blooded Cree Indian, was in charge of the Anglican Mission of St. Peter's near the mouth of the Red River. Henry Prince was an Indian Chief of the Saulteux Indians. (The North West Mounted Police, by J. P. Turner, p. 44.)

At the time the provisional government was first formed, Louis Riel was living quietly on his mother's farm. But he was so wise and reasonable that the natives had worn a trail to his home seeking his advice and guidance in dealing with their acute problems. He was a brilliant young man of 24 years and had served the provisional government as its secretary. After the election in 1870 the elected members made him their president.

The main business of the newly-elected government was to send delegates to Ottawa with a bill of rights to negotiate with the Government of Canada, particularly to protect the natives in their homes and to obtain a measure of responsible government for the settlement. In his excellent book *The Life and Times of Louis Riel*, at page 34, W. M. Davidson points out that on the suggestion of Donald A. Smith, who was vested with authority by the Canadian Government, a committee of three was sent to Ottawa to present their ideas to the government after Smith had given this undertaking:

> On behalf of the Canadian Government I promise you that the delegation will be hospitably received.

When the delegates reached Ontario, they were arrested and charged with the murder of one Scott.

Scott had been an insolent trouble maker in the Red River settlement. In 1869 he went to Portage La Prairie, where he induced more than a hundred men to make an attack on the provisional government at Fort Garry. On arriving there and seeing the existing state of affairs for themselves, many of them deserted him. But he led a few to make a dash on the home of Riel, presumably to kill him. But Riel was not at home at the time.

At Fort Garry Scott's men arrested a subnormal boy named Parisien, whom they mistook for a Metis spy. They jailed him for the night. In the morning Scott beat him so cruelly that he died within a day or two. Scott and his faction then made a demonstration before the Fort, calling the Metis cowards who would not fight. The guards were enraged and swarmed out, seized Scott and imprisoned him. The Metis demanded of Riel that Scott be tried by a court martial. Riel refused. The governing body then took the initiative and insisted that Scott stand trial. He was tried by a court of seven members. Scott was found guilty; six of the seven judges favored the death sentence; and he was executed by a firing squad on March 4, 1870.

The delegates charged in Ontario with the murder of Scott were discharged, as there was no case made out against them. The delegates then conferred with the Government of Canada. As a result of the conference, an agreement, pursuant to which a transfer of the Northwest Territories was made to Canada, was approved. An Imperial order in council was passed declaring:

> that from and after the 15th day of July, 1870, the said Northwest Territories shall be admitted into and become part of the Dominion of Canada . . . and that the Parliament of Canada shall from the day aforesaid have full power and authority to legislate for the future welfare and good government of the Territory.

This for the first time gave Canada rights in the Northwest Territories. The Manitoba Act was also passed giving the area a measure of self government. (Turner, p. 60.)

But the Canadian Government refused a promised amnesty for Riel and his associates. It announced that it was sending an army of 1,200 men to Red River under Colonel Wolseley. As the army neared Red River, Wolseley sent one Butler to interview Riel. Riel told Butler that the Red River would receive Wolseley's army on its "mission of peace"

with a friendly welcome, and that he, Riel, would resign his authority to the Lieutenant Governor of Manitoba immediately upon his arrival.

As Wolseley's army came in sight from Fort Garry, Riel received reports from reliable scouts that Wolseley's plan was to "capture by surprise Fort Garry, where Riel and his colleagues would be waiting to receive him, and capture or kill Riel in the battle." Riel, members of the Council and many leading citizens thereupon evacuated the fort and abandoned it to Wolseley. (Davidson, p. 48.)

To add to the excitement and discontent, while Canada was thus repeatedly committing wrongs against the natives, a number of immigrants, mostly from Ontario, had come to the country, and had located in the village of Winnipeg. They treated the natives with the utmost contempt. A paper called the *Nor'Wester,* published by one of their number, was very abusive towards the natives. It referred to them as a "lower class". It dwelt on the inferiority of the Indians and Metis. It was insolent and vicious in its scathing vituperation. Its objectionable articles often appeared in the Ontario press. This developed a feeling of hatred against the Indians and Metis throughout Canada. (Davidson, pp. 13 and 15.)

Writers of the history of the events to which I have referred are pretty well agreed as to what occurred. The differences between them are largely in their approach to the matters under discussion. Some writers apparently looked upon the Indians and Metis, not as human beings, but as wild animals or savages that should be tamed, and maintained that they should feel grateful to the Government of Canada for being so kind and condescending as to undertake the task of taming them. Other writers regarded the natives as human beings who, as subjects of the Queen, were endowed with the rights and privileges of British subjects—the liberties of free men guaranteed, after bitter strife, by Magna Charta, the Bill of Rights and other statutory pillars of liberty. (Turner, p. 31.)

In 1868 Canada invaded the Northwest with no right, or color of right. The people of the Northwest owed absolutely no allegiance to Canada; yet many referred to the people of the Northwest as traitors for defending themselves against an unprovoked invasion of their rights. If any one of us saw some person shooting at us, without any provocation, and we had in hand a shield that would turn away the bullet, we would use it in self defence. The Indians and Metis did nothing more than that. They were forced to defend themselves against ruthless acts of aggression and cruel tyranny—to put up a stand for human freedom.

During the winter following the arrival of Wolseley's army, many residents of Red River, particularly the Indians and Metis, were forced to live as outcasts, in danger of arrest on specious charges of murder, treason, and what not; many of them to avoid persecution fled westward and settled on the Saskatchewan river near Prince Albert. In their new abode the land was still open prairie. They settled on river lots as at Red river. They built homes, improved their lands and applied for title. Their applications were ignored. On the transfer of the territory to Canada the government agreed to respect the rights of the Indians and Metis; yet in 1883 they were told that they could not stay on their locations. The farms which they had reclaimed from the wilderness were taken from them without compensation. They asked that they be granted river lots suitable to their way of living, but this was refused without explanation. The Canadian government ousted them from their homes, denied them a measure of self government, and even refused to listen to the pleas of their leaders. This again created discontent. The government raised an army which attacked and subdued them by force. The Metis had to migrate again and make another fresh start. The Indians were huddled off to reserves that had in the meantime been set aside for them. (Davidson, p. 70.).

Many of Riel's associates fled to Montana. They urged him to flee with them. He refused, saying he would surrender, stand his trial, and answer for their alleged sins. To his cousin "Nault" he said:

> Cousin, you must go, but I am going to surrender. After my enemies get me, they will be joyous and satisfied, and my people will get justice and be safe. If I do not, then the others will be caught and punished for me. (Davidson, p. 94.)

Riel surrendered and was tried. In preparing for his trial, the defence asked the government for a safe-conduct guarantee for witnesses from Montana. The government refused this. The witnesses might come and give evidence, but they would have to take the chance of being arrested and having to stand trial. They did not come. Without his witnesses, Riel was found guilty and hanged. (Davidson, pp. 94 to 98). Thus ended the career of a great statesman—a wise and aggressive advocate of security and fair play for the Indians and Metis on the prairie. He sacrificed his life for them. They in turn practically worshipped him, mourned his death, and were overwhelmed with grief because Ottawa took the life of their hero.

Up to this time the Indians and Metis were persecuted by the Government of Canada, which was at all times implacable towards them, and by the new settlers who openly despised and ridiculed them. They were forced to live lives of discouraged and heart-broken citizens. In view of the terrible persecutions to which they were subjected, great perserverance and tact will be required to build up their morale. Up to this day many Indians have a strong prejudice against surveys being made on their reserves, and strongly object to them. They are afraid of what might happen.

Seventy-five years ago Canada planted the Indians on reserves, where they lived separate and apart from non-Indians. At that time there were, in what is now Alberta, a few ranches, a few trappers and a few white people. The rest of the population was made up almost entirely of Indians and persons of mixed blood. By then the Mounted Police had entered the country and were commencing to make a name for themselves for maintaining law and order. There was no agriculture in Southern Alberta at that time. The Indians were not educated, and knew little or nothing of the white man, of his manner of earning a livelihood or of life in the settled communities.

In 1877 Canada entered into a treaty with the Stoney Indians of Alberta. Under it the Indians ceded and yielded up to Canada "all their rights, titles and privileges whatsoever to all other lands" in Canada. In consideration therefore, among other things, Canada assigned to the Stoney Indians a reserve of sufficient area to allow one square mile for each family of five persons, or in that proportion for larger or smaller families.

The reserve assigned to them was not then and is not now arable land, but almost entirely a gravel bed. The blades of grass growing on it are so scattered and withered by drought, owing to the lack of soil to hold moisture, that the land is of little value for pasture. The gravel has no commercial value. It is impossible for the Indians to earn a living there no matter how hard they try.

As the Indians knew nothing of growing crops, they could not look into the future to see that the land would be practically useless to them. As a matter of fact, they agreed to the location because the Blackfeet Indians, who were much more numerous and belligerent, used to raid the Stoneys, rape their women and steal their horses and food. The Stoneys at that time liked the location, as there they could better defend themselves from the ruthless attacks of the Blackfeet. At the time the Stoneys treated they had no means of knowing of the splendid protection the "Red Coats" would afford them.

On the other hand, those who treated with the Stoneys on behalf of Canada must have known how necessary it was for the Indians to have land that could be cultivated, and on which they could grow vegetables for themselves and feed for their livestock. The parties were not dealing at arm's length. A quasi-fiduciary relation existed between them. Yet Canada took an unfair advantage of these ignorant Indians. By signing the treaty, the Indians became wards of Canada. Although this occurred 75 years ago, Canada has done little to right the wrongs it then did them.

By the treaty of 1877, Canada also undertook to educate the children of the Stoney Indians. In this respect Canada has failed to carry out the spirit of its treaty obligations. From the years 1910 to 1926 the number of children of school age on this reserve varied from about ninety to a hundred and twenty. For only a few of those years was there a day school there, and it accommodated some thirty-five children. Apart from that school, although the parents were clamoring for schools, those Indian children received no scholastic training whatsoever. For several years since 1926 there has been no school accommodation for many of the children.

The attitude of Canada towards the prairie Indians before the treaty and for many years thereafter cannot be too strongly condemned. When Canada first wronged them at Red River, and later further west, they were prosperous and happy according to their mode of living. Had she encouraged them in their plan of settlement, and had she permitted a few years of peaceful schooling under Riel and others like him, and nursed them along to some extent when they had to give up hunting and trapping to earn a living by tilling the soil, the Indians would no doubt have long ago been fully absorbed into the life of this country as valuable citizens. But instead of that the Indians have been so humiliated that it will be some considerable time before many of them can assume the full responsibilities of adult Canadians. A few of the present generation may become emancipated and enfranchised, but not many. In some cases this will take another generation; in others it will take longer.

During the last few years, the work of the officers of the department, and those in charge of Indian affairs on the reserves, has been highly commendable. They appear to be doing their best to enable the Indians to become free citizens. However, I feel that

more can be done by changing government policy. I have a very high regard for the minister who has charge of this matter. He has imagination, foresight and courage. I am hopeful that he will consider an appeal to hasten the time when the Indians will become self-reliant and on an equal footing with their fellow citizens. With this in view, I have some suggestions to make which I hope will receive his favourable consideration.

First, to build up their morale: There is an inherent desire in all men and women to be treated and regarded as human beings, vested with what our Prime Minister has referred to as "the freedom and equality of men in dignity as well as rights", able to live in freedom and self-respect, having the same opportunities and being on an equality with other citizens. Man is the expression of the Divine Being—the key to human freedom. There is nothing that will do more to build up the morale of a downtrodden people than to be so treated that they can feel that they are regarded as free human beings. No pains should be spared in this respect. The position of the Indians calls for much knowledge, sympathetic understanding and tact on the part of the different representatives of Indian Affairs.

I suggest that the Director of Indian Affairs or one of his assistants should visit each reserve throughout Canada once each year in order to hold a meeting with the Supervisor of Indian Affairs, the Agent on the reserve, the farm foreman, the school principal, the minister of the Gospel, the Indian chiefs, and the Indian councillors, and get their suggestions and the benefit of their combined wisdom in planning for the ensuing year. The Director could then formulate his plans, always with an eye to carrying out the wishes of the Indians as far as practical and the emancipation of one or more Indians or Indian families at the earliest possible date.

Such consultations would be helpful in the way of building up the morale of the Indians and would tend to develop a better *esprit-de-corps* between the Indians and the non-Indians. Conferences, *vis-a-vis,* between the government and the Indians would build up confidence, and at the same time the Director would get valuable ideas from such conferences.

Next, as to owning their own homes: The right to own and be unmolested in his home gives a man a feeling of spiritual freedom and dignity without which he cannot be a worthwhile citizen. The right is fundamental. The private ownership of property is not an evil; it is a positive good. It is the foundation of a free society. Any patriotic citizen will put up a struggle to maintain it.

You may say that the Indian has a home on the reserve, but he cannot say that one foot of the reserve is his. The title stands in the name of the Crown. No treaty Indian owns his home outright. He did have title to it in the Red River settlement, but it was taken from him. If the Indian owned his home outright he could take a pride in it, build it up and make it attractive. Ownership would help greatly to make him feel that he is as good as his non-Indian neighbour.

Under the Indian Act, sec. 20, the Minister may issue a certificate of possession to an Indian. As soon as it appears that a certain portion of a reserve will ultimately pass to a particular Indian, his home should be established on that particular portion.

Then, as to education: Without schooling, Indian children on reaching manhood cannot compete in the economic field with educated non-Indians. The adult Stoney Indians of today have had little schooling—many of them none at all. However, in schooling Indian children the department is confronted with difficult problems, particularly on the Stoney Reserve. Yet more should be done for them.

(1) There should be school accommodation for all children of school age;

(2) Every residential school on a reserve should have a gymnasium. The children should not only be taught "the three Rs", but should also be trained in sports. Nothing will do more to develop downcast boys and girls, physically and spiritually, than good clean sport. If children are brought up to loaf about in idleness, without being active enough to get exercise after leaving school they will be nothing more than loafers and idlers;

(3) At the residential schools the boys should be given more manual training and the girls more domestic science. These services that I suggest would cost more than the training now given, but in the long run they would pay dividends.

As to incentive: Life on a reserve takes one who should be a free man and disciplines him; it puts him under a planner at Ottawa; it is a return to the feudal system from which man freed himself after a long, hard struggle. The Indian should be freed as soon as possible, so that he may fully enjoy the spirit of free competition, which is one of our main driving forces. Each should not only be rewarded, but should fully see the reward for his achievement, and thus be encouraged to push on to still

greater effort and achievement. All should be encouraged in every way possible to master the problems of life.

It is impossible to build up men of spirit, confidence and enterprise in any walk of life so long as they continue to be wards, without the incentive which comes from responsibilities, with rights which are the rights of children rather than of adults. Paternalism is not a goal to stir up one's ambition. Let us get away from it.

In my opinion, as soon as the department feels that an Indian is capable of handling his own affairs, he should be emancipated and enfranchised and given title to a portion of the reserve. Under section 110 of the Act, an Indian upon becoming enfranchised may receive a share of the trust assets of his reserve, other than land, but he is stripped of his share of the land. This does not seem to me to be right. In my opinion he should be given a share of the land too.

In the year 1910 the Indians of British Columbia said to the Canadian Government:

> Today the Indian people of British Columbia ask to be put on the same level as the white man. They say: Come let us settle the title to these lands. Then give us title to land in fee simple, family by family. Take away your Indian Act; take away your Indian Agent. Take away your Indian reserve system; put us into your citizenship, and we will rise or fall even as other men do. (*McDougall of Alberta* by John Maclean, p. 248).

It should be made clear to the Indians now that as soon as they become capable of looking after their own interests they will get title to a full share of the reserve. That would do much to revive their spirits and stimulate them to greater efforts. They should be given greater scope, month after month, year after year, in handling their own affairs, until they become as free to manage these as non-Indians. Then the incentive to succeed would be there, as it would be clear to them that they would benefit as a result of their efforts. The present adult Indians would be slow to apply themselves actively, but I believe that with proper schooling many of their children would make good. Until a plan is fully worked out, and the last Indian on a reserve is emancipated, the tribal organization should be maintained and the power of the chiefs supported. Their customs and usages should be retained by the Indians so long as they continue to live on reserves, in order to preserve contact with reality while preparing to embark on a new and strange existence.

The sturdy individualism which inspired progress in the past, which has created all our best human values, seems to me essential to all true progress. Its replacement by a servile mentality is the greatest human menace of our times. All humans crave for freedom. Huddled on a reserve as wards of Canada the Indians have made little progress during the past seventy-five years. Let us give them a chance to seek their happiness in freedom.

Some Hon. Senators: Hear, hear.

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

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

The Standing Committee on Public Health and Welfare to whom was referred the Bill "J", intituled: "An Act respecting Food, Drugs, Cosmetics and Therapeutic Devices", have in obedience to the order of reference of 26th November, 1952, examined the said Bill and now beg leave to report the same with the following amendments:—

1. Page 1, line 12. Delete "that may be used in or is" and substitute "manufactured, sold or".

2. Page 1, line 20. Delete "that may be used in or is" and substitute "manufactured, sold or".

3. Page 1, line 21. Delete "(i)".

4. Page 1, line 23. After "animal" delete the "comma" and "or" and substitute a "semi colon".

5. Page 2, lines 1 and 2. Delete paragraph "(ii)".

6. Page 2, line 4. Delete "that may be used for or is" and substitute "manufactured, sold or".

7. Page 2, line 13. Delete "that may be used for" and substitute "manufactured, sold or represented for use as".

8. Page 2, line 14. Delete "by" and substitute "for".

9. Page 2, line 28. Delete "and".

10. Page 2, line 30. Delete "manufacture for sale".

11. Page 2, line 31. Delete the "period" and substitute a "semicolon" and add the word "and".

12. Page 2. Add new paragraph "n", as follows:—

"(n) "unsanitary conditions" means such conditions or circumstances as might contaminate a food, drug or cosmetic with dirt or filth or render the same injurious to health".

13. Page 3, line 9. Delete "in any unsanitary place or".

14. Page 3, lines 25 and 26. Delete "in any unsanitary place or".

15. Page 3, line 29. Delete "in any unsanitary place or".

16. Page 4, lines 22 and 23. Delete "in any unsanitary place or".

17. Page 4, line 36. After the word "of" add the following words "samples of".

18. Page 5, line 12. Delete "in any unsanitary place or".

19. Page 5, lines 20 and 21. Delete "in any unsanitary place or".

20. Page 6, line 6. After the word "any" insert the word "reasonable".

21. Page 6, line 7. Delete paragraph (a) of sub-clause (1) and reletter subsequent paragraphs as (a), (b), (c) and (d).

22. Page 6, line 10. Delete "(a) enter any place where he reasonably believes any". and substitute "(a) enter any place where on reasonable grounds he believes any".

23. Page 6, line 12. After the word "stored" insert a "comma" and add the following words "examine any such article and take samples thereof,".

24. Page 6, line 16. Delete "he".

25. Page 6, line 17. Delete "reasonably believes contains any article to which this" and substitute "on reasonable grounds he believes contains any article to which this".

26. Page 6, line 20. After "(a)" delete "or (b)".

27. Page 6, line 21. Delete "that he reasonably believes contain any information" and substitute "that on reasonable grounds he believes contain any information".

28. Page 6, lines 22 and 23. Delete "with respect to any article to which this Act or the regulations apply and make copies thereof or extracts" and substitute "relevant to the enforcement of this Act with respect to any article to which this Act or the regulations apply and make copies thereof or extracts".

29. Page 6, line 25. After the word "detain" add the following "for such time as may be necessary".

30. Page 7, line 8. After the word "shall" insert the word "knowingly".

31. Page 7, line 17. After the word "other" insert the word "proper".

32. Page 8, lines 11, 12 and 13. Delete paragraph "(a)", of sub-clause (1) and reletter subsequent paragraphs as (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), and (m).

33. Page 8, line 16. After the word "substances" add the following words "is present therein or".

34. Page 8, line 28. Delete "with a view to preventing the consumer or purchaser" and substitute "to prevent the consumer or purchaser".

35. Page 8, lines 30 and 31. After the word "safety" delete "or with a view to protecting the public health or preventing" and substitute "or to prevent".

36. Page 8, lines 41 and 42. After the word "of" insert a "comma" and delete "and for the protection of the public health;" and substitute "or for the prevention of injury to, the health of the consumer or purchaser;".

37. Page 9, lines 29 and 30. After the word "to" delete "or deleting anything from any of the Schedules." and substitute "any of the Schedules, in the interest of, or for the prevention of injury to, the health of the consumer or purchaser, or deleting anything therefrom".

38. Page 10, lines 23 and 24. After the word "accused" delete "is liable upon conviction for the costs of prosecution only". and substitute "shall be acquitted".

39. Page 11, line 17. After the word "paragraph" delete "(d)" and substitute "(c)".

All which is respectfullly submitted.

C. J. VENIOT,
Chairman.

THE SENATE

Thursday, December 11, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRADE MARKS BILL

INQUIRY

On the Orders of the Day:

Hon. Mr. Reid: Honourable senators, I should like to ask a question of the leader of the government (Hon. Mr. Robertson). Before doing so, however, may I congratulate him and the other members of the Banking and Commerce Committee on their recently acquired title of "Comrades"?

Some Hon. Senators: Oh! Oh!

Hon. Mr. Reid: My question is this. At the last session there was introduced a bill entitled The Trade Marks Act. It was not proceeded with, and I am wondering if the leader has any information as to whether it may be reintroduced this session.

Hon. Mr. Robertson: During the period immediately preceding the recent opening of parliament, in my scurrying around for all available legislation I brought to the attention of my colleagues the fact that the bill the honourable gentleman mentions had been introduced last session. I was informed that, because of representations made, the measure was still under consideration, and in all likelihood would not be presented to parliament before Christmas.

If my honourable friend presses me as to how long after Christmas it will be before the bill reaches us—if indeed it does reach us—I am not in a position to answer him. However, I have drawn the attention of my colleagues to the matter, and I am assured that the bill will not reach us before Christmas.

CABINET RESPONSIBILITY

NEWSPAPER ARTICLE—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, before the Orders of the Day are proceeded with, and on a question of privilege, I wish to refer to an editorial which appeared in this morning's Montreal *Gazette*, under the heading "For Whom Does Senator Robertson Speak?" The opening paragraph of this editorial reads as follows:

> It is a strange thing indeed when a member of a cabinet ignores the opinions of his colleagues and makes his own pronouncement upon public policy.

The burden of the editorial is that, in the remarks made by me in the debate on the motion for an Address in reply to the Speech from the Throne I expressed opinions contrary to those held by my colleagues, and thereby violated the principle of cabinet solidarity. The particular part of my address which is commented upon is that portion in which I expressed my views as to what might be accomplished within the spirit of a resolution moved by the honourable senator from Waterloo (Hon. Mr. Euler) in 1950, which I supported and which was adopted by this house.

I wish to place on the record the comments made on a similar resolution by the Honourable L. B. Pearson, Secretary of State for External Affairs, so that this house may be appraised of the extent to which, if any, I departed from his viewpoint with respect to the question of closer co-operation between members of NATO.

On February 26, 1951, Mr. Stewart, of Winnipeg North, moved in the other place as follows:

> That, in the opinion of this house, the government should take into consideration the advisability of supporting the calling of a convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples, and the peoples of such other democracies as the convention may invite to send delegates, can apply among them, within the framework of the United Nations, the principles of federal union.

Honourable senators will note that that resolution is almost identical with one presented to and passed by this house.

The Honourable Mr. Pearson in speaking to this motion said, as appears at page 689 of the House of Commons *Debates*:

> Mr. Speaker, I feel I should say a few words about this resolution which has been moved in such eloquent terms by the hon. member who has just taken his seat. I should say at once that I support, and think the government supports, the purposes and principles and the idealism which underlie this resolution. But I am not myself certain that those purposes could best be achieved or those principles best implemented by the procedure recommended in the resolution.

Mr. Pearson proceeded to advance very cogent reasons as to why, in his opinion, the immediate steps proposed were not calculated to best serve the objective which the mover had in mind. He felt that some further time must elapse before practical steps could be taken along the lines suggested. In concluding his address, however—I quote from page 692—he said:

> I said not very long ago "that our North Atlantic alliance may provide the foundation for a great co-operative commonwealth of the western world which one day may become a political commonwealth.
>
> You may say that this is unrealistic nonsense, but I suggest that in this jet-propelled atomic age no

plan less than this will be adequate, no vision less than this will do". So far as I am concerned I stand by those words, but I do not think that at this time the calling of a conference of the type indicated by the resolution would make any appreciable advance to the attainment of the ultimate objective, which remains a commonwealth of the free world. Therefore, in order that we in this house may not give the appearance of diversion and disunity on a matter as to which we are all fundamentally united, I would venture to express the hope that this resolution may not be pressed to a vote at this time.

Now I come as to the question of what I said. After I had completed the major part of my address with respect to public questions, in which I spoke on the question of mutual defence and increased volume of multilateral trade, I referred to the motion proposed by the honourable senator from Waterloo in 1950, and its far-sightedness. I mentioned the fact that I had been asked what the Senate's resolution meant, and I proceeded to set out my beliefs as to what could be accomplished within the spirit of this resolution. I leave it to the judgment of individual senators to decide how far, in presenting this ideal, I departed from the viewpoint so eloquently expressed by the Secretary of State for External Affairs in the speech from which I have just quoted.

May I add, honourable senators, a further word of comment? It has occurred to me that while the parliamentary press respresentative of the Montreal *Gazette* took five days to discover that I had made the speech, it took his editor only five minutes to read it, and an even shorter time to refresh his memory as to what Mr. Pearson had said in the past on this very point. The editor's transparent attempt to create an issue arises most of all from his fervent belief in protection and my implied suggestion of the desirability of increased multilateral trade. In the course of my remarks I referred to Stalin's instructions to his followers in the NATO countries to spearhead the campaign in opposition to increased co-operation between them in trade matters. I have no doubt that Stalin's hatchet-men in Canada, following their instructions, are already planning their campaign wondering where they can find respectable allies. Perhaps they should give the editorial room of the Montreal *Gazette* the once-over; for here they might find someone with the tune well in mind, to join them in singing the modern rendition of "No truck nor trade with the Yankees".

Some Hon. Senators: Hear, hear.

COASTAL FISHERIES PROTECTION BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill E, an Act to protect the coastal fisheries.

The motion was agreed to, and the bill was read the third time, and passed.

COMPANIES' CREDITORS ARRANGEMENT BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill H, an Act to amend the Companies' Creditors Arrangment Act, 1933.

The motion was agreed to, and the bill was read the third time, and passed.

MERCHANT SEAMEN COMPENSATION BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill I, an Act to amend the Merchant Seamen Compensation Act.

The motion was agreed to, and the bill was read the third time, and passed.

TERRITORIAL LANDS BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill K, an Act to amend the Territorial Lands Act and to repeal the Yukon Quartz Mining Act and the Yukon Placer Mining Act.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill S-1, an Act for the relief of Mina Eisenthal Hamerman Segal, otherwise known as Mina Eisenthal Segal.

Bill T-1, an Act for the relief of Agnes Charlotte Quamme Higgins.

Bill U-1, an Act for the relief of Agnes Mary Perkins Pereira.

Bill V-1, an Act for the relief of Rosalia Marie Sepchuk Maniloff.

Bill W-1, an Act for the relief of Anne Reddie Banks Carruthers Beaudoin.

Bill X-1, an Act for the relief of Doris Isabell Dalzell Bennett.

Bill Y-1, an Act for the relief of Costanza Marzitelli Boisvert.

Bill Z-1, an Act for the relief of Gladys Emily Miller Young.

Bill A-2, an Act for the relief of Francoise Ernout Fisher.

Bill B-2, an Act for the relief of Margaret Girvan Hill.

Bill C-2, an Act for the relief of Fernand Ratelle.

Bill D-2, an Act for the relief of Charles Meela Voyinovitch Seifert.

Bill E-2, an Act for the relief of Lily Isenberg Kwavnick.

Bill F-2, an Act for the relief of Doreen Mae Walmough dit Watmough Colson.

The bills were read the third time, and passed, on division.

FOOD AND DRUGS BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of amendments made by the Standing Committee on Public Health and Welfare on Bill J, an Act respecting food, drugs, cosmetics and therapeutic devices.

Hon. Mr. Veniot moved concurrence in the amendments.

Hon. Arthur Roebuck: Honourable senators, the house will remember that when this bill was before us for second reading I mentioned its importance to the public, and I asked the committee to whom the bill was referred to give it a thorough review. I also suggested that the members of the committee read the bill as though they were "from Missouri" and to revise it with great care. As a member of that committee I am sorry that I was unable to be present during the committee meetings except on one occasion—and I do want to acknowledge the courtesy displayed by the chairman and the other members of the committee at that time. I am under the impression that the bill has been given a very thorough review.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Roebuck: I notice that there are no fewer than thirty-nine amendments recommended by the committee in the report which we are now considering. I understand the committee held four long sittings, at which representations were heard from all parties who were interested or who cared to be heard. I had some communication with one of the most notable persons who appeared, Dr. Shute. He expressed his gratitude for the way in which he was received, and his admiration for the conduct of the committee and of the Senate generally. That is very fine.

The bill itself is drastic. It is a restrictive measure, and it does strike me that a very great deal will depend upon its administration —on the wisdom, decency and moderation with which the departmental officials enforce the wide powers that the legislation gives them. Much also will depend upon their resistance to the blandishments of private interests who possibly would like to make use of the provisions of this law for their own benefit.

Two of the most important amendments before us have to do with sections 21 and 24 of the bill. Section 21 sets out the powers of inspectors, and a few days ago when I was last dealing with the bill I commented upon the great wideness of these powers. Section 24 is the one that authorizes the Governor in Council to make regulations for carrying the purposes and provisions of the Act into effect, including the defining of that most important expression "adulterated".

Honourable senators, I should like to hear from the chairman of the committee (Hon. Mr. Veniot) some explanation of what the committee has done with the bill and what is involved in the proposed amendments, particularly the amendments of the two sections I have mentioned.

Hon. Mr. Haig: Would the chairman's statement close the debate?

Hon. Mr. Roebuck: Not necessarily; he would simply be answering a question.

Hon. Mr. Veniot: Honourable senators, it was not my intention to make any remarks concerning the amendments to this bill. However, I am glad that the senator from Toronto-Trinity (Hon. Mr. Roebuck) has focused the attention of the house on two clauses which aroused a great deal of discussion, namely, clauses 21 and 24. As it would be very difficult for honourable members to visualize the new clauses as drafted by simply looking at the proposed amendments as printed in the *Minutes of Proceedings*, I took it upon myself to write out these clauses as they will appear in the redrafted bill.

Paragraph (a) of subclause (1) of section 21 was entirely deleted, and the other paragraphs of the subclause were renumbered in consequence—that is, paragraph (b) now becomes paragraph (a), and so on.

The redrafted clause 21 will read as follows:

21. (1) An inspector may at any reasonable time

The word "reasonable" was inserted there by the committee.

(a) enter any place where on reasonable grounds he believes any article to which this Act or the regulations apply is manufactured, prepared, preserved, packaged or stored, examine any such article and take samples thereof, and examine anything that he reasonably believes is used or capable of being used for such manufacture, preparation, preservation, packaging or storing;

(b) open and examine any receptacle or package that on reasonable grounds he believes contains any article to which this Act or the regulations apply;

(c) examine any books, documents or other records found in any place mentioned in paragraph (a) that on reasonable grounds he believes contain any information relevant to the enforcement of this Act with respect to any article to which this Act or the regulations apply and make copies thereof or extracts.

(d) seize and detain for such time as may be necessary any article by means of or in relation to which he reasonably believes any provision of this Act or the regulations have been violated.

The chief objection voiced by several honourable senators to subclause (1) of clause 21 in the original bill was that paragraph (a) would allow an inspector to enter anybody's home at any time, day or night, if he thought —on reasonable grounds or not—that there was on the premises some article which was adulterated or in any way a contravention of the Act. The revamped subclause does away with this objectionable feature.

Hon. Mr. Farris: Would you the honourable senator read the amendment to paragraph (a) again?

Hon. Mr. Veniot: The original paragraph (a) was completely deleted, and I just read the amended subclause.

Hon. Mr. Farris: Under the amendment, what places may an inspector enter?

Hon. Mr. Veniot: He may enter any place where, on reasonable grounds, he believes any article to which this Act or regulations apply is manufactured, prepared, preserved, packaged or stored. That is, he may not enter a private house or cottage; he is restricted to the entering of a place of manufacture, preparation, preservation, packaging or storing.

Now I come to clause 24, the one which empowers the Governor in Council to make regulations. The chief point of contention on this was that the Governor in Council was being given too wide powers to define "adulterated", and the clause has now been amended so as to remove the objection on this ground. In amending this clause also the committee struck out entirely paragraph (a) of subclause 1, and in consequence renumbered the remaining paragraphs. The redrafted clause reads as follows:

24 (1). The Governor in Council may make regulations for carrying the purposes and provisions of this Act into effect, and, in particular, but not so as to restrict the generality of the foregoing, may make regulations

(a) declaring that any food or drug or class of food or drugs is adulterated if any prescribed substance or class of substances is present therein or has been added thereto or extracted or omitted therefrom.

The new words are, "is present therein or". This gives a clear definition of "adulteration", and was accepted by the committee as appearing satisfactory to both the manufacturers and the general public.

The remainder of the clause did not undergo many changes, except in sub-paragraph (iv) of paragraph (b), which now reads:

The use of any substance as an ingredient in any food, drug, cosmetic or device, to prevent the consumer or purchaser thereof from being deceived or misled as to its quantity, character, value, composition, merit or safety or to prevent injury to the health of the consumer or purchaser.

Those, honourable senators, are the main changes which were made in clauses 21 and 24.

May I add that there is no intention on the part of the department to impose arbitrary and unjust restrictions on any manufacturer of food or drugs. The point was made quite clear to the committee. The only manufacturers who have anything to fear from the department's definition of "adulteration" are those rare few who are interested in making big money by putting on the market products which do not conform to the standards of quality and quantity which have been prescribed for the protection of the consumer. I am sure honourable senators will agree with the aims and objects of the bill as I have stated them.

While I am on my feet, may I add that the officials of the department were very co-operative and understanding with respect to the proposed amendments to the bill. As a result, I believe we have a measure that is satisfactory to the department, the manufacturers and the public at large.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Haig: Honourable senators, I do not intend to delay the passage of this measure, but I should like to say a few words.

When the bill first came before the house I, like the honourable member from Toronto-Trinity (Hon. Mr. Roebuck), had rather mixed feelings about it. I attended all the committee meetings except the last one, which came on a day when we had a total of five committees sitting, three of which, I may say, I attended.

Hon. Mr. Beaubien: All at the same time?

Hon. Mr. Aseltine: You are slipping.

Hon. Mr. Haig: After attending the meetings of this committee which I was able to attend, I came away with the impression that the chairman had handled things extremely well.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: He did not try to push the legislation through; if any member of the committee objected and wanted more time, he readily gave it. Further, he put at ease members of the public who came to make representations. For instance, Dr. Shute of London who appeared before the committee was so excited when he started that I thought he might collapse—

Hon. Mr. Beaubien: He should take some of his Vitamen E.

Hon. Mr. Haig: —but he soon cooled off, and gave a fine presentation.

Also, I came away from the committee with a very fine impression of the officials of the department.

Hon. Mr. Roebuck: So did I.

Hon. Mr. Haig: One often gets the impression that departmental officials feel that they have some authority and intend to run matters. In this instance, it was exactly the opposite; they impressed me as believing that adulterated food was a bad thing for the health of the people of Canada and that the whole object was to prevent such an article being placed on the market. At the same time, they were willing to co-operate with manufacturers and dealers in trying to work out amendments to the Act which would not be detrimental to either side. Therefore I express my pleasure at having had the opportunity to participate in the consideration of this bill.

The motion was agreed to, and the report was concurred in.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: Now.

The motion was agreed to, and the bill was read the third time, and passed.

BANKING AND COMMERCE COMMITTEE MEETING

On the Motion to adjourn:

Hon. Mr. Robertson: Honourable senators, before moving the adjournment of the house I would remind members of the Banking and Commerce Committee that the prospects are that the report of the sub-committee, on the Criminal Code, will be completed and ready for presentation to the main committee next Tuesday morning. In recognition of the tireless efforts of the members of the sub-committee, there should be as full an attendance at the meeting as possible.

The Senate adjourned until Monday, December 15, at 8 p.m.

THE SENATE

Monday, December 15, 1952

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

Prayers and routine proceedings.

COMMUNIQUE RE FORM OF ROYAL STYLE AND TITLE

COMMUNIQUE DATED DECEMBER 11, OF COMMONWEALTH ECONOMIC CONFERENCE

CURRIE REPORT—CABLE FROM MINISTER—MEMORANDUM FROM CHIEF OF GENERAL STAFF

DOCUMENTS TABLED

Hon. Mr. Robertson: Honourable senators, I beg to lay on the table the following documents:

Copy of official communique issued by the Commonwealth Economic Conference re Form of Royal Style and Title;

Copy of official communique issued in London, December 11, at the conclusion of the Commonwealth Economic Conference;

Report on Investigation of Army Works Services, Department of National Defence, by G. S. Currie, together with cable from Minister of National Defence dated at Paris, authorizing tabling, and memorandum from the Chief of General Staff to Minister of National Defence on being advised that report was to be tabled.

(*See appendixes A, B and C at end of today's report.*)

Honourable senators, with leave of the Senate, I move, seconded by Hon. Senator Aseltine, that the foregoing documents, laid on the table this day, be printed as an appendix to the Official Report of Debates of the Senate.

These documents were tabled earlier today in the other place. I may say, honourable senators, that I have conferred with the acting leader of the Opposition (Hon. Mr. Aseltine) on this matter. I feel that honourable members of this house are entitled to the same information as honourable members of the other house are; and my honourable friend is of the same opinion.

The motion was agreed to.

EMERGENCY SITTINGS OF THE SENATE

MOTION

Hon. Mr. Robertson: Honourable senators, pursuant to notice, I move:

That for the duration of the present session of parliament should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

As honourable senators will recall, this is a motion which is usually placed on the Order Paper prior to adjournments, in view of the possibility that some unforeseen circumstances may arise which, in the opinion of the honourable the Speaker, require the Senate be recalled.

The motion was agreed to.

RULES OF THE SENATE

MOTION WITHDRAWN

Hon. Mr. Robertson: Honourable senators, when I gave notice that I would move for the suspension of certain rules of the Senate until February 3, 1953, I was under the impression that I would have two or three pieces of legislation to introduce tonight. Unfortunately or fortunately, whichever you wish, the legislation to which I have referred will not be ready for introduction in the Senate until after the New Year. I see no reason, therefore, for moving the motion, and with unanimous consent I would ask that it be withdrawn.

The motion was withdrawn.

BANKING AND COMMERCE COMMITTEE

On the motion to adjourn:

Hon. Mr. Robertson: I would remind honourable members that the Banking and Commerce Committee is to meet as soon as the Senate rises. Notice of this meeting has been sent to the members of the committee, and every honourable senator is welcome to attend the meeting, which is to deal with the report of the subcommittee on the amendments to the Criminal Code. The purpose of meeting immediately after the Senate rises is to give maximum time and consideration of the great volume of work which the subcommittee on Banking and Commerce has done.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX A

COMMONWEALTH CONFERENCE—FORM OF ROYAL STYLE AND TITLE

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, December 12, 1952

The prime ministers and other representatives of commonwealth countries assembled in London for the commonwealth economic conference have considered the form of the Royal Title.

They recognized that the present title is not in accord with current constitutional relations within the commonwealth, and that there is need for a new form of title which will, in particular, reflect the special position of the sovereign as head of the commonwealth. They concluded, after full consideration, that in the present stage of development of the commonwealth relationship, it would be in accord with the established constitutional position that each member country should use for its own purposes a form of title which suits its own particular circumstances but retains a substantial element which is common to all. They agreed that the various forms of the title should, in addition to an appropriate territorial designation, have as their common element the description of the sovereign as queen of her other realms and territories and head of the commonwealth.

The representatives of all the commonwealth countries concerned have agreed to take, at the earliest convenient opportunity, such action as is necessary in each country to secure the appropriate constitutional approval for the changes now envisaged. Her Majesty will then be advised to exercise her prerogative power by the issue of proclamations giving effect to such changes in the title as may be recommended. It is contemplated that the proclamations will be issued simultaneously in all the countries concerned.

The form of title that will be recommended for use in Canada is:

"Elizabeth the Second, by the grace of God of the United Kingdom, Canada and her other realms and territories Queen, Head of the Commonwealth, Defender of the Faith."

The titles to be recommended in the various countries of the commonwealth are as follows:

United Kingdom—Elizabeth the Second, by the grace of God of the United Kingdom of Great Britain and Northern Ireland and of her other realms and territories Queen, Head of the Commonwealth, Defender of the Faith.

Canada—Elizabeth the Second, by the grace of God of the United Kingdom, Canada and her other realms and territories Queen, Head of the Commonwealth, Defender of the Faith.

Australia—Elizabeth the Second, by the grace of God of the United Kingdom, Australia and her other realms and territories Queen, Head of the Commonwealth, Defender of the Faith.

New Zealand—Elizabeth the Second, by the grace of God of the United Kingdom, New Zealand and her other realms and territories Queen, Head of the Commonwealth, Defender of the Faith.

South Africa—Elizabeth the Second, Queen of South Africa and of her other realms and territories, Head of the Commonwealth.

Pakistan—Elizabeth the Second, Queen of the United Kingdom and of her other realms and territories, Head of the Commonwealth.

Ceylon—Elizabeth the Second, Queen of Ceylon and of her other realms and territories, Head of the Commonwealth.

APPENDIX B

COMMONWEALTH CONFERENCE—OFFICIAL COMMUNIQUE

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, December 15, 1952

Following is the text of the communique issued at the end of the commonwealth economic conference:

The commonwealth economic conference which ended today was convened with the aim of concerting measures for increasing the economic strength of the commonwealth countries, including the colonial territories, and creating conditions in which their peoples can play their part in securing prosperity and contentment for themselves and for the world.

2. In recent years the sterling area has been faced with recurrent economic crises which have forced its members to take emergency measures of trade and exchange restriction. These measures were necessary but they have inevitably tended to frustrate the longterm economic expansion on which our hopes and opportunities for the future are founded. This was recognized at the January meeting of commonwealth finance ministers. The measures taken in accordance with the conclusions of that meeting have, however, enabled the present conference to decide that a more positive policy can now be adopted both by the commonwealth countries themselves, and in concert with other friendly countries, to promote the expansion of world production and trade.

3. The conference agreed that commonwealth countries would work together to achieve certain broad common objectives. They have no intention of seeking the creation of a discriminatory economic bloc rather their object is by strengthening themselves to benefit the world economy generally. Accordingly, the following principles were agreed upon as governing the approach to the whole range of subjects under discussion:

(a) internal economic policies designed to curb inflation and rises in the cost of living should be steadily followed;

(b) sound economic development should be encouraged with the object of increasing productive strength and competitive power, providing employment and raising the standards of life;

(c) a multilateral trade and payment system should be extended over the widest possible area.

4. The application of these principles will require individual action by commonwealth governments, co-operation among them and international action with other trading nations and existing international organizations.

INTERNAL MEASURES

5. All commonwealth governments have agreed to persevere in their efforts to curb inflation. Inflationary conditions frustrate the progress of sound development both by increasing its cost and by destroying the savings necessary to finance it; moreover they damage the external balance by stimulating excessive imports and by diverting to internal use goods which would otherwise be available for export.

6. An adequate and stable external balance must be a first objective for all governments. Failure to achieve this means repeated crises, a continuously rising cost of living, a constant threat to employment and failure to develop resources effectively. The conference welcomed the improvement which had taken place in the balance of payments, both of the individual sterling area countries and of the sterling area as a whole, following upon the conclusions reached by commonwealth finance ministers at their meeting in January 1952. It noted with satisfaction that the sterling area would achieve balance with the rest of the world in the second half of this year. It was agreed, however, that this achievement, while reassuring, was only the first step towards a stable balance for the sterling area. Policies were agreed upon for 1953 which, it is hoped, will lead to further improvement in the reserves during that year. Nevertheless, while there has been steady improvement, the level of the reserves is as yet too low to warrant any substantial relaxation of the restrictions on imports from outside the sterling area.

7. The conference considered the extensive restrictions which some countries of the sterling commonwealth have needed to impose upon imports from the United Kingdom and other commonwealth sources. There was agreement that restrictions imposed because of balance of payments problems should be relaxed as the external financial position of countries improved. In considering the whole problem the governments concerned would have clearly in mind the difficulties which the restrictions have raised for the export industries affected.

8. The economic and social objectives of the commonwealth countries, individually and in association, depend upon their ability to

produce and supply under competitive conditions an expanding flow of exports. There was, therefore, general agreement in the conference on the vital need to expand the earning power of all sterling countries.

DEVELOPMENT POLICY

9. Throughout the commonwealth there is wide scope for expanding the production of the essential supplies which the whole world needs food and agricultural products, minerals and engineering products and improving the means for transporting them. This development of the basic essentials has on occasion been impeded by other development of a less sound and permanent kind which has overtaxed the countries resources and has failed to contribute to the building of economic strength. The conference agreed that, in sterling area countries, development should be concentrated on projects which directly or indirectly contribute to the improvement of the areas' balance of payments with the rest of the world. Such projects should strengthen the economy of the countries concerned and increase their competitive power in world markets and so, by improving their balance of payments, bring increasing prosperity to their peoples. In some countries of the area, however, development plans have been, or are being, made to provide for some basic improvement in the standards of living which is a necessary foundation for further economic development. Some social investment is also urgently needed in the more developed countries certain of which have rapidly increasing populations. The conference recognized the need in such cases for these types of investment.

10. To enable development to go forward a sufficient flow of savings must be provided in the countries undertaking the development and also in other countries which are ready to invest their savings there. The amount of savings which will be available from external sources will, at best, be small in relation to the size of the development programmes of countries of the sterling commonwealth and it is therefore essential that these countries should, themselves, adopt policies which increase the flow of savings. Although this is inevitably a slow process for countries with low incomes and little margin above the basic needs for existence, the process of development will itself, increase income and increase the flow of savings.

11. The United Kingdom is the traditional source of external capital for commonwealth investment and has special responsibilities in the colonial territories. The United Kingdom government are determined that the flow of capital from London for sound development throughout the commonwealth shall be maintained and increased. This will only be possible if the United Kingdom can sustain the necessary level of internal savings and can achieve a surplus on overseas account additional to that required to meet its heavy existing commitments.

12. The United Kingdom government have, however, undertaken to make a special effort to provide additional capital for commonwealth development by facilitating the financing of schemes in other commonwealth countries which will contribute to the improvement of the sterling areas' balance payments. The conference took note that the United Kingdom government would wish, before making any of this additional finance available for commonwealth development, to be sure that the country concerned was, itself, devoting an adequate part of its resources to investment designed to improve the sterling area's balance of payments and was ready to make a sufficient contribution towards the particular scheme in question to ensure that both countries had an interest in seeing that it was carried through as efficiently and economically as possible.

13. The conference welcomed the proposal by a group of important financial, industrial and commercial concerns in the United Kingdom to form a company to further development in other countries of the commonwealth and the colonial empire. It was pleased to note that an announcement by this group is being issued today. The conference also welcomed a statement by the United Kingdom representatives that the United Kingdom government intend to discuss with the international bank for reconstruction and development arrangements to give effect to their decision to make sterling available for lending by the bank for projects designed to improve the sterling area's balance of payments.

14. The conference recognised the important contribution which investors outside the sterling area, particularly in the United States, can make to economic development in the sterling area and agreed that every effort should be made to create conditions which would encourage such investment. It further agreed that all sterling area governments should strive to attain this by reducing such obstacles as controls over the movements of capital across the exchanges. The United Kingdom government have reviewed the right which is now enjoyed by residents outside the sterling area, who have invested capital in approved projects in the United Kingdom and colonial empire since 1st January, 1950, to transfer their capital across the exchanges. At present this right only extends

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to the sterling equivalent of the initial investment. The United Kingdom government informed the conference that they have decided that, henceforth, it shall extend also to capital profits.

COMMODITY POLICY

15. The Conference recognized that there was no one universal remedy for the problem of instability of prices for primary commodities. Each commodity must be considered on its merits in the light of the conditions prevailing at the time and the circumstances must determine what form of arrangements would be appropriate. The conference agreed that violent fluctuations and an uneconomic level of prices for primary commodities were against the interests of consumers as well as producers. All commonwealth governments are, therefore, ready to co-operate in considering commodity by commodity international schemes designed to ensure stability of demand and prices at an economic level. They also recognize the need for an agreed procedure for calling together the governments concerned to consider emergency action in the event of rapidly developing conditions of surplus or shortage of commodities entering into international trade.

IMPERIAL CONFERENCE

16. There was general recognition at the conference of the value of existing preferences. On the initiative of the United Kingdom a discussion took place on a proposal that all commonwealth countries should join in seeking release from the "no new preference" rule in the general agreement on tariffs and trade (GATT) and this United Kingdom proposal was supported by the representatives of some countries. The representatives of other countries felt that such an approach would not advance the agreed objective of restoring multilateral world trade and the conference was, therefore, unable to support it. All commonwealth governments agreed, however, to co-operate with the United Kingdom government in an approach to the other contracting parties to the GATT to meet particular difficulties arising on the United Kingdom tariff. The object would be to enable the United Kingdom, consistently with the basic provisions of the GATT, to continue the duty free entry for commonwealth goods notwithstanding any increases that might from time to time become necessary in duties designed to protect domestic industry and agriculture in the United Kingdom. The commonwealth governments also agreed to consider sympathetically certain special tariff problems affecting the colonies.

INTERNATIONAL ACTION

17. Resolute action, in accordance with the conclusions recorded above will, in itself, do much to strengthen the economies of the sterling commonwealth countries but this is not enough. Action in a wider sphere is also necessary. The conference therefore agreed to seek the co-operation of other countries in a plan to create the conditions for expanding world production and trade. The aim is to secure international agreement on the adoption of policies by creditor and debtor countries which will restore balance in the world economy on the lines of "trade not aid" and will, by progressive stages and within reasonable time, create an effective multilateral trade and payments system covering the widest possible area.

TRADE

18. The plan envisages positive international action for the progressive removal, as circumstances permit, of import restrictions imposed for the purpose of bringing a country's external accounts into balance. Action will be required by both creditor and debtor countries. The rate of progress in removing discrimination will depend upon the advance towards equilibrium between the United States and the rest of the world.

19. The sterling Commonwealth countries will not all be able to remove restrictions at the same time. In particular, the representatives of some countries have emphasised that they must continue to use their exchange resources in the manner which enables them to carry out their planned development programmes most effectively and that they are likely to continue to need import restrictions for this purpose.

FINANCE

20. The conference agreed that it is important, not only for the United Kingdom and the sterling area but also for the world, that sterling should resume its full role as a medium of world trade and exchange. An integral part of any effective multilateral system is the restoration of the convertibility of sterling but it can only be reached by progressive stages. The achievement of convertibility will depend fundamentally upon three conditions:

(a) the continuing success of the action by sterling commonwealth countries themselves as outlined above;

(b) the prospect that trading nations will adopt trade policies which are conducive to the expansion of world trade;

(c) the availability of adequate financial support through the international monetary fund or otherwise.

PROCEDURE

21. It is proposed to seek acceptance of this plan by the governments of the United States and of European countries whose co-operation is essential and to work, as far as possible, through existing international institutions dealing with finance and trade.

22. The timing of the successive stages of this plan cannot be decided at present. This can only be judged as the necessary conditions are satisfactorily fulfilled.

CONCLUSION

23. The conference is happy to be able to present this account of the confident understanding which exists between members of the commonwealth and the wide measure of agreement which they have been able to achieve over the whole range of economic policy. The aims of their co-operation are entirely consistent with their close ties with the United States and the members of the organisation for European economic co-operation. The commonwealth countries look outward to similar co-operation with other countries, not inward to a closed association. It is their common purpose, by their own efforts and together with others, to increase world trade for the mutual benefit of all peoples.

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NATIONAL DEFENCE—REPORT BY MR. G. S. CURRIE

REPORT ON THE CANADIAN ARMY WORKS SERVICES WITH SPECIAL REFERENCE TO THE IRREGULARITIES UNCOVERED AT CAMP PETAWAWA

November 26, 1952

The Honourable Brooke Claxton, D.C.M., Q.C., M.P.,

Minister of National Defence,
Ottawa, Canada

Dear Sir,

In accordance with your request of April 21, 1952, I have conducted an investigation into the deficiencies and other irregularities of the engineering detachment of the army works services at Petawawa and elsewhere. My terms of reference were contained in your telegram of that date as follows:

Confirming telephone please undertake immediate investigation and report earliest possible date into deficiencies and other irregularities engineering detachment at Petawawa and related matters there, or elsewhere both to determine cause and make recommendations regarding security and accounting for stores equipment and services so as to prevent recurrence with any additional powers or terms of reference which are necessary to make complete and thorough investigation and report.

I accepted this task. May I express my thanks to you and to all departments of government, including of course the Department of National Defence, for the ready and full co-operation afforded me. I found the terms of reference suggested by you ample and complete for the purposes of the inquiry. It should be noted that interim suggestions made by me during my investigations have been already seized on, and important reforms are already being carried out.

My investigations have taken me not only to Petawawa, but also to Toronto, London, Borden, Barriefield, Vancouver, Regina, Quebec and Halifax. At all these points comprehensive general examinations were made of works companies and detachments.

PART I—THE IRREGULARITIES AT PETAWAWA AND THEIR CAUSES

The conclusion I have come to is that, while there has been a general breakdown in the system of administration, supervision and accounting, it was only at Petawawa that extensive irregularities over a prolonged period of time took place. The contents of this chapter are chiefly based upon my studies there, because of the existence there of a combination of factors: lax control, poor discipline and the presence of dishonest personnel. The combination proved disastrous.

It is mentioned in this context chiefly for the purpose of praising the personnel at other depots for not walking through the door which a fundamentally loose situation had opened before them. It does not fit the facts to indict or to smear the whole army works services personnel because of the sins of a handful of crooks.

The Discovery of the Irregularities and their Nature

At Petawawa, however, the crooks were present and took advantage of the situation, and it is an unhappy circumstance that the beginning of this investigation lies not inside the Department of National Defence and its full complement of regulations and supervising personnel, but with the receipt of an anonymous letter couched in the following terms:

The Commissioner,
Royal Canadian Mounted Police,
Ottawa, Ont.

Dear Sir,

There is reason to believe that an illegal transaction of army goods has taken place between army personnel of No. 3 works coy., R.C.E., and .....company within the past few days. This transaction involves the selling of several railway car loads of cook stoves and heaters without proper army authority. The C.P.R. station agent at Petawawa village could give you the destination of these cars.

No signature can be attached to this letter, but a good number of taxpayers have seen this deal and think that something should be done about it. If it is not an illegal deal, no harm will be done if enquiries are made, but yet if it is an illegal deal a number of other such transactions might be revealed.

Before reciting the irregularities and their circumstances uncovered by the R.C.M.P.—with the assistance later of the provincial police and the army provost corps—it must be said that internal warnings had not been lacking in the Department of National Defence. The chief auditor of the department had performed his functions conscientiously. Time and again he had reported unsatisfactory conditions. This is clear from Appendix "B" which summarizes his findings over a period of years. The Deputy Minister in each case had directed the quartermaster general to investigate and report. Lack of

adequate action at this point had, however, caused a progressive deterioration in the situation. Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse. The process is then again repeated.

The actual irregularities uncovered at Petawawa are difficult to deal with in this report. The reasons for this, and for my dependence in large measure on police reports, are set forth later. The difficulties are enhanced by the fact that in various instances court proceedings have been instituted or are under contemplation. It is important, at this time, not to jeopardize these proceedings either from the point of view of the crown or of the accused. At the same time, it seems to me the public interest demands that this report should include a more or less detailed description of the nature of the irregularities which took place. I have therefore attempted to summarize them.

You will remember that, in each case, army personnel were involved; and that, in most cases, whether proceedings are taken or not, or whether these issue successfully for the crown, army goods have been recovered by the police which is fairly successful proof that army goods were widely spread in places where, under the regulations, they had no business to be. In a substantial number of cases, army personnel have signed statements admitting the correctness of the facts stated.

A series of transactions concerned the disposal of scrap metal. In one case, a proper contract was let for the disposal of 30 tons, in another, of 15 tons. It seems that some 550 tons were shipped out of the camp area, and that the proceeds from the bulk of the sale were pocketed by army personnel. Some of the metal thus shipped was not scrap at all. It consisted of serviceable material such as kitchen ranges, cannon heaters, shower-stalls, sinks and the like. Most of this material was recovered. In one striking instance, a large quantity of rails belonging to the Canadian Pacific Railway was removed. When this loss was noted by the C.P.R. and questions raised, a spur line of the Canadian National running into the ordnance depot was taken up and the rails used to replace the missing C.P.R. track. Another case involved the collection of lead from rifle butts and its private sale.

A contract was awarded for the clearing of the camp "X" area. It covered the clearing of 206 acres, though only 166 acres were cleared and that not satisfactorily. In this, as in the scrap metal cases cited and, indeed, in others, army equipment was used although the contract called for the company to use its own equipment. During the clearing of this area horses were hired by army personnel and and placed on the payroll under the names of non-existent labourers. In another instance, a civilian employee of the detachment got a contract for cutting and hauling cedar poles. Permission was given to use an army bulldozer and other equipment on the job. Lumber was apparently cut from the area to be trucked to camp Petawawa. Its final destination cannot now be accurately traced.

An electric refrigerator was obtained from a local hardware store, and billed to the works department as other material. When electric refrigerators became available, the steel ice-boxes previously used were not returned to stores but turned into a hardware store and traded for other merchandise chosen by army personnel. A boat and several washing machines were obtained by putting through a false order for 1,000 bags of cement. The boat has been traced at Petawawa and one of the washing machines was located in the men's quarters. Rolls of linoleum were stolen, some of which was recovered later. Two freight carloads of pulpwood appear to have been stolen during the cutting of a power line.

In various instances it has been ascertained that army personnel were employed to construct such articles as boats, desks, beds, chests of drawers, coffee tables, chairs and, in one instance, a child's rocking horse, all for private use and not for government service. The material used was army material, and, though some of it, the latter at least, was subsequently paid for by the personnel concerned, the wages of the workmen employed were not.

A dam was built on Tucker Creek at a cost estimated at some $3,000 or $4,000. Its utility is not clear to me, and it was, in any event, not authorized by army headquarters.

In certain cases, persons buying army material were asked not to make cheques in payment (in whole or in part) to the receiver general but to individual army personnel. The amounts thus paid did not reach the public treasury.

In another case, a member of the detachment was hired by a private company and paid for 13 weeks at the rate of $100 a week. The company claimed its temporary employee told it that accumulated leave would permit him to fulfil his obligations which involved the setting out and detailing of houses in the camp Townsite. The man in question denies this, stating he performed these private duties in his spare time. He also denies that there

was any secret and improper element in the transaction which was, nevertheless, clearly improper under the regulations.

Private and improper sales of gravel were made by responsible personnel in charge of a gravel pit leased under strict terms by the Department of National Defence.

It was the practice at Petawawa to lend cement and other materials from army stores to private contractors in the district. No record was kept of these loans, and the materials were usually not returned until the army asked for them. The explanation given was that the private work being done was of an urgent nature, that materials were scarce, and that only the government had the priorities with which to obtain them. It was also stated that personnel were not available to keep the proper records.

A contractor received payment in full on a $32,000 contract for laying sewer pipe and manholes, although some $4,000 of the work had been completed by the army before the private contractor began work. The explanation in this case was that a Central Mortgage and Housing Corporation inspector erroneously accepted verbal progress reports from an assistant. The company also claims that the payment asked for was the result of an office employee being unfamiliar with procedures in such cases.

The Attempts to Estimate Losses

These, then, represent the ascertained cases of irregularity at Petawawa. How many more there may have been will never be known. It was apparent from the beginning of the investigation that the accounting records were in a chaotic condition and would be of little use in determining the nature and extent of irregularities. It is impractical, and perhaps impossible, regardless of the time which might be spent on examining records, to try and determine by this means the amount and value of the deficiencies.

This conclusion is based upon the results of a single, determined effort to ascertain by accounting methods the extent of the shortage existing in the case of a single item of stores. Cement was chosen as a test case, largely because the number of suppliers of that commodity were few in number and easy to find. Six weeks were spent in the effort. The suppliers produced their record of cement supplied to Petawawa. All army records were examined and audited. The contractors in the area to whom supplies of cement might have been given, sold or loaned, readily opened their books. As a result of the inquiry, it appeared that one loan of 3,400 bags of cement had not been returned. The overall shortage appeared to be some 18,000 bags, much of which may have gone into unauthorized projects of one kind or another, or wasted or pilfered in small quantities. It was impossible to ascertain exactly what had happened. But my test cement investigation convinced me that to attempt a similar study of all the 5,000 items of stores held would be endless and probably fruitless.

In such circumstances, when rigid accounting methods fail, police examination is the only available recourse left. This has been carried out with painstaking thoroughness, and leads me to the belief that most, if not all, the important irregularities have been uncovered. The police, too, have been able to recover by far the greater quantity of the missing goods, and these have been returned to stores.

No reliable estimate of the total loss can be prepared. It does, however, appear probable that the total loss resulting from misappropriations and irregularities by military personnel at Petawawa was not large. The advantages gained by civilians dealing with corrupt military personnel are not clearly ascertainable. My view would be, however, that the generally lax administrative situation would give rise to waste and inefficiency far more costly in loss than that covered by actual dishonesty. The evidence examined does not disclose irregularities involving relatively large sums of money, but, rather, an impressive array of petty irregularities on an extensive scale.

Breakdown of the Accounting System

The fault did not lie in the accounting system, which was a good one had it been operated properly. It was a new system, based on American and British as well as Canadian experience, and embodied features which, theoretically, would have quickly checked irregularities as they appeared. Under the regulations, had they been enforced, it would have been possible to determine from the perpetual inventory records the quantities and values of engineers' stores which should have been on hand at any given time. Then, by means of a comparison with a physical count of stores, the shortages could have been ascertained. The regulations of the army works services require that a 10% inventory of stores be made every month. The accounting system, however, was not properly operated, nor were the regulation inventories methodically carried out.

My investigations show that at least 33 regulations have been in the past honoured more in the breach than in the observance with the result that many of the control features of

the accounting system were rendered ineffective. They had to do with:

(1) Authorization of projects.
(2) Approval of works orders.
(3) Presentation of work orders as the only basis for issuance of stores.
(4) Preparation of accounting cost estimates.
(5) Follow-up by works company officers on efficient use of labour and material.
(6) Return of excess materials issued to jobs.
(7) Excess materials from one job being used on another.
(8) Unauthorized projects and services.
(9) Wasteful expenditures.
(10) Segregation of stores and warehousing generally.
(11) Physical inventory counts.
(12) Disposal of stores.
(13) Loans to individuals.
(14) Splitting of projects to come within local authority.
(15) Accounting for forms CAB's 83 and 83A by serial numbers.
(16) Unauthorized forms.
(17) Distribution of work orders.
(18) Cross-charging practices.
(19) Payments to military personnel rather than to the receiver general.
(20) Padding payrolls.
(21) Obtaining materials and commencing work prior to authorization of projects.
(22) Unauthorized accumulation of materials from completed works and a failure to take on charge surplus materials.
(23) Failure to record non-expendable stores issued to buildings.
(24) Failure to record the change in location of installed equipment.
(25) Errors in recording values on stock record cards.
(26) Adjustment of discrepancies revealed at stock taking without reference to higher authority.
(27) Irregular delegation of authority to sign work orders.
(28) Estimated costs being exceeded by substantial amounts without reference to higher authority.
(29) Labour and materials charged to approved works but delivered to other jobs.
(30) Condition of real property records.
(31) Inaccurate distribution in cost records.
(32) Certain removeable equipment was not listed accurately in property records and stores.
(33) Improper loans of materials and rental of equipment to civilian contractors.

Failure in Security

There was in addition a serious collapse in security. There was little to prevent or to detect the organized plundering of military stores on a systematic scale, though apparently comparatively little of it took place. If there is excuse for inefficient accounting, there is none for the failure of security which is, after all, a prime military consideration. I take a serious view of this breakdown. If it is easy to pilfer military stores, then, by the same token, it is easy to sabotage military equipment. My recommendations in this respect are fully outlined later.

Strains of the Korean War

My investigations of the problems, difficulties and shortcomings of the army works services outlined above suggest that they have been caused for the most part—but by no means altogether—by the tremendous and sudden expansion of its activities brought about by the Korean war and by the large-scale defence program involved in carrying out our NATO activities.

The establishment approved for the army works services after the second world war did not envisage the sudden expansion which was to take place in 1950. It was designed to carry out a purely peacetime role of planning, development and construction on an annual expenditure of approximately $20-,000,000. This establishment became quickly burdened under the impact of big-scale re-armament. In September, 1950, the program was increased to about $80,000,000. In the following April, it was increased to about $200,000,000. The program envisaged in the 1952-53 fiscal year aggregates about $250,-000,000. The magnitude of this responsibility is reflected in an investment in plant and buildings which now amounts to $750,000,-000 and is still rising.

During the 1952-53 period, the Petawawa Detachment will expend something in excess of $1,000,000 on its own account, as well as having administrative responsibility for supervising some $20,000,000 of new constuction performed by outside parties. It will readily be seen that the detachment's job is by no means a small one, but comparable perhaps to a medium-sized commercial construction company.

On the circumstances of sudden re-armament, the army works services of necessity was not permitted time to re-organize itself for this tremendous expansion, particularly since, it will be recalled, no one knew then whether the communist aggression in Korea was not the beginning of concerted Sino-Russian attacks in all available theatres of

war. Many sections of the services became completely overwhelmed with work.

The situation was complicated by still another factor. The Department of National Defence (including the army works services) was largely staffed and manned by men whose military training had been received in war-time. Its establishment and administrative practices reflected more clearly the urgent needs and exigencies of war, when speed is everything and costs count not at all. The carry-forward of this war psychology must be coupled with inadequate training and resultant ignorance on the part of personnel of their administrative duties and responsibilities. There was, in addition, indifference and reluctance on the part of military personnel to concentrate on administration to the degree required. It was not perhaps unnatural that these latter needs were largely forgotten or deliberately overlooked as soldiers gazed forward into the unknown consequences of the Korean outbreak, and foresaw still greater wars not very far away. But, if this spirit permeated the lower echelons of the army, it is more difficult to condone the same attitudes higher up. There, a higher degree both of intelligence and responsibility is essential. It was not always present in the degree required.

PART II—PROPOSED REORGANIZATION OF THE ARMY WORKS SERVICES

Role of the Army Works Services

The army works services is not necessarily a distinct and separate unit within an army. It is, in Canada, an ad hoc organization, drawn from various units and groupings, chiefly the Royal Canadian Engineers, and including a number of civilians. Its function is to provide and care for accommodation of all kinds for the maintenance of the active and reserve forces of the Canadian army in Canada, and to provide land and structures, and care for them, in order to permit these forces to carry out their tasks. Thus it provides for defence and special works, provides and distributes engineer stores, creates fire fighting services and plans accommodation and other works requirements for mobilization and war.

It is included in the composition of the army for the sole purpose of providing necessary facilities for the rest of the army. It maintains the most direct contact with the civil engineering profession in Canada and its military components are thus kept abreast of current engineering practice in all phases of civil and related engineering.

Handling of Expenditures

Expenditures of the army works services are estimated each year in advance, screened carefully at all levels by the service, the staff and finally by the general officers commanding and the chief of the general staff. These are presented to the minister. The usual annual programme of the army works services comprises the following main tasks:

(1) The requisite maintenance program—a fixed commitment.
(2) That proportion of the planned new construction programme approved by the government for the year.
(3) The planning of further new construction and maintenance requirements.

The voting of funds in bulk allotments by parliament represents the direct control exercised by the people of Canada on the country's military activity. Funds so voted are controlled to varying degrees depending on the amount and nature of the expenditure. In all cases, the treasury officer, who is appointed by the Department of Finance to work within the Department of National Defence, must certify that the necessary money is available and that the expenditure is in fact in accordance with the purpose for which the funds were voted.

In addition, an "administrative" approval of the expenditure is necessary to ensure that the expenditure is in accordance with current government and National Defence policies, is economical, and is made in accordance with sound and fair business practices. With the department, such approvals can only be given by the minister and by the deputy and his staff, together with senior army officers who have been specifically delegated by the minister. The expenditure of public funds for construction purposes is further controlled by regulations requiring that large projects be screened by the Department of Defence Production and the treasury board to ascertain their effect on the current labour and material situation in the locality in Canada in which they are required. This special review is intended to prevent avoidable interference with the general economy of the country.

It is the policy at all levels to avoid using "direct to trade" purchasing powers, except where essential, to maintain the excellent relations which have been established with the Department of Defence Production and to use that agency as the normal purchasing channel. It is a further policy to use the contract method for construction and maintenance wherever possible and consistent with true economy and efficiency. In the normal course of events, all major new construction projects are let by contract. Exceptions are

made to the policy only in particular circumstances such as exist in northern Canada where it is desired to make use of the training value of large day-labour projects.

Limiting Factors

The capacity of the army works services to perform its tasks is hampered by—

(1) Inability to obtain staff (civilian as well as military).
(2) Delays in obtaining approval and in the release of funds.
(3) Effect of government restriction in the use of day-labour and other restrictions in the method of purchasing and letting of contracts.

The administrative procedures involved in the above, to a varying degree, of necessity effect a reduction in the efficiency and the capacity of the army works services.

Objective

What is needed now is the creation of a system designed to fit the economic and efficient administration of a large and long-sustained preparedness programme inside a national economy operating at full blast. This involves the abandonment, by all administrators of the programme, of the war psychology with its emphasis on speed with resultant wastefulness and extravagance, and the substitution of an alert, economic and efficient operation, flexibly designed, to be sure, to meet emergencies, but designed also to become a more or less permanent part of Canadian life and government.

Need for Managerial Skills

The foregoing study and analysis of the situation at Petawawa have led me to certain general and specific conclusions regarding the future of the army works services, and the problems which confront it. These involve the recruitment and training of personnel on a basis quite different from that of the past. Changes in administrative methods and responsibilities are also needed. These involve organization and control.

Certain principles may be stated in this connection. The first of these is to have good men about. This is complicated in the army works services because:

1. At army headquarters level it is basically a military organization and it is not free to pay the prices necessary to acquire top-flight administrators in key posts.
2. Personnel in the R.C.E. and the Army generally are sometimes promoted for reasons other than administrative ability, e.g., in the army works services, engineering ability. Accordingly, an officer may find in his rise up the ladder that he is faced with successively greater administrative jobs for which he is ill-suited.

This situation has a parallel in civilian life in that the most important ability of the head of a small business is technical ability. As the size of the business increases, the importance of managerial ability increases and that of technical ability declines. In medium-sized businesses, the two tend to be of equal importance. The most important quality in the heads of a large organization is managerial ability, and, the larger the concern, the more important this becomes.

Need for Reorganization

The emphasis in the army works services organization at one time was quite properly placed on technical skills, but, in its present size, emphasis should be shifted to managerial and administrative ability in key posts. The drive in civilian life is for efficiency and control, and these are major requirements of the army works services in its present state of expansion. Any deficiency in filling these posts will result in overloading the next in charge, and will throw the organization out of balance. Thus, a major problem confronts the army works services in filling its establishment at defence headquarters.

A problem of the army works services relates to organization since—

(1) Its organization has been neither good nor adequate at all levels,
(2) Organization changes which have been made are a result of some segment being overwhelmed.
(3) Reorganizations approved by the civil service commission and establishment committees have not been realistic and reflect a lack of understanding of army works services problems.

To make an organization effective it is important to develop personnel. Plans in this respect normally include:

1. Selection of candidates for training.
2. Training to meet job requirements.
3. Systematic and gradual development through selected positions of responsibility.
4. Control over appointments to key positions.
5. Clear-cut assignment of responsibility for carrying out the program.

The army works services appear to have fallen down badly in this respect. Certain key positions have not been provided for. Key positions have not been adequately filled,

and training and control over promotion of personnel have not been conducive to maximum efficiency.

A well managed organization requires a fair wage structure properly administered. This requires a suitable agency sometimes referred to as a personnel manager. At present in the army works services this factor is not co-ordinated and well planned and has contributed in a serious degree to personnel problems in respect of civilians employed by the service. Changes usually occur on a piece-meal basis and normally involve fruitless disputes with the civil service commission and establishment committees. In many cases, unsatisfactory arrangements result. The functions of a personnel manager normally involve—

1. Assisting in job analyses
2. Assessing relative job values
3. Comparisons with outside rates
4. Maintenance of records to show—
   (a) How wage rates compare with outside scales;
   (b) Recommended changes to maintain wage policies.
5. Reviewing changes in job classifications and rates.
6. In general to co-ordinate and initiate steps necessary to create and maintain a sound and fair wage structure.

Difficulties have arisen in the army works services organization arising from the employment of civilian personnel working alongside enlisted men in the same organization. It has been difficult to attract suitable and competent civilians to work for the army works services due to—lack of career possibilities—inadequate salaries—insecurity of employment.

In any reorganization, the establishment need not necessarily have the proposed military element, and, because of the relatively frequent changes in postings of military personnel, it might perhaps be better organized with more permanent civilians. This problem has, in all probability, appeared in other lands. In both the United Kingdom and the United States, civilians are used in the army works services in relatively larger numbers than in Canada. This has resulted in a marked saving in military manpower, and may also have the advantage of placing civilian-trained, rather than military-trained, men in many posts which are, after all, essentially civilian in character.

The Proposed Reorganization

I have drawn up four alternative plans for the needed reorganization.

Alternative No. 1

The first is to improve and further develop the existing organization by—

1. Reorganizing the service at A.H.Q. and other levels so that it is more appropriate for its vast managerial responsibilities.
2. Improving the calibre of civilian personnel (at least in key positions) by revising salary scales and more efficient selection methods.
3. Creating suitable training courses in administration.
4. Creating a suitable inspection and service division to keep top personnel fully informed on conditions and to act as an instrument to clear bottlenecks and train personnel on the job.
5. Placing proper emphasis on administrative efficiency.
6. Freeing top personnel from detailed administrative duties to enable them to make uninhibited inspections down the line so that they can initiate remedial action through the machinery created in 4. above.
7. Generally implementing the various measures suggested by this report.

Alternative No. 2

The second alternative is to create a civilian organization running parallel to a military organization up through commands to army headquarters. This alternative would—

1. Relieve military personnel of most of the administrative function and enable them to concentrate on planning and on executive direction of works.
2. Open up career possibilities to civilians and thus attract high calibre permanent personnel and provide stability to administration now difficult to achieve.

The advantage of this course of action would appear to be the combining of greater administrative stability and efficiency with a valuable training element for R.C.E. personnel.

Alternative No. 3

The third alternative envisages the creation of a completely civilian army works services under the Q.M.G. but operating outside command channels and tied in directly to army headquarters. Such an organization as this would avoid considerable duplication in administrative work and delay in getting things done which are involved in the operation of the army works services through command channels. That is, something along the lines of a holding company with operating subsidiaries. Liaison at various levels whereby requests for work would flow into

the service would necessitate certain military personnel attached to the organization. Also the broad planning function would continue under the chief of the general staff. Execution of such plans would then flow through the quartermaster general to the army works services.

The main advantages here would appear to be savings in administrative and technical manpower, and those generally applicable to, say, Central Mortgage and Housing Corporation.

The objections are that the army works services would, for the most part, cease to be a training ground for military engineers.

Alternative No. 4

The fourth alternative is that the Department of Public Works take over army works services. This might effect a certain saving in technical manpower not attained by the first and second alternatives but perhaps accomplished to a degree by the third alternative.

The objections are:

1. A department which becomes too big tends to become unwieldy and inefficient.
2. Non-utilization of R.C.E. engineers who do compensate to a degree for the shortage of civilian engineers.
3. Too slow and cumbersome to meet army needs.

In assessing the possibilities of these various alternatives, short-term considerations and long-term considerations play a part. Precedent exists for alternative number 2 in the United Kingdom and the United States where army works services are largely civilian in structure. Alternatives 3 and 4 represent radically different structures and their introduction at this stage of expansion might create harmful confusion. It would, therefore, appear advisable to adopt alternative No. 1 at the moment and gradually develop the organization along lines suggested under alternative No. 2. The introduction of civilian administrative and technical stores officers, chief foremen of works and estimators would constitute a major step in this direction. Once this has been accomplished further development along the lines suggested by alternative No. 3 would be relatively easy. As long as the army works services exists in its present size, alternative No. 4 would appear to be unwise.

PART III—PROBLEMS IN REGARD TO REORGANIZATION OF THE ARMY WORKS SERVICES AND RECOMMENDATIONS FOR THEIR SOLUTION

The six major problems of the army works services appear to be:

1. Organization
2. Personnel
3. Control
4. Accounting
5. Stores
6. Security

ORGANIZATION

During the fiscal periods following the Korean crisis the Department of National Defence has been physically unable to carry out its budgeted program of expenditures. In the case of the army works services the major obstacles have been poor organization, lack of control and of sufficient technical personnel.

Army Headquarters

For example, at army headquarters some fourteen different functions were the direct responsibility of one man. These functions were represented by the following:

1. Finance
2. Stores
3. Real property
4. Administration (H.Q.)
5. Publication
6. Inspection
7. Fire marshal
8. Design
9. Construction
10. Maintenance
11. Construction inspection
12. Accommodation planning
13. Accommodation standards
14. Architect standards.

The control of these functions involving expenditure of $20,000,000 was a big job. A program of $250,000,000 has made the task impossible. To correct this situation the department has recently developed a new organization for the army works services at army headquarters.

Under this new organization, the post of deputy quartermaster general (Works) has been created. Directly responsible to him are two directors, namely, Works and Quartering, and responsibility is broken down under these two directors in a clear-cut manner.

Good organization in a large undertaking requires that not more than seven and preferably five functions report directly to

one man. The following summary shows how this has been taken into consideration—

	Number of Persons Reporting Direct
Deputy quartermaster general (Works)...	2
(a) Director of works	4
(i) Assistant director works procurement	5
Officer in charge finance division	3
Officer in charge stores division..	4
Officer in charge real Property division	3
Officer in charge publication division	—
Officer in charge inspection division	—
(ii) Assistant director works engineering	4
Officer in charge design division.	8
Officer in charge construction division	5
Officer in charge maintenance division	5
Officer in charge construction inspection	—
(iii) Officer in charge administration division	2
(iv) Fire marshal and assistant.....	3
(b) Director of quartering	3
Accommodation planning division....	—
Accommodation standards division...	—
Architect standards division.....	—

Works Companies

Turning now to the question of organization of works companies and detachments, I feel the officer commanding works company, if properly trained, can control his company's operations and personnel most effectively by adherence to certain principles of management well recognized in civilian corporations:

1. He must have personnel qualified to do the job. His key personnel are essential to him.
2. He must delegate effectively. It must be clearcut. Each man must know his own duties, must have precisely defined authority, must know to whom he is responsible and his correct relations with those on his own level. When he delegates, he must back up, interfering only to avert catastrophe. He should teach by guiding them to know and follow his policy and thoughts, not by interference.
3. His contacts with personnel, for the purpose of information, should be uninhibited, but he should remember the clear lines of authority and give no orders during his explorations.
4. The different sections of the company should be as autonomous as the capacities of those in charge of them permit. No decision should ever go above the level at which there is a competent man to settle it.
5. Line and staff functions must be separate and clear-cut.
6. His office should be simple, containing no function which should be placed elsewhere. He must have enough freedom from detail, thus leaving him free to concentrate on important matters. He should spend a minimum amount of time in his office and be out effecting over-all supervision of company activities.
7. He must realize that officer personnel are subjected to spotlight analysis by other ranks, who do not miss much. Any softness in enforcing regulations, looseness such as pilfering stores, misappropriations or misuse of funds is quickly noted, and destroys discipline.

On September 15, 1952, a revised and improved establishment for Petawawa was approved. An organization chart is attached as Appendix "A". It will be noted that personnel considered to be "key" employees have been indicated. Its organization includes the following key positions not provided for under the old establishment:

1. Administration officer (civ.) (administration section)
2. Military foreman of works warrant officer I (works section)
3. Engineer accountant warrant officer II (finance section)
4. Technical officer (civ.) (stores section).

A fault of the new establishment is that it does not include a skilled estimator, which I consider vital to the efficient operation of a company.

The key personnel here noted, if of the right calibre and suitably trained, will largely stabilize the administration and operation of works companies, and should compensate to some extent for the rather chaotic conditions which flow from the relatively frequent posting of military personnel.

Up to now the absence of an administration officer, a technical stores officer and a 2nd in command has resulted in the works lieutenant supervising these functions to the detriment of his proper function. The function of the military foreman of works is being carried out by a W.O. II, who, in addition to his normal responsibilities, has been preparing plans, specifications and estimates as well as supervising projects and jobs. This has created a bottleneck.

The following division of duties and functions appears to be appropriate:

Works Section

The works lieutenant should be responsible for the plans, designs and over-all supervision of works. The military foreman should be charged with the direct conduct of the work and administration inherent therein. An estimator should be provided to prepare and control all estimating and be responsible for the accuracy of same thus providing an element of internal check on performance by the foreman of works. Following an analysis of completed work orders and on the site observations and inspection, the works lieutenant can then compare actual costs with estimated costs and place responsibility for variance where it belongs.

A monthly summary of these records covering the projects and jobs which have been completed during the period will afford to the commanding officer information which will enable him to appraise and control the efficiency of the works company. He must, however, have the benefit of skilled estimating and accurately prepared work orders to provide him with suitable standards of performance.

Administration Section

The O.C. works company can control the administrative efficiency of the unit through his administration officer. He must have sufficient administrative training himself to know what he is trying to control and have a good working knowledge of administrative matters. The administration officer, in turn, must have the key personnel as shown under him suitably trained and effective in order to carry out his responsibilities properly. The technical stores officer and the two accountants for finance and costs are most important personnel to him.

Transport Section

The transport personnel appear to form a fairly comprehensive group and accordingly require someone delegated to take charge with appropriate rank.

Fire Section

The functions of this section require careful supervision and attention. Many of the buildings are reaching an age when they present extreme fire hazards and unless constant vigilance is maintained the possibility exists of rather serious destruction of property by fire. The person directly responsible for this function must not only know how to combat fire but the measures necessary to avoid fires. Any slackness in this respect will sooner or later lead to unfortunate results.

Miscellaneous Sub-sections

"Projects" and "Permanent married quarters" are suitably taken care of in the new establishment. Major maintenance tasks such as house painting which are required periodically should continue to be done by the maintenance section thus utilizing manpower effectively.

To make an organization effective, it is important to develop personnel, and I turn now to point No. 2 of the army works services major problems.

PERSONNEL

In regard to calibre of personnel, it seems appropriate to point out that in work of this nature good men can save their salaries many times. Poor calibre personnel in key posts burden others in the organization and generally unbalance its operation, lead to waste of time, bottlenecks and so forth.

Contributing Factors

The acquisition of suitable personnel has been hampered by slowness on the part of establishment committees in revising establishments, and the slowness on the part of the civil service commission in supplying personnel. Usually this latter delay is aggravated by unrealistic salary scales.

The lack of preparatory training of personnel has contributed to the conditions found at Petawawa and elsewhere. In the works companies and detachments investigated it was apparent that the key personnel had not received adequate preliminary instruction through having taken suitable training courses before posting. Training courses now operating should be re-examined to ensure that adequate courses are provided to cover the duties of all key personnel in the army works services.

Pilot Plant

In view of the urgent need to apply immediate remedial measures, it is suggested that consideration be given to the setting-up of one of the army works companies as an example of the ideal to be attained. In choosing this special company, care should be taken to select one in a suitable area and with as nearly a perfect layout, equipment and facilities as is possible. The administrative arangements, as well as the operational organization, should be most carefully set up to provide a model company. Such a company would be in the nature of a "pilot plant" to which officers and other ranks from other companies could be temporarily posted

to obtain rapid and concentrated instruction as to how a works company should be organized and operated.

Manuals of Organization and Operation

As referred to previously the O.C. works company must delegate effectively, and to do this his organization must be well defined. For this purpose, manuals of organization and operation are essential. Each of the main sections of the works company should have its own special manual outlining in clear, concise and readable form the organization and operation of the section. Sufficient copies should be available to enable personnel to become familiar with their responsibilities. The context, form and presentation of these manuals must be such as to impress personnel with the importance of the instructions contained therein and with the necessity of following them meticulously.

It is suggested that manuals be in loose-leaf form and that amendments be made by way of reprinted pages. One of the duties of the chief auditor and the administrative service team of the inspection division should be to inspect these manuals and report as to whether they are being kept up-to-date. All regulations affecting the organization and the operation of these works companies should be contained in the manuals. There should not be several sources of authority.

A manual should be prepared for the O.C. works company which, with those for each section of the company, would form the master manual for the company. The appropriate additions should be added for each level of command up to army headquarters. Such manuals would be invaluable to the O.C. works company in training his staff and also at engineer schools in training the specialists required by army works service.

Conferences

Periodic meetings of officers commanding army works companies and detachments within commands should be held so that they can discuss and help each other with the solution of problems and difficulties. Such an exchange of ideas can sometimes be most fruitful, and lead in many cases to sound suggestions for improvement of the whole system. These meetings could be instigated and controlled at the command level with an army headquarters representative to co-ordinate the results.

Conclusions with respect to training are that the training programmes in effect have been inadequate and that a considerable improvement is possible and advisable. The suggestions made above have been tried and proven in civilian organizations and considerable benefit should result from their adoption by army works services.

CONTROL

The third major problem of the army works services relates to control. Apart from controls regarding calibre, acquisition and training of personnel, what is covered here is control over—

1. Policies
2. Organization
3. Costs
4. Methods and manpower
5. Expenditures
6. Demands upon time of senior officers and executive
7. Over-all performance.

This problem goes to the heart of the matter. The conditions examined reveal a substantial loss of control. Army files which have been examined reveal in many instances unsatisfactory conditions existing over a period of years and little if any effective action taken. The causes seem to have been a combination of the following:

1. Obsolete organization
2. Administrative laxity
3. Inability on the part of senior officers to cope with the situation due to lack of knowledge and experience
4. Lack of effective control agencies.

Control of Policies

Policies must be clearly defined so that personnel will understand under what conditions and to what extent they apply. It is apparent that personnel have not been imbued with the letter and spirit of army works services regulations. They are not in a form which can be readily applied.

Control over Organization

The maintenance of an effective organization requires continuous study, development, adjustment and review to ensure that the plan is working effectively. This is normally done through—

Organization planning;

Organization charts;

Job specifications;

Control specifications;

Organization manual;

Initiation and approval of organization changes;

Review of Organization Practice

At present this task is the job of the deputy assistant director of works. It is to his credit that, without staff, he has been able to accomplish the progress that has been made. However, the function is simply too great for one man.

Control over Costs

Control over costs is a most important factor in the army works services since there is not the same direct pressure for economy in its operations as exists in a commercial enterprise. Systems of cost accounting have been designed to control costs. Such systems normally disclose extravagance, waste and unreasonable expense trends. The army works services has a cost system and, if operated efficiently it would accomplish the purpose for which it was designed. However, it has not been operated properly nor have the results been analysed and made use of by army headquarters. The supervision and control of the cost system should be delegated to a staff officer at army headquarters.

Control over Quality of Key Personnel

A co-ordinating authority at army headquarters in the nature of a personnel manager should head up the control over the selection of key personnel through the army works services.

Control over Expenditures

Control over expenditures in the army works services is exercised through the enforcement of a series of regulations. The regulations are adequate but adherence to them leaves a great deal to be desired as is shown elsewhere in this report.

Control over Demands upon Time of Senior Officers and Executives

The most economic and effective employment of the time of senior officers and executives must also be organized and controlled. To do this, careful planning should be undertaken along the following lines:

1. Use of time studies of each executive's working day to guide assignment of duties.
2. Use of high calibre personal assistants to handle much of the detail.
3. Effective use of a capable staff organization to analyse and digest information and make recommendations.
4. Limitation of the number of persons reporting directly to senior personnel.
5. Separation of the offices of senior officers from subordinates and restriction of contacts to those made by appointment.
6. Insistence that all but emergency matters be submitted in writing.
7. Realistic allotment of duties so that senior officers may have adequate and appropriate time to attend to personal inspection in the field, constructive thinking and administrative routine.
8. Reduction of time and attention of senior officers by eliminating the deluge of literature, correspondence, requests for information, surveys and similar demands originating from higher commands.

Control of Over-all Performance

One of the principal reasons for freeing senior personnel of detail is to permit them to concentrate on the performance of the organization as a whole. Investigation reveals that this has been lacking in the army works services. The fundamental reasons have been outlined above. The auditor general, the treasury board, the chief auditor of the department and the inspectorate of quartermaster services all assist in providing information useful for control. At first glance it might seem an impressive array of auditors and inspectors. However, their efforts are to a great extent diluted by responsibilities in other services and departments. It is for this reason that a staff control agency is suggested and also a full development of the inspection division.

Staff Control Agency

Such specific factors of control in the army works services require the use of a staff agency specially designed for the purpose. Since the directorate of works is by far the larger, and directly concerned in this respect, it is suggested that such an agency be headed by an assistant director of management services located at the same level as the assistant director works procurement and the assistant director works engineering. It is conceivable that all "Q" services could do with this sort of control agency.

Administrative Service Teams

The inspection division which will be controlled by the "Staff Control Agency" should include administrative service teams whose functions would be:

1. To inspect the administration of works companies and detachments at least semi-annually.
2. To determine causes of administrative failures.
3. To assist works companies and detachments in correcting such failures.
4. To provide information to enable the staff control agency to formulate improvements in administration.

Such teams would be made available to general officers commanding to assist them in correcting conditions which demand remedy.

ACCOUNTING

The fourth major problem of the army works services has to do with the operation of the accounting system and related regulations.

Operation of the System

The system was installed in 1949 and was still not working satisfactorily in the early part of 1952. Examinations made show that there is still a great deal to be desired but that personnel are gradually overcoming the chaotic situation previously in existence.

Appendix "B" classifies the various accounting irregularities found by the chief auditor of the Department of National Defence. Examination of the accounts at Petawawa and elsewhere confirmed these findings. It is obvious from this appendix that the system has not been effective and that conditions existing prior to 1949 were still in existence.

The following general comments are made with respect to the present operation of the system—

Real Property Records

These are not up to date at Petawawa nor generally across Canada. Since the army works services is concerned with an investment of some $750,000,000 in buildings and plant, the task is a large one. It is fundamental to the proper functioning of the system that no time should be lost in bringing these records to a satisfactory state.

Works Procedure

The regulations in this respect appear to be sound. Estimating, however, is not efficient. Again, this is a fundamental factor in the system. The cure would seem to be to have a qualified estimator in each works company or major detachment. At present foremen of works are doing estimating which does not leave them free to properly supervise works. The works officer through his chief foremen of works and chief estimator should be able to co-ordinate the activities of each and bring into existence a valuable element of internal check. This factor is his "administrative key" to efficiency in his unit. If he becomes unduly involved in either supervision of works or estimating, over-all efficiency, his prime responsibility, suffers. Therefore he must have adequate assistants in these posts.

There is a general complaint that the rush of work makes accurate estimating and follow-up difficult to achieve. It would seem that estimates on projects in the first instance should be approximate until the project or job is approved in principle. Then if so approved, it should be re-submitted together with a detailed and carefully prepared estimate for final approval. It is important that for each approved project there be a reliable estimate of cost before a work order is issued. If this is not done a great deal of the value of the system is lost. This is not an unreasonable requirement—the success of civilian construction companies depends on efficient estimating.

Another important point relates to the work order which in effect constitutes an order from the officer commanding works company, based on an approval from higher authority, to his assistant to proceed with the job. This constitutes an authority for the foreman to draw a specified amount in value and the quantity of materials and stores to complete a specified job or project. As mentioned above, any carelessness in the preparation of the order leaves a wide open opportunity to foremen. Accordingly, the following recommendations are made with respect to work orders:

A. They should be made out in such a manner that they cannot be easily altered without detection.

B. Where the officer commanding delegates the signature of work orders, the storekeeper should be advised in writing of the names of the designated signing officers.

C. Work orders should be made out in quadruplicate and distributed as follows—
   (i) One copy retained in engineer's office.
   (ii) Two copies to be issued to foreman of works.
   (iii) One copy to be sent direct to stores to advise them of pending issue.

D. Work order forms should be issued in pre-numbered pads and their consumption controlled as with CAB's 83 and 83A. They are virtually blank cheques on stores and they must be controlled to forestall irregularities.

E. The predetermined material requirements should be entered on the form, signed by the works company officer and cross-referenced to the work order so as to prevent substitutions.

F. No stores should be issued by the storekeeper unless a proper work order is presented.

G. No over-issues to be permitted on work orders unless written authorization given by the officer commanding works company who should be restricted to a specified variance from the original estimate. Otherwise the matter must be referred to higher command for appropriate approval.

H. All materials to be passed through stores records and charges "direct to works" to be completely eliminated.

I. Cross-charging practices to be absolutely forbidden.

J. On completion of the project or job and the turning in of completed work orders, these should be compared in works company office with originals and any unusual variances investigated immediately by the works company officer. By inspection on site the officer commanding works company must check to ensure that excess materials are being returned to stores and taken on charge.

The recent army order with respect to approval for work has been reviewed. It would seem that maintenance scales are reasonable. However, in the case of new projects, the regulations require a project no matter how small—for example, $10—to pass through normal channels right up to army headquarters. This involves administrative work on the part of many persons and is of doubtful value. It would seem more reasonable at present to delegate such approvals to more appropriate levels and, if necessary, set aside special funds at these various levels to restrict the total amount of such projects. For example, in respect of a specific project the following delegation of authority might be appropriate—

G.O.C. Command ..	$2,000
Area commander ..	300
O.C. works company	150

However, in respect of delegation of authority and discretion generally, this should await a proven responsibility on the part of officers together with a general stepping-up of inspection and auditing, combined with a clear-cut policy of sanctions in the case of irresponsibility.

Cost Accounting

The operation of the cost accounting system cannot be considered satisfactory until irregularities such as those outlined in Appendix "B" are stopped. We are informed that cost reports are now being received from all works companies and detachments. Needless to say, this is an initial step but until the quality of cost reports is improved results are of restricted value.

The cost accounting system is sound and workable and will if properly used assist in increasing the pressure for efficiency such as is normally experienced in civilian establishments by financial factors.

STORES

The fifth major problem concerns the physical handling and accounting for stores.

A recent examination of the physical handling of engineer stores at Petawawa revealed a relatively favourable situation. Specifically speaking, satisfactory attention was being paid to the following factors:

1. Maximum utilization of existing space by way of warehousing layout.
2. Arrangement of stores in a manner permitting conservation of time and manpower.
3. Conservation of supplies by avoiding re-order of material in stock when it cannot be located when required.
4. Segregation of surplus and "stockpiled" stores into separate warehouses thereby simplifying stores arrangement and speeding up of supply operations.

As a result of a physical inventory taken during the spring, stock record cards were brought into agreement with a physical stocktaking. The surpluses and deficiencies revealed were as follows:

	Surpluses	Deficiencies
Electrical	$11,511.74	$5,624.75
Hardware	4,505.65	3,523.61
Plumbing galvanized	892.33	351.77
Plumbing black	330.75	510.85
Plumbing drainage	547.61	1,127.73
Plumbing parts	4,602.62	1,678.92
Stove and stove parts	658·54	1,496·69
Kitchen equipment	1,191.96	624.00
Lumber	3,150.95	5,218.75
Paints	2,036.78	1,717.88
Building material	6,038.12	1,037.69
Miscellaneous	1,511.02	28,195.33
	$36,978.07	$51,107.97

The largest deficiency related to the miscellaneous classification. A subsequent investigation revealed the cause to be a deficiency of some 377 circular floor tents. As a result of a special stocktaking these tents were located in ordnance for which they had been purchased.

A clear understanding of how surpluses and deficiencies arise is essential. A considerable number of surpluses and offsetting deficiencies arise out of mis-identification of stores, that is to say, where two similar types of stores are on charge, one type is issued but the other is written off charge in the stock record cards. This type of error can be eliminated to a great extent by giving each type of store an item number corresponding to a similar item number on the stock record card.

Uniform Stores Catalogue

I recommend the compilation of a uniform stores catalogue and the handling of stores in accordance with it as the remedy for this situation. This will alleviate complications now being encountered by stores personnel in attempting to handle stores in accordance with trade names which in many cases vary according to the supplier.

It must not be assumed that irregularities are measured by the difference between the amount of surpluses and the amount of deficiencies. Such a conclusion would only be valid if the accounting system had been operated in a satisfactory manner.

Also, deficiencies can arise by straight pilfering of stores and no corresponding adjustment in stock record cards. Surpluses can arise through materials being returned to stores and, for one reason or another, not being taken on charge. Such stores might represent excessive issues on a given project or materials salvaged from demolitions.

Inventory Counts

Regulations of the army works services require that monthly inventory counts be made in such a manner as to ensure a complete check of stores annually. This has not been done in the past. The importance of adherence to regulations in this respect cannot be stressed too greatly. The reasons are, first, that it will bring to light many irregularities if such are being committed; and, second, periodic stocktaking and analysis of differences arising out of them should result in more accurate accounting for stores and a general speed-up in their handling.

There is one valuable element of internal check not being fully utilized. This is general ledger control over stores. It is recommended that the stores control account in the general ledger be broken down into the several sections corresponding to stores segregation. Then, as a physical count of stores is taken and quantities so obtained priced, the total value of a section of stores can be compared with the total of stock card balances relating to this section. Both amounts can then be compared with the amount reflected by the general ledger control account. Aside from revealing any dabbling with stock record cards, this measure would act as an over-all check on arithmetical accuracy which has been found in a number of locations to be lacking. In this respect the employment of a comptometer operator in large camps would greatly facilitate such operations and lessen the work-load on clerical personnel. Adjustment would have to be made in respect of receipts of stores for which there were no corresponding invoices, due to a time lag occasioned by suppliers. The handling of receipt and issue vouchers in stores would also have to be slightly different; receipts or issues involving stores from several sections would require separate vouchers for each section. These, however, are minor matters and no particular difficulty should be experienced in this respect.

Stock Control and Surplus Stores

The regulations governing stock control and the handling of surplus stores are well designed and suitable if followed meticulously. To be operated satisfactorily the services of a skilled and experienced technical stores officer are necessary. Lack of adherence to the regulations in regard to surplus stores contributed in large measure to excess inventories and duplications. This aggravated the problems of stocktaking and contributed to wasteful purchasing.

Army works companies do not possess the facilities to "stockpile" stores and equipment. Policy in this respect should be carefully reviewed in order to determine whether or not a more suitable alternative exists. In any event it would certainly seem preferable if such surpluses as already exist were segregated in centralized depots, and Work Companies thus relieved of this problem.

It is now necessary to refer to the physical handling of stores as distinct from accounting for them. The facilities provided and the methods followed in the handling of stores vary greatly in different companies and localities. Uniform standards for the warehousing of stores, as laid down in the regulations, have not been enforced and applied but this has been due largely, first, to the lack of suitable buildings and the necessary layouts; and, second, to unsuitable and/or untrained personnel.

Inventory teams have been organized within each command to tidy up the conditions of the inventories and the accounting thereof. Their work has been progressing rapidly.

SECURITY

As mentioned earlier, I consider the security measures in force at Petawawa and elsewhere inadequate. It represents the sixth and last of the army works services' major problems. The situation was such that personnel could with relative ease move stores out of camps. The accounting system designed to control stores was not, as I have outlined, operating in such a way as to ensure the detection of resulting shortages. Accordingly, the opportunity was great to steal, or to misuse military stores and equipment. Had security measures been adequate, the

problem would have been confined to those of misuse, inefficiency and waste. A special investigation staff scrutinizing the various areas would have stopped a good deal of misuse and perhaps of waste also. This fact, together with various other findings uncovered during my investigation has led me to a thorough study of security needs at Petawawa and, indeed, at other similar camps throughout Canada.

Provost Personnel

The functions of the provost corps in central command have been as follows:

1. Apprehension of absentees and deserters
2. Train patrols
3. Investigation of break-ins and thefts
4. Traffic control and escorts for distinguished visitors, parades, etc.
5. Discipline of troops when away from units
6. Security checks and patrols on camps and in buildings

The lack of men and the wide area to be covered from Ottawa to Windsor and from Toronto to Sault Ste. Marie has made it impossible to carry out all their duties satisfactorily. Provost corps personnel for the most part have been employed on 1, 2, 4 and 5 above and accordingly 3 and 6 have been neglected. The numbers of personnel now available for duty are entirely inadequate and even if the present establishment were filled it would not provide sufficient supervision.

In January of 1951 the establishment of central command provost company was 38 all ranks. Two officers and 31 men were posted to the company at that time. These were distributed as follows:

Camp Borden	1 Officer	16 men
London		3 men
Toronto		4 men
Kingston	1 Officer	3 men
Petawawa		5 men

In May of 1951 a new establishment was approved authorizing a strength of 4 officers and 79 men. The breakdown of this establishment within the command was as follows:

	Establishment	Posted Strength
Camp Borden	1 officer 13 men	1 officer 9 men
London	1 " 12 "	1 " 10 "
Toronto	17 "	13 "
Kingston	1 " 14 "	1 " 5 "
Ottawa	8 "	6 "
Petawawa	13 "	5 "
Coy H.Q. Toronto	1 " 2 "	1 man
	4 officers 79 men	3 officers 49 men

The uneven distribution of personnel to detachments was due in part to the present policy of posting men returning from Korea to the detachment nearest their homes.

Since the Korean situation arose a new problem has been presented, namely, providing security for the vast quantities of valuable and attractive stores which have been accumulated.

After consultation, a proposal for another new establishment was drawn up by the Provost corps and submitted to the secretary of the war establishment committee of central command, dated August 14, 1952. A summary of this proposed new establishment is attached as Appendix "C".

Camp Patrols

All provost personnel posted to a camp or area are available to assist the commanding officer in the exercise of his responsibility for the security of that camp or area. A most effective way of improving camp security would be to provide sufficient provost personnel to enable mobile patrols to operate through a camp on a 24-hour basis. They should be thoroughly conversant with camp activities.

Gate Guards

The employment of commissionaires serves a useful purpose in replacing trained military personnel. In camps, corps of commissionaires personnel are often employed at the camp barriers. These men can be quite effective if they are carefully supervised and if a proper checking procedure is set up for them to use at the barrier.

The Guarding of Back Roads in Camps

Camp security cannot be complete as long as back exits remain open without guards or barriers. In large camps such as Petawawa and Borden it is not possible to fence the entire area but much can be done by building suitable gates on back roads and erecting wire or other obstacles to prevent vehicles leaving the roads in the vicinity of the gates. These gates or barriers should also be guarded by the corps of commissionaires.

Relationship of Townsites and Camps

Security can be improved by segregating townsites from the camps proper. At present at Petawawa there is no restriction to the movement of personnel in and out of the camp from the townsite. Fences should be constructed segregating the townsite from camps. Visitors, taxis, tradesmen and so forth entering the townsite would not then have to pass through military gates. Otherwise an easy means of access to camps is available and this should not be so.

Use of R.C.M.P. Personnel

It is recommended that a constable of the R.C.M.P. be posted for duty in each major camp to represent the civilian authority. In almost every camp there are large numbers of civilians employed and these are in addition to those living in married quarters. It has not been found acceptable or satisfactory for members of the provost corps to take care of situations involving civilians. It is of great importance, however, that there be a clear definition and understanding of the authority of the provost corps, the R.C.M.P. and the provincial and municipal police.

Special Investigation Staff

It is recommended that a special investigation unit be organized as part of the Canadian provost corps for employment in checking up on security measures generally and, in particular, to be available at short notice to carry out special investigations when situations arise such as did at Petawawa. The members of this unit should be trained as experts in making this type of enquiry and in collecting evidence.

It is important that the provost corps be brought in at the early stages of known irregularities or major losses. There has been evidence that this has not been done in all cases.

Burglar Alarm Systems

Burglar alarm systems would not appear appropriate for the engineer compound at Petawawa but there are other locations in the camp where they would be useful, e.g., ordnance stores. Also, medical stores at certain locations would appear to warrant installation of such systems.

Gate Passes

All military stores and equipment being moved out of the camp area should be accompanied by a document of identification authorizing the removal thereof. This document will be collected by the guard at the gate for subsequent scrutiny by the provost corps.

Provision should be made for the examination of all civilian vehicles leaving the camp to ensure that government property is not being removed.

Use of Police Radio Equipment

Modern two-way police radio equipment has been in operation in the Toronto Detachment of central command provost company for a number of months. This equipment has proved very useful and has done much to overcome the shortage of personnel. Similar equipment should be made available to all the larger provost detachments. In most cases it is preferable for equipment to be tied in on the civil police net.

The present practice of posting provost personnel to units would appear to be inadvisable since supervision and control over such personnel by provost corps is to a large extent lost. In view of the difficulties in acquiring sufficient personnel for the functions outlined above, it would appear more appropriate to use these personnel to fill the establishment.

PART IV—CONCLUSION AND RECOMMENDATIONS

My report, I fully recognize, contains many discouraging features. The over-all situation is, however, by no means discouraging because of the fact that the cure for what has gone wrong in the past can be and, in fact, is being applied.

As an example of what can be and actually has been done to remedy conditions quickly, it is interesting to follow the action which was taken at Halifax immediately following my inspection early in September. I reported verbally to national defence headquarters that conditions at Halifax were not satisfactory. As had been found at other establishments, stores, accounting and administrative procedures had broken down seriously. Senior officers were immediately dispatched from Ottawa to look into the situation. They took remedial action at once. Certain key personnel were replaced; others were put on notice; temporary stores and clerical staff together with a labour force were engaged to clean up the situation and bring the accounting records up-to-date.

In November, I was invited to return to Halifax to examine the results of the vigorous action which had been taken. I found that remarkable changes had been made. The company had been completely re-organized. The stores had been re-catalogued and re-arranged. Accounting records and stores procedure had been revised and corrected. As a result of what had been done the unit had been placed in a position to function properly and to carry on with normal efficiency.

In conclusion, I am giving you hereunder my recommendations covering the operations of the army works services. Some of these have been already explained; others of a more technical character will be self-explanatory.

RECOMMENDATIONS

Organization and Control

1. The new organization set up for the service at army headquarters should be filled

as quickly as possible and selection of personnel for key posts should reflect the paramount importance of its managerial function.

2. Creation of a staff agency is needed at army headquarters to supervise the enforcement of established policies; to control organization; costs; methods and man-power and over-all performance. Publication and inspection divisions of the organization should be under its direct control.

3. Creation of administration service teams in the inspection division is required.

4. Effective action on the reports of the chief auditor is essential.

5. More frequent inspections and audits are necessary.

6. Evidence of wasteful and unauthorized expenditures should be promptly and thoroughly investigated and sanctions applied against offending personnel as warranted.

7. Top personnel must free themselves of as much detail as possible to supervise more effectively the enforcement of established policies. They should lay greater stress on their administrative functions and ensure by personal visits to lower echelon that prompt action is taken to rectify unsatisfactory conditions.

8. Periodic meetings of officers commanding works companies and detachments should be held at command headquarters.

9. Basic principles of management must be adhered to by all officers commanding works companies and detachments.

10. Each works company or large detachment requires the following key civilian personnel:

(*a*) An administrative officer
(*b*) A chief foreman of works
(*c*) A technical stores officer
(*d*) A skilled chief estimator.

Personnel

11. The establishments and wage scales of the army works services have been neither realistic nor adequate, and need revision.

12. Manuals of organization and operation should be revised and co-ordinated with training programs.

13. Selection and development of one company along the lines of a "pilot plant" is desirable. Officers and other ranks could be temporarily posted to it for training.

14. Posting of military personnel for longer periods is needed so that they will have sufficient time to attain efficiency in their jobs.

15. The circumstances under which military personnel may accept outside temporary employment require precise definition.

16. All payments owing to the crown must be made to the receiver general. All ranks should be prohibited from accepting either cash or cheques or money orders made payable to themselves or to their office.

Accounting

17. The quality of cost estimating needs improvement to make the system effective.

18. Emphasis is required on the need for accurate distribution of costs. Otherwise data become meaningless and control over unauthorized expenditures difficult.

19. Work order forms and related procedures require revision.

20. A system of work approvals incorporating tentative or preliminary estimates should be installed.

21. Rigid enforcement of the procedures covering approval of projects is needed. Disciplinary action should follow where deliberate intent to circumvent regulations is evident.

22. The existing regulations relating to the approval of projects require modification to provide more delegation of authority with respect to minor new construction projects.

23. Rental of equipment to civilians requires control, and rates and procedure defined.

24. Real property records must be brought up-to-date as quickly as possible as these records are fundamental to the effective use of the accounting system.

Stores

25. A uniform stores catalogue is highly desirable.

26. Monthly inventory counts, as required by regulations, must not be neglected.

27. Suitable stores controlling accounts should be incorporated into the general ledger.

28. Stockpiled and surplus stores should be taken away from work companies and detachments and administered separately.

29. Rigid control, in accordance with regulations, is required of all loans of stores to military personnel and employed civilians.

30. Prohibition of loans of materials, stores and equipment to civilian contractors is desirable.

31. Orders with respect to the return of materials to stores require clarification. The importance of these must be emphasized to personnel.

32. Strict control of the handling of scrap is needed.

33. Materials of necessity left in the open should be protected and secured.

Security

34. Added strength of provost establishments is required.

35. Increased camp patrols are desirable.

36. The corps of commissionaires should continue to be employed on gate duties but with more adequate supervision.

37. Barriers or gates on back roads in camps are needed.

38. Townsites should be segregated from camps proper.

39. An R.C.M.P. constable should be stationed in camps.

40. A special investigation staff working under the provost marshal (army) is required.

41. Burglar alarm systems should be installed in larger warehouses where valuable and attractive stores are kept.

42. Suitable forms of gate passes deserve study.

43. Modern radio equipment would help the provost corps.

44. The provost corps should be brought in at the early stages of investigation into irregularities or major losses so that complete evidence will be obtained for the purposes of courts of enquiry and prosecution.

All of which is respectfully submitted.

(Signed) G. S. Currie.

25 WORKS COMPANY RCE

(Formerly Petawawa Detachment)

SCHEDULE "A"

*OC, Major	(1)	1
2IC, Captain	(1)	1
Stenographer (Civ.)	(1)	1

ADMINISTRATION

*Administration Officer (Civ.)	(0)	1
Engineer Accountant WO 1	(0)	1

FIRE PROTECTION

*Fire Captain (Civ.)	(1)	1
Fire Lieutenant (Civ.)	(1)	1
Firefighters (Civ.)	(16)	18

WORKS

*Lieutenant	(1)	1
*MFW	(0)	1

TRANSPORT

Driver (Wh) Cpl	(0)	1
Driver (Wh) Spr	(2)	2
Driver Mech. Spr	(0)	1
Fitter RCE, Spr	(0)	1
Mechanic RCE, Cpl	(0)	1
Mechanic RCE, Spr	(0)	3
Operator SEE, Spr	(2)	2
Veh Mech. (Wh) Spr	(1)	0
Clerk (Civ.)	(0)	1
Driver (Civ.)	(0)	12
Motor Mech. (Civ.)	(0)	4
Operator Hvy Eqpt	(0)	2

* Key Personnel.
( ) Old Establishment.

25 WORKS COMPANY RCE

(Formerly Petawawa Detachment)

ADMINISTRATION SECTION

Administration and Files		
Clerk Adm, Sgt	(0)	1
Clerk Adm, Cpl	(0)	1
Cook (RCASC), Pte	(1)	1
Clerk (Civ.)	(0)	1
Clerk W/T (Civ.)	(0)	2
Typist (Civ.)	(1)	0

Finance		
*Engineer Accountant WO 2	(0)	1
Clerk (Civ.)	(0)	1

Stores		
*Technical Officer (Civ.)	(0)	1
Clerk (Civ.)	(0)	5
Labourer (Civ.)	(0)	2
Packer & Help (Civ.)	(0)	5
Storeman (Civ.)	(1)	8
Engr Acct (Sgt)	(1)	0
Engr Acct (Cpl)	(1)	0
Engr Acct (Spr)	(1)	0

Purchase		
Clerk (Civ.)	(1)	1

Finance		
Clerk (Civ.)	(1)	2

Cost		
*Engineer Accountant S/Sgt	(1)	1
Clerk (Civ.)	(0)	1

* Key Personnel
( ) Old Establishment

SCHEDULE "A" (Cont'd)

25 WORKS COMPANY RCE

(Formerly Petawawa Detachment)

WORKS SECTION

PMQs			Maintenance			Projects			Design			Utilities and Plant		
Clerk of Works (Civ.)	(0)	1	MFW WO 2	(1)	1	MFW WO 2	(0)	1	Draftsman (A&E) Sgt.	(0)	1	Technician (Civ.)	(0)	2
Carpenter (Civ.)	(0)	2	MFW Sgt	(1)	2	MFW S/Sgt.	(0)	1	Draftsman (A&E) Cpl.	(1)	2	Caretaker (Civ.)	(1)	2
Electrician (Civ.)	(0)	1	Bricklayer, Spr	(1)	1	Clerk (Civ.)	(0)	1	Tech. Offr (Civ.)	(1)	1	Cleaner & Help	(0)	2
Elec. Helper (Civ.)	(0)	2	Carpenter, Spr	(2)	2	Clerk (Civ.)	(0)	1	Clerk (Civ.)	(0)	1	Fireman (Civ.)	(84)	0
Plumber (Civ.)	(0)	2	Electrician, Spr	(1)	1							Fireman Labrs.	(0)	84
			Painter, Spr	(1)	1							Groundsman (Civ.)	(0)	1
			Plumber, Spr	(1)	1							Stat. Engr (Civ.)	(8)	8
			Sheet Metal Wkr, Spr	(1)	1							Watchmen	(10)	8
			Blacksmith (Civ.)	(1)	0									
			Bricklayer (Civ.)	(0)	1									
			Carpenter (Civ.)	(2)	8									
			Carpenter Help (Civ.)	(0)	2									
			Carp. Foreman (Civ.)	(1)	1									
			Clerk (Civ.)	(0)	1									
			Electrician (Civ.)	(1)	5									
			Elec. Helper (Civ.)	(0)	2									
			Elec. Foreman (Civ.)	(1)	1									
			Labourer (Civ.)	(3)	10									
			Labourer Foreman	(1)	1									
			Painter (Civ.)	(3)	5									
			Painter Foreman	(0)	1									
			Plumber (Civ.)	(1)	2									
			Plumber Help (Civ.)	(0)	1									
			Plumber Foreman	(1)	1									
			Sheet Metal Wkr (Civ.)	(0)	2									
			Sheet Metal Wkr Help (Civ.)	(0)	1									
			Welder (Civ.)	(0)	1									

( ) Old Establishment.

APPENDIX "B"

CLASSIFIED SUMMARY OF ACCOUNTING IRREGULARITIES FOUND BY THE CHIEF AUDITOR
DEPARTMENT OF NATIONAL DEFENCE

		LOCATION	IRREGULARITY	Materials obtained and/or work started prior to authorization of project.	Materials purchased prior to receipt of an A of T from D.D.P. or the raising of an L.P.O.	Requisitions on D.D.P. and/or L.P.O.'s split to keep within financial limits.	Accumulations of materials from completed works and/or materials removed from buildings not B.O.C. in stock records.	Installed fixture cards set up without reference to or adjustment with former records.	Non-expendable stores issued to buildings without recording on installed fixture cards.	Unauthorized issues of stores and materials.	Installed equipment removed from buildings and/or location changed without amendment to installed equipment card.	Failure to carry out stocktaking as required by the instructions.	Adjustment of discrepancies made without reference to higher authority.	Req'n and/or work orders not signed as approved.	Requisitions and work orders not completed in detail as to estimated and/or actual costs.	Estimated costs exceeded without review.	Cost of labour and/or materials charged against approved W/O's not used on other jobs.	A.P.'s approved in excess of authority or split to come within financial limits.	Real property records incomplete or not current.	Cost records not balanced or cost reports not made and submitted.	Cost records not up to date or sufficiently advanced to be checked or have been allowed to lapse.	Shortage of staff claimed by unit.	Tradesmen and labourers doing accounting or stores work.
1951	1	Works Company	London																				
1950	2	"	Toronto																				
1951	2	"	Borden																				
1950	3	"	Picton																				
1951	3	"	Petawawa																				
1951	3	"	Kingston																				
1952	3	"	Ottawa																				
1950	4	"	Montreal																				
1952	4	"	Montreal																				
1950	5	"	Quebec																				
1951	6	"	Halifax																				
1951	7	"	Fredericton																				
1951	10	"	Winnipeg																				
1951	10	"	Shilo																				
1950	11	"	Victoria																				
1951	11	"	Victoria																				
1950	11	"	Chilliwack																				
1952	11	"	Chilliwack																				
1951	11	"	Vancouver																				
1952	11	"	Vancouver																				
1952	12	"	Regina																				
1951	13	"	Edmonton																				
1952	13	"	Calgary																				

SCHEDULE "C"

DISTRIBUTION OF PERSONNEL OF THE CENTRAL COMMAND PROVOST CORPS

Ranks	Company H.Q.		Toronto		Camp Borden		Kingston		Petawawa		London		Ottawa		Sudbury		Hamilton		Windsor		Total	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Captain	1	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	1
Lieutenant	—	—	—	—	1	1	1	1	—	1	1	1	—	—	—	—	—	—	—	—	3	4
Warrant Officer I	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		1
Warrant Officer II	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	
Staff Sergeant	—	1	—	1	—	1	—	1	—	1	1	1	—	1	—	—	—	—	—	—	1	7
Sergeant (SP)	—	—	2	2	1	3	1	2	2	3	1	2	1	2	—	1	—	1	—	1	8	17
Corporal (SP)	—	—	3	3	3	4	3	4	2	4	3	3	2	2	—	2	—	2	—	2	16	26
Private (SP)	—	—	11	15	8	22	9	18	9	22	7	10	5	10	—	6	—	6	—	6	49	115
Sergeant (Clerk)	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		1
Corporal (Clerk)	1	1	—	—	—	—	—	1	—	—	—	1	—	—	—	—	—	—	—	—	1	3
Private (Clerk)	—	—	1	—	—	1	—	—	—	1	—	—	—	—	—	—	—	—	—	—	1	2
Corporal (RCEME)	1	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	1
Craftsman (RCEME)	—	—	—	—	—	—	1	1	—	—	—	—	—	—	—	—	—	—	—	—	1	1
Total	3	6	17	21	14	32	15	28	13	32	13	18	8	15		9		9		9	83	179

NOTE: A—Present
B—Proposed

CABLE TO PRIME MINISTER FROM MINISTER OF NATIONAL DEFENCE

Have just seen Currie Report brought from London by Mr. Abbott and subject to satisfactory legal assurances that its tabling would not prejudice either pending trials or further prosecutions believe that report should be tabled at once as the reference to Mr. Currie was instituted by me to establish fully and frankly responsibility for the situation disclosed at Petawawa and what measures should be taken in addition to those already taken. Ends. Message ends.

MEMORANDUM FROM CHIEF OF GENERAL STAFF

Army Headquarters

Ottawa, 15 Dec 52

The Minister

1. I have read the report on the investigation of Army Works Services by Mr. George Currie.

2. He reaches conclusions and makes recommendations which must be the subject of careful study before I am in a position to advise you as to the extent to which remedial action has already been taken and what other steps I would recommend.

3. In defining his task Mr. Currie states "I have conducted an investigation into the deficiencies and other irregularities of the Engineering Detachment of the Army Works Services at Petawawa and elsewhere".

4. However, included in Mr. Currie's report are statements which may be interpreted by the public as a condemnation of the competence, integrity and efficiency of the army as a whole. I refer particularly to the statements in the last paragraph of Part 1 of his report.

5. I understand this report is to be made public and if such statements made by Mr. Currie are interpreted by the public and the serviceman as having reference to the army as a whole the effect will be most damaging.

6. I, therefore, request that Mr. Currie clarify publicly whether such statements are intended to refer, as his quoted opening remarks would appear to indicate, to the Engineering Works Services only, or whether they are intended to refer to the Canadian Army as a whole. If the latter is the intention then I would further request that Mr. Currie provide publicly the facts upon which such opinions and observations are based.

(Sgd.) G. G. Simonds,
Lieutenant-General,
Chief of the General Staff.

THE SENATE

Tuesday, December 16, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, before the Orders of the Day are proceeded with I would remind the house that the report of the subcommittee on Banking and Commerce with respect to the Criminal Code is now before the main committee. I do not know, of course, when this committee will complete its deliberations. In order to expedite the presentation of the report of the main committee to the house, I am going to ask that immediately the business on our Order Paper is dealt with this afternoon the Senate follow the traditional procedure of calling it six o'clock, whereupon His Honour the Speaker will leave the Chair, and the house will automatically reassemble at 8 o'clock in the evening.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Wednesday, December 10, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Vaillancourt for an address in reply thereto.

Hon. R. B. Horner: Honourable senators, it is not my habit to take part in this debate every session, but on this occasion I feel bound to make a few remarks about certain things affecting my own province and Canada in general.

First, I should like to congratulate the mover and the seconder (Hon. Mr. Vaillancourt and Hon. Mr. Hawkins) of the Address in reply to the Speech from the Throne. I was particularly pleased with many of the sentiments expressed by the mover, particularly those relating to co-operatives. He is undoubtedly interested in farm co-operatives, credit unions, and so on, which represent a measure of self-help with which I am in entire agreement. I was very glad that the leader of the government stated that he knew I would not talk politics. That is quite correct. I would not think of talking politics. My object is to say something that will benefit Canada generally, and of course it cannot be helped if something that I say affects one party or another.

Let me remind the house again that we are living in very strange times and facing great uncertainties in the future. My criticism of any government supporters who have spoken so far is that they have not made one proposal for the benefit of this country or suggested how we can avoid some of the dangers that lie ahead. One matter that affects the whole of Canada very seriously is the question of freight rates, and it is of particular importance to my province. The freight rate on horses, for instance, has almost doubled in the last few years. Then, as I have suggested before, the whole question of the regulation of trucks—highway transportation—is one that perhaps a Senate committee should endeavour to solve. The western provinces are simply not able to build highways strong enough to bear the enormous loads that are carried on big modern trucks. Anyway, every day we see proof that motor transport is no substitute for the railways. Just the other evening I was driving from the country over a perfectly good paved road that happened to have a bit of snow and ice on it. Well, three cars had skidded and entirely blocked the highway. No system of highway transport that has yet been invented can successfully compete with the railways in the hauling of heavy loads.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Horner: Certainly we are not making anything like the use that we should of our railways. Huge highways which accommodate large motor trucks parallel our railways for long distances, yet we sit here and make no attempt to solve the problem. I think that a good deal of the truck traffic is interprovincial, and it seems to me that a government that is really working in the interests of the people would see to it that parliament made a serious endeavour to bring about some change that would make further increases in freight rates unnecessary. There is other useful employment for the trucks that are now depriving the railways of revenue; and in the development of this country, which suffers from so serious a lack of manpower, there is other useful employment for the men now engaged in the trucking business.

Another question which no speaker has so far touched upon is immigration. All our financiers and other men who have studied world conditions realize that it is of paramount importance that we allow the proper type of immigrants into this country and find employment for them in the development of our huge natural resources. That is the one sure way of building up a market for our primary products.

Look at world conditions today! I do not know how other senators felt about it when they read in the newspapers last year of all the people—thousands of them—who were escaping from east Germany into west Germany, until the west German authorities threw up their hands and asked these people to stay where they were, even though it meant continuing to endure torture. To me this was a terrifying thing. There was not a word from our government by way of offering homes to these people. I myself have two or three vacant houses on farms, and there are many thousands of such houses throughout the country. But no attempt was made to relieve the condition of these unfortunates, who were living ten or twelve to a room until the congestion became so bad that the people of west Germany had to ask them to remain under the iron fist.

I accuse the government—and my remarks are not particularly directed at the present Prime Minister—of having as its main purpose the maintaining of itself in power. Some of us may be accused of playing a little politics, but in this instance politics do not matter. I repeat, the chief object of the government is to keep itself in power, and I commend the honourable senator from New Westminster (Hon. Mr. Reid), whose speech I enjoyed, for having intimated as much in his remarks.

The honourable senator from Calgary (Hon. Mr. Ross), in the speech he read us the other day, gave us some information that was entirely different from what I believed to be the facts. Now I am completely confused. What his remarks had to do with the Indian Act or the address in reply to the Speech from the Throne, I do not know. Certainly, anybody who knows anything about surveying knows that the Indians were not interested in the river lots. In a municipality in which I had the honour to be reeve for a long time, we had a group of adjoining river lots, all in different sections.

We have heard much in this and in the other house about security and prosperity. The two western provinces of Alberta and Saskatchewan are enjoying unlimited prosperity at the present time. If in Saskatchewan we sell our present crop, as we hope to do, that province will probably be wealthier per capita than any other province in the dominion. Yet at one time we heard in the other chamber a warning against investing a dollar in Saskatchewan. Today the bonds of the two provinces I have referred to stand higher than federal bonds.

For my part, I believe that Canada is prosperous in spite of its government. About the only constructive move made by the federal authorities in a long time was the creation of the central bank; and as a consequence the late Viscount Bennett lost the support of the banks, who feared that the establishment of a central would deprive them of some of their revenues. I recall also that Viscount Bennett endeavoured to put through an unemployment insurance measure, but was met with the argument by certain lawyers that it was unconstitutional for him to do so. Later, when the matter was referred to the legal advisers of the Crown, they held that it was constitutional, and ruled in favour of the legislation. However the matter went to the Supreme Court, where it was held up; otherwise unemployment insurance might have been put into effect a year or two earlier than it was.

Something which happened recently entitles me, I think, to poke a little fun at the supporters of the government. We remember a time when they were closely associated with a certain man from Toronto who recently appeared before one of our committees. During an election in North Grey he announced that he was supporting the Liberal party, and that there was co-operation between him and them; so I think perhaps he was right—in fact, well justified—in addressing them the other day as "comrades".

On the question of an international wheat agreement, speaking on behalf of the producers of our province, I can say that they hope the government will do its best to secure another agreement. Indications are that there will be more rather than less inflation, so it would be very desirable to insert a clause to safeguard the producers' rights in the matter of their returns, because changing values have already cost them a considerable amount of money. It is true that if one visits the United States and offers Canadian currency, and gets a premium on it, one's vanity is flattered, but in many lines of business the disparity between the two currencies is causing us loss rather than gain. For instance, when we sell our wheat, payment in United States currency reduces the price several cents per bushel.

It cannot be too often repeated that the price quoted to easterners for western Canadian wheat, basis Fort William, does not reflect the situation in so far as Saskatchewan or indeed Western Canada in general, is concerned. On the American side of the line, opposite North Portal, Saskatchewan, wheat for which we in Saskatchewan receive $1.23 per bushel—true, that is only the initial payment—is sold for $2.12½. The price of wheat at Montreal, on November 18, 1952, was $2.05 per bushel.

In the old days wheat farming was generally recognized as a gamble. The farmer still gambles to this extent, that in feeding and summer-fallowing his land he is taking the risk of frost, drouth, hail, and other troubles. Nowadays, to a large extent, the government are doing the gambling for him; and the fact that they are gambling is apparent enough. At the moment conditions favour them, because drouth has affected large areas in the United States where the bulk of American winter wheat is grown, and I doubt whether even the recent rains will enable the growers there to harvest a normal crop. But these conditions are not likely to be repeated. I believe we shall be fortunate next year if we reap two-thirds as much as the present year's crop; indeed, the yield may fall to one-half, because at the present time the prairies are dry. To this extent, I would point out, the government are gambling.

We were very well pleased with the returns on our low-grade wheat; as a matter of fact the final payment was higher by four or five cents than that on the milling grades. Some complaint has been heard that our better wheat was held for too high a price. About 100 million bushels, chiefly low-grade wheat from the 1950-51 crop, have not yet been disposed of, although the final payment has been made. The element of gambling here lies in the fact that about 100 million bushels of this low-grade wheat is being transferred to the 1952-53 accumulation, and the board hopes to dispose of it along with all the other crop. In the meanwhile the fact that this wheat is in store has compelled us to pile great quantities of wheat out in the fields, and it is very difficult to move it.

Churchill is our nearest and best port. I made my first trip there this year. Two ships came in the day I arrived, and another while I was there, and on the 28th or 29th of July I met some of the captains. One ship brought in some heavy machinery, probably for electrical plants, but another—a huge vessel carried nothing but water ballast. Churchill is a fine port, with a shed capable of holding any amount of material, and as well built and equipped as any I have seen.

One of the ships to whose captain I was talking had come through ice. During the two days I was there, a north-east wind blew continuously, and although no ice was visible out in the open, there was some floe ice in near the shore. The captain told me he thought he could go around or through it. He complained, however, that one of the first ships to visit the port was held up and that the *N. B. MacLean*, the government ship, was merely servicing various stations in the straits, but did nothing to facilitate the movements of ships through the ice floes. Also it was represented to me that, if an ocean-going tug or ice-breaker were stationed at the port, the inbound trip could be made a couple of weeks earlier, but that the government boat was fit only to patrol the mouth of the Churchill river, and not an ocean-going tug at all. My informant, a captain, also said: "If we could be assured of having wheat available for shipment, we could have ten ships here." I believe that the past season has seen a record number of bushels shipped through Churchill,—some 8,000,000 bushels. To my mind this is much nearer the minimum than the possible maximum. In fact, I have the impression that there is a direct movement to hinder shipping. One vessel, after going all the way to Churchill, came back to Montreal to load because of some change in arrangements with respect to the billing or the shipping order.

This great shed that I speak of could hold a million bushels of wheat, but when I saw it, cement that had come in by the Dalgleish Line was all that it contained. I was walking through the shed with a farmer, and I asked what had been kept in it during the wintertime. He replied "Nothing but that cement". It had lain there all winter while many building contracts had been held up simply because of the lack of cement. During the supposed shortage contractors had been forced to pay as high as $3 a bag for cement, and when I asked why this cement had not been moved out I was told that it would cost too much to ship it to Regina. I said, "That's ridiculous. It is only 700 miles to Regina and cement has been shipped thousands of miles". I found out later that the cement had been ordered by a company working on a defence project for the government, and that the people who had sold the cement had been asked to take it back.

I know that the Swedes have loaded their vessels with cement. I happened to meet a young fellow from Sweden who had brought his house into Churchill in sections. It was a prefabricated house, ready to be put together on arrival from Sweden, where it had been made. This young man told me he had endeavoured to sell a whole shipload of cement. He had gone to Winnipeg to see the officials of the Canadian National Railways. He was ready to pay $750 a carload to ship cement from Churchill to Winnipeg, but the Canadian National Railways demanded $810, a difference of $60. He complained bitterly about this, and I told him that perhaps there was a cement plant close to one of the C.N.R. lines and that it might have been said, "If you

carry cement at that rate we will not ship any more with you". I told him that there might be some difficulty as to that.

We hear a great deal of talk about trade, and the fact that we must have trade if we are going to sell our goods. Surely we could bring in many kinds of goods through Churchill, and at the same time, with no difficulty at all, ship out 40 million bushels of wheat. One capitain told me that he could have ten ships ready, but he said "Where will we get the wheat from?" I maintain that what we need is another four or five terminal elevators to store our wheat, and that a greater effort should be made to have freight cars ready to transport wheat during the shipping season. Is it any wonder that I am suspicious about the lack of effort to use the port at Churchill? I well remember the time when it was said that Vancouver could not handle wheat. We were told that wheat could never be shipped through the Panama Canal because it would spoil, and it was argued that the port of Vancouver did not have the facilities to handle wheat and so on. Well, Vancouver is shipping a great quantity of wheat at the present time, and this is proving extremely beneficial to Saskatchewan and Alberta.

Then there is the question of beef. We have heard a great deal about the government supporting prices. I have never seen greater confusion in anything than there is in the way sales are made in the stock yards. A small percentage of beef is sold at 24 or 25 cents a pound; this is government supported; but the great bulk of beef sells at 15 cents a pound. I have bought beef at 12½ cents a pound for our own use, and it was splendid meat. The cost of living affects everybody, and it is strange that when beef was at its highest price on the market a working man could get a meal of beef for about half the price he has to pay today. The last time I travelled on the Canadian National Railways they had no beef on the menu. The head steward persuaded me to have some trout. He said it was wonderful. Well, I may tell you that I very nearly did not return to this chamber. I said to him the next time I saw him, "The dogs should have had that trout".

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: I would urge the beef raisers in Western Canada to get busy on a campaign of "Eat more beef". They should point out the prices at which the retailers should be able to sell it. Beef is one of the cheapest and best foods any man can eat. If a proper campaign were carried on there would be scarcely any surplus of beef at all. The fishing interests of this country have done well in encouraging people to eat fish, but personally I think the only place to eat fish is right beside the water, as soon as you catch them.

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: There is one statement made in this debate by the honourable senator from New Westminster (Hon. Mr. Reid) with which I did not quite agree. He said people are killing themselves by eating too much. Well, there is a certain class of idle men who may be killing themselves by eating, but that is not true of the working men. I have had some experience. When I bought my farm it was half bush, and we did not have bulldozers to clear land in those days. When I hired men to help me I would watch to see how well they could eat, and if they could not eat well I knew they would not last long at their job.

Now I want to say something about social security. If a man goes to jail he can have plenty of social security. But that is not what we want. That is not what has made this country. A life of ease or pleasure does not make great men; it is a life of struggle. I think I was the only man in this chamber to get up and object when the baby bonus legislation was introduced.

I still think that was a vicious political move. And what has it accomplished? Has it done away with juvenile crime? Never in the history of the country were more young people going astray.

Now we have old age pensions for everyone. We disregard the great old preaching, "Honour thy father and thy mother: that thy days may be long upon the land". The modern practice is to put them out on pension when they reach seventy years of age. What a change from the days of the early settlers!

And these schemes do not depend upon whether we can afford them or not. The fact is that once you start something of this kind you cannot stop there. It never gets smaller, but grows, and then the people cry for other things of the same kind. Right now, for instance, there is a cry for larger bonuses and increased pensions.

The latest demand is for a national health insurance scheme. Well, if there had been such a scheme in effect when I was young I might not have been here today. Perhaps I may be allowed to tell this personal story. My first winter away from home and a large family was spent at a lumber camp in northern Saskatchewan, not far from Le Pas. The men were driving a river that had never been driven before. It was a very late spring, and while the foreman was good to me he allowed

me to do a lot of work, hauling boats and so on, and I caught one of the worst colds I have ever had. My ear was bealing. The foreman, a rather kindly man who used to call me "Slim", said to me "What about starting a drive, in spite of your cold?" He knew I was a green driver and that I was likely to fall in over my head, but he claimed "A dip in ice cold water cures me of a cold quicker than anything else." Well, I was willing to try. It was snowing hard and the river was frozen, and we had to use dynamite to get the logs going. I got out on the logs and was swept away. Each of us was given a peavey, and warned that if we lost it in the river it would cost us $3.50. One of the boys shouted to me to stick my peavey in a log and turn it so as to enable me to get to shore. I was in pretty fast water and I was afraid that if I stayed on the logs I might soon drift out of sight of everybody, so I jumped over and made a desperate attempt to get to the bank. All the time I held on to my peavey, because I did not want to have to pay $3.50. There was a little brush on the bank and I grabbed hold of it and climbed up on dry land.

When I got up to where the men were working one of them told me to go and change my clothes, but instead I went back to work so as to get warmed up. At eight o'clock that night I was still at work, cutting out a big spruce that had turned across the river and caused a jam. Suddenly the whole thing started to go, and someone shouted to me to run for my life. I jumped over the turned-up roots of the tree and into the river again. When I got out it was near quitting time, so I went into the camp-house, where a chore boy had a hot fire going, and after changing my clothes I ate a supper that the senator from New Westminster (Hon. Mr. Reid) would consider sufficient for ten men. I then went to bed, and at four o'clock the next morning woke up feeling better than I ever had felt before, with not the slightest trace of a cold left. If the health insurance scheme had been in effect then, an ambulance would have come up for me and taken me to the hospital, and I surely would have died.

So much for health insurance. That is one thing I am sure about.

Now here is something that amused me. Sometimes when there is an election campaign the parties are accused of having different policies in different parts of the country. Well, I would like to read an editorial from the Saskatoon *Star-Phoenix*. As I have often told people, that is a very good newspaper, but it would be much better if it omitted some of its attempts to play politics. Under the heading "An Artificial Industry", the *Star-Phoenix* said this:

> Numbed as our sensibilities are by the repeated onslaughts upon the public purse made by special interests of one kind or another we cannot absorb without a struggle the growing demands of the Canadian tobacco industry for government intervention to protect it against falling export markets. If the entire industry disappeared in favour of imports we would say good riddance.

We do not grow tobacco in Saskatchewan, so the editor thought this would be a popular thing to say. He goes on:

> We have paid for the past thirty years an exorbitant and entirely unjustified ransom to an industry which economically does not deserve to survive in Canada at all. We have contributed to raising the value of rather poor farm land from a few dollars an acre to four or five hundred dollars an acre. Successive governments have engineered the tariff so that Britain bought a large part of our production despite the fact that, were it not for the Imperial preferences, she could have saved millions of dollars by buying elsewhere. Then, to add insult to injury, the taxmen linking arms with this elaborately protected industry have heaped tax upon tax until they have turned millions of Canadians into smugglers or supporters of smugglers.

Well, that may be all very well for a Saskatchewan newspaper, but apparently it does not know that a considerable number of farmers in Ontario have been growing tobacco for many years, and that they constituted a splendid market for large numbers of our western horses, because horses were needed to pull the stone-boats used in picking the leaves. In my opinion the tobacco growing industry has benefited the whole country.

Then there is the whole question of labour and labour's responsibility to the country, a point that was touched upon by the senator from New Westminster (Hon. Mr. Reid). Certainly if someone could get into the hearts and minds of labour men the conviction that they have a very great responsibility to this country, he would be accomplishing a wonderful job.

As to defence by force of arms, and all that sort of thing, I have not very much faith that peace will ever come that way. The older I get the more I see in the Biblical warning, "They that take the sword shall perish with the sword,"—a warning which I heard quoted by the late J. S. Woodsworth. Well, honourable senators, in this country we could so conduct and govern ourselves as to have a better influence on the world, something we can never bring about by means of the atom bomb. We know what happened in Nagasaki and Hiroshima; regardless of the fact that we have the bombs today, we must assume some responsibility and set a good example for the rest of the world.

I was pleased to note an aricle on what was said by the defeated Democratic candidate for president of the United States when speaking at a memorial service for the late C.I.O. president, Philip Murray. The article reads, in part, as follows:

> Governor Stevenson today led CIO convention memorial services for the late CIO president Philip Murray as a behind-scenes battle raged in the choosing of Murray's successor.
>
> The Illinois governor, recent Democratic loser in the election for the U.S. presidency, took occasion in his speech to urge organized labor to act with greater future responsibility to the country.

Speaking of the United States, I was shocked to hear speakers using the Vancouver C.B.C. station to promote the election of the Democratic candidate. Further, the leader of the socialist party in this country, in speaking on the radio about the American election, said that he believed he was speaking for all Canadians. Well, I felt highly indignant about that, because he certainly was not speaking for me. I think such remarks are very foolish. Eden and Schuman refused to come to the United Nations meeting until after the election was over, because they were afraid that some chance remark they might make would be taken as indicating partiality. This was an example of extreme caution; but no such caution was exercised by the people of this country. Many editorials were written on what we could expect by way of tariff changes as a result of the election. For my part, honourable senators, I believe that regardless of who is President of the United States, the people of that country will accept our goods only when it suits them to do so.

If I may, I should like to revert to the subject of beef prices and the prospective lifting of the United States embargo and ask a question. How anxious is the government of this country to have the American market opened up again? Bear in mind that for a year and a half before the embargo was imposed there was a shortage of meat in the United States and prices over there were at their peak; but our government, in the hope of keeping consumer prices in the eastern provinces low, refused us in Western Canada the privilege of shipping a single animal across the border. Can you persuade me that it is anxious to have that market made available to us now? I think it has been somewhat disappointed.

We hear a good deal in this country today about how we should prepare ourselves for what may lie ahead, and there is much criticism of taxation by governments at all levels. I have a suggesion to make in answer to such criticism. I believe, for one thing, that if we could agree to send our children to one school instead of maintaining separate schools, a huge saving at the municipal level would result. Further, it would demonstrate to the world an example of unity in Canada. Just last summer I made this suggestion to a friend of mine in the West, and he replied "Byron, if you had mentioned that to me five or six years ago, I would have wanted to knock your head off, but today I know you are absolutely right". He said further, "I believe the time will come when we will have one school, but it may not be in our time". The children are at school five or six hours a day for five days a week; they are home every evening and all day Saturday and Sunday. Surely in this time they could receive adequate religious instruction.

We see in certain other countries of the world examples of the government being controlled by the church. Indeed, the Russian revolution was to some extent brought about by the interference of the church. As another example, look at Italy today, and what is happening there. I feel quite keenly about this subject, honourable senators.

Hon. Mr. Grant: You are getting into deep water now.

Hon. Mr. Horner: One has to be in deep water to swim. However that may be, I feel that the time will come when the change I suggest will take place. For years I have watched the bitterness between children who grew up together but did not attend the same school. As far as my religious beliefs go, I am not worried about what school my children attend. The fact that some people are bitterly opposed to a certain school is in my opinion, an admission of weakness on their part.

Hon. Mr. Grant: You should send your children to the separate school.

Hon. Mr. Horner: This is what I believe, honourable senators, and I think something could be gained by the change.

I turn now to the defence of Canada. I recently visited the camp about which a report has just been published, and although I am not a military man, I wondered what the buying of sods from farmers and sodding around the huts had to do with the defence of Canada. Indeed, a lot of tax-paying Canadians who never walked on carpets themselves, but were satisfied with linoleum, are wondering why millions of dollars are being spent on coverings for the floors of military buildings. Many people who never wore neckties are wondering why so much money is being spent on ties for the army. And where did all the serving forks go? We must be sure that every dollar that is taken by way of defence taxation goes directly to the cause of Canada's defence.

Honourable senators have been very kind to listen to me so long. I did not take advantage of the opportunity to pay my respects to the organizer and manager of the New Brunswick election. I do so now. I think he did an excellent job.

Some Hon. Senators: Hear, hear.

The Address was adopted.

DIVORCE STATISTICS

INTERIM REPORT

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved concurrence in reports of the committee numbered 44 to 73, inclusive.

He said: Honourable senators, it has occurred to me that I should give you a short progress report. The total number of petitions filed to date is 212. Your committee has heard 75 of these; one has been rejected and 74 have been recommended. Four petitions have been withdrawn. That leaves 133 petitions to be heard after the adjournment, together with any others which may have been filed by that time.

The motion was agreed to, and the reports were concurred in.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine presented the following bills:

Bill G-2, an Act for the relief of Robert Gordon.

Bill H-2, an Act for the relief of Helen Isabelle Hammond Dadson.

Bill I-2, an Act for the relief of Harold Gordon McFarlane.

Bill J-2, an Act for the relief of Dezso Ferenc Cross.

Bill K-2, an Act for the relief of Eric Ernest Auclair.

Bill L-2, an Act for the relief of Napoleon Jean-Paul Chayer.

Bill M-2, an Act for the relief of Marie Josephte Gilberte Belanger Byrne.

Bill N-2, an Act for the relief of Nina Difiore Statner.

Bill O-2, an Act for the relief of Tillie Tietlebaum Victor.

Bill P-2, an Act for the relief of Elina Iacurto Floyd.

Bill Q-2, an Act for the relief of Jennie Miller Solomon.

Bill R-2, an Act for the relief of Elia Kuczerian.

Bill S-2, an Act for the relief of Ruth Audrey Lorraine Beauchamp Laderoute.

Bill T-2, an Act for the relief of Phyllis Newman Lunan.

Bill U-2, an Act for the relief of Helen Doreen Cave Crawshaw.

Bill V-2, an Act for the relief of Armand Frenette.

Bill W-2, an Act for the relief of Florence Brown Boyaner.

Bill X-2, an Act for the relief of Eileen Mercedes Hudson Walsh.

Bill Y-2, an Act for the relief of Madeleine McCartney Ratcliff.

Bill Z-2, an Act for the relief of Kathleen Mary Wilkinson Paraskiewicz.

Bill A-3, an Act for the relief of Georges Chaput.

Bill B-3, an Act for the relief of Florence Anna Carsh Laing.

Bill C-3, an Act for the relief of Beatrice Miriam Kert Beloff.

Bill D-3, an Act for the relief of John Alexander Stronach.

Bill E-3, an Act for the relief of Raymond Gelinas.

Bill F-3, an Act for the relief of Anna Madeline Patterson Cotter.

Bill G-3, an Act for the relief of Claudia Marie Boudreau Leblanc.

Bill H-3, an Act for the relief of Lily Belzberg Bigman.

Bill I-3, an Act for the relief of Joseph Arthur Lesage.

Bill J-3, an Act for the relief of Minnie Gruhn Boon.

The bills were read the first time.

SECOND READINGS

Hon. Mr. Aseltine: Honourable senators, as we are nearing the end of this part of the session, I propose to ask, with leave of the Senate, that these bills be read the second and third times this afternoon.

With leave of the Senate, I now move the second readings of these bills.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: With leave, now. I so move.

The bills were read the third time, and passed, on division.

It being six o'clock, the Senate took recess.

At eight o'clock the sitting was resumed.

CRIMINAL CODE BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill O, an Act respecting the criminal law.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill O, an Act respecting the criminal law, have in obedience to the order of reference of November 25, 1952, examined the said bill and now beg leave to report the same with the following amendments: . . .

Hon. Mr. Robertson: Dispense.

(*See Appendix at end of today's report.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden, with leave, moved concurrence in the report.

He said: Honourable senators, in view of the importance of the bill which has just been reported to the Senate I thought it might be well to say a few words on what may be regarded as some of the highlights in the committee's consideration of this measure. I can say that it is with a certain sense of satisfaction, and also with a great sense of relief, that I see the bill now reported.

During the progress of our study of the bill this fall it became necessary to set up a sub-committee, just as we did last spring, when we considered in the sub-committee possibly less than a third of the sections in the bill. What we did then has facilitated our work at this session. Nevertheless, since the session began the sub-committee has sat on fifteen days, on most of which the meetings began in the morning and extended over the afternoon and evening. That was the only practical way in which a job of this size could be done, for if the continuity of consideration had not been preserved a good deal of time would have been wasted in warming up to the task.

The sub-committee recommended more than one hundred amendments to various parts of the bill. These were in addition to the amendments suggested by the sub-committee last spring, many of which were incorporated into the bill before it was reintroduced into the Senate at this session.

Last spring and again this fall representations were received from various organizations protesting against enactments in a very general sort of way. Three organizations filed briefs. They also requested an opportunity to present to the main committee an oral submission in support of their briefs, and that is the reason why they appeared there last Thursday. Their presentations had to do mainly with the treason sections and certain sections relating to obstruction in the operation of a plant, which constitutes the offence of creating mischief. In the main their objections did not relate to offences being newly provided against in this bill, but to some that had been covered by the Criminal Code for a very long time. I think they did, however, object to some provisions that were added somewhat more recently to the section defining treason, which is section 46 in the bill.

In addition we received representations on behalf of those who were interested in providing by some amendment to the Code for the right to conduct what is commonly called dog racing, with *pari mutuel* betting. Now, notwithstanding the receipt of those representations by the main committee, no member of the committee saw fit to submit any amendments in line with them. And as to the treason sections and others which were objected to by the organizations that I mentioned, the committee is recommending no amendments which by any stretch of the imagination can be said to arise from the submissions made to the committee by those organizations last Thursday. Further, the sub-committee's report was prepared before the main committee heard those organizations.

Possibly I should refer to one or two of the committee's amendments which embody some important changes in the law. I think the committee's most notable amendment is one to provide for an appeal from conviction for contempt of court, whether the contempt is committed in the face of the court—that is, before the judge or magistrate—or as the result of some act or publication done outside the court. This provision for an appeal is something new and unusual, but it was the unanimous view of the committee that there should be some provision for an appeal as a salutary check on any improper exercise of authority in the circumstances. The appeal provision which was finally decided upon and incorporated in the bill makes it possible to appeal from sentence only, in cases where the contempt takes place in the face of the court—that is, before the judge or magistrate who finds the person guilty of contempt and imposes the penalty. But for cases in which the contempt takes place outside the court we provided an appeal from both the conviction and the sentence, so that either the conviction or the sentence or both may be reviewed by a higher court, depending upon the course of action that the convicted person decides to take. I think that is a notable advance in the law as it relates to contempt.

Another notable advance is that for the first time in our criminal law any and all offences for which a person may be charged and tried are contained within one piece of legislation, and as and when the measure

now before us is enacted by parliament, it will become the criminal law of Canada. No longer will any person be charged with what are called common law offences. Unless those offences have been incorporated into the criminal law—that is, into the particular bill now before us—they no longer exist in the realm of the criminal law of Canada.

There are several other matters which I should briefly mention to the house. Despite some protest by the departmental officials, we retained what is called "trial *de novo*"—the right to have a new trial and to have the witnesses heard again. Provision for a new trial exists in our present law, and relates to appeals from summary convictions. As the law now stands an accused person who has been convicted may appeal or, in case of an acquittal, the Crown may appeal. The matter then is taken to an appeal judge, who may hear the case *de novo*, or by agreement of the parties he may hear arguments, by both the appellant and the respondent, on the record of the evidence taken at the original trial. That requires, as I say, the consent of both parties.

It seemed to us that the provision for trial *de novo* was a salutary check on any mistakes that might occur in the trial of first instance, where the lists are so heavy. Very often an accused person does not realize the predicament he is in until a magistrate convicts him and sentences him to a fine or imprisonment, or both. If the accused is not represented by a lawyer—and very often in the court of first instance he is not—he has no appreciation of the weight of evidence against him, and he does not have the ability to cross-examine the Crown's witnesses in such a way as best to bring out the points in his favour. The common result is that he allows the record to consist of the Crown's case and nothing else in the way of an effective rebuttal of what the Crown has said; yet when the circumstances have been fully considered they may show that he has a perfectly good defence; and if he is granted a new trial he may, with the aid of counsel, provide the necessary evidence to gain an acquittal. In my opinion, that is sufficient to justify the continuation in the Code of the provision for trial *de novo*. There has been a substantial expression of opinion by judges and magistrates in various parts of the country in favour of its continuance. We felt, therefore, that we were not flying in the face of public opinion in maintaining this salutary provision.

May I say something about an appeal to the appellate court by a person who has been convicted of an indictable offence? Our law has for a long time provided that a court of appeal may find that there has been no substantial wrong or miscarriage of justice in a case, and dismiss the appeal, notwithstanding the fact that the court may also conclude that the verdict was unreasonable, having regard to the weight of evidence, or that there has been a miscarriage of justice or some wrong decision on the question of law. It seems illogical and lacking in good sense to give to the court the power to say, on the one hand, that the verdict is unreasonable and against the weight of evidence, and on the other hand that there has been no substantial wrong or miscarriage of justice. That seemed to us an anomolous situation, and by our amendment to this bill we have terminated it. We felt that there should be no weighing of degrees of miscarriage of justice. If in the opinion of the appellate court there has been a miscarriage, that court should not be given power to weigh the miscarriage against some intangible thing and decide whether there has been a substantial wrong or miscarriage of justice. In our view a miscarriage of justice amounts to a denial of justice, and the accused is entitled to have his appeal allowed.

In our amendment to the bill we have confined the application of the rule by which the court of appeal could dismiss an appeal on the ground that there has been no substantial wrong or miscarriage of justice to the case where there has been a wrong decision on the question of law. In those circumstances the court may examine all the facts of the case and decide that the wrong decision on a question of law was not important in the decision of the case, or that the jury was not influenced against the accused, or that the scheme of his defence was not affected adversely. In those circumstances it may well be found that notwithstanding the wrong decision in law there has been no substantial miscarriage of justice, and therefore the appeal will be dismissed. In that regard, we have made the amendment which I have indicated.

We also dealt with the right of election by an accused person. The provisions of the Criminal Code are quite firm in relation to offences and matters of proof. The bill before you provides certain rights of election by an accused as to how he shall be tried. In that respect the bill is a departure from the present law, which allows an accused to elect to be tried summarily or by the next court of competent jurisdiction—which means by a judge and jury—and having made the latter choice, he can later re-elect to be tried by a judge without a jury. The bill as it came to us provided that if an accused elected before a magistrate to be tried by a judge without a jury, he would not have a chance—if he were later advised by counsel that he

would be better off before a jury—to re-elect to be tried by judge and jury. We felt that the new law should not put an accused in any worse position, and that at the same time we should protect the Crown by providing that an accused could re-elect only up to the fixing of the time for his trial. Once the day of his trial has been fixed he could not dilly-dally any longer with the court and the procedure of the court. Thereafter he could not make re-election for trial by judge and jury without the consent of the Attorney General or counsel representing the Attorney General. So we have provided that safeguard; and the Crown, by simply fixing, at as early a day as possible, the date of his trial, has within its own hands the means to reduce the time within which a convicted person may avail himself of this right to re-elect. After that it becomes necessary to obtain the consent of the Attorney General or counsel on his behalf.

Hon. Mr. Ross: Does that right of the accused to make election apply in all cases?

Hon. Mr. Hayden: Well, of course there are some cases in which the magistrate has absolute jurisdiction. I refer to cases where there is the right of election. Where the magistrate has absolute jurisdiction he just presides and tries the case. In summary conviction cases he presides and tries the case, and then the defendant has the right of appeal. I am speaking about cases where an accused person with his consent, that is by his election, can be tried before the magistrate, or he may make these other elections.

There are one or two other things to which I should call your attention. I think we have improved very considerably the proceedings in respect of estreat in the case of recognizance. Where sureties have entered into a recognizance assuring the appearance of an accused person at the proper time and place, and have furnished the necessary security, we have simplified the procedure in the event of default or the security not being sufficient to take care of the amount of the recognizance which was originally put up to secure the appearance of the accused person. It was provided in the bill that when the sheriff had exhausted his remedies as regards collecting the amount of the recognizance and was still short of the full amount, the next step would be an *ex parte* proceeding by the Crown for the committal of the surety to jail, and after such committal there was provision whereby, upon notice, the surety could make application to be heard by a judge as to why he should not have to remain in jail. That procedure presented many complications. It might turn out that the circumstances were such that the surety should not have been committed to jail at all. So we thought a simple method of dealing with the matter would be to substitute, for the *ex parte* hearing, a notice to the surety, who then would make out his case, if he could, and account for the circumstances which led to the lack of realization out of the assets which were put up on the recognizance. There are many situations where the surety might be blameless for the situation which subsequently developed. For instance, he might put up securities the market value of which, at the time of putting up, would be at least equal to the amount of the recognizance, but which subsequently, when default occurred and there was an attempt to realize, might by reason of factors beyond his control have dropped to such an extent that they amounted to less than the sum required. In those circumstances it would be unreasonable to penalize the surety by putting him in jail, since he had acted in perfect good faith. That is the reason we made the change. We thought it was in the interest of the protection of the surety, and it was not against the interest of the Crown.

I should direct your attention to the fact that we did one thing which may be said to make us leaders in this particular direction; we struck out in committee today the section, which heretofore was also part of the common law, that makes it an offence to libel the sovereign of a foreign state. Speaking frankly, we were moved to do that, I believe, by a realistic appraisal of the present world situation. It did not appeal to us that this section should continue to operate as a restraint on freedom of criticism or critical expression in relation to persons who may temporarily be in the position of, or designated as, sovereign heads of foreign states, or that the measure of an alleged libel should be how it was regarded in those countries. Having given the matter consideration, we felt that provisions which may not have been inappropriate in earlier times—when more regard was had for the position and the dignity of heads of sovereign states, and international relationships were on a somewhat different plane—had become more or less outmoded, if not archaic. It was our opinion that this provision added nothing to the comity of nations; that its exclusion from the present bill would be neither remarked nor regretted; and that therefore we were justified in striking it out.

These are some of the principal things we considered; and tonight I am touching only on the main sections. A number of others were amended merely for the purpose of clarification. We did not read into the drafting of the sections any intent to deprive an accused person of all the rights and pro-

cedures and defences which have availed him hitherto, but we felt that something more could be done to make plain what those rights were in particular cases.

I think it will be evident to you when you read the report that we scrutinized minutely, line by line, even down to periods and commas, every section of the bill; and it contains over 280 pages, 748 sections and quite a number of forms. In our task we received excellent assistance from our Law Clerk, who demonstrated once again the ability in these matters of which he has given us so freely. He was present at all our hearings and worked on the drafting of all the amendments. We are also indebted to the law officers of the Department of Justice who sat with us, and did an excellent job, and to whom we have referred particularly in the report.

Honourable senators, we have got to remember that the legislation before us is a revision of the Criminal Code and not a revision of the substantive criminal law of Canada. It is true that a considerable reduction has been made in the content of the Code, some 1,200 sections having been reduced to approximately 748. Many of the archaical offences have been stricken from the Code. As the Code has grown up many condensed and simpler ways have been found to express things that previously required much more space. In its general over-all scheme the Code is therefore a more simplified document today. In particular, the procedural sections have been streamlined and are much easier to follow and understand. The processes are logical and reasonable, and can be grasped readily. The Code is in a highly commendable state, but I would warn at the same time that a revision of our substantive criminal law has not been made.

When offences contained in the legislation before the house require overhauling as a result of changing conditions, some special group may have to be commissioned to deal with the matter. We must remember that as a result of social development and changing conditions, acts that are not offences now may have to be written into the Code as offences in the future. These are matters which may very well become the subject of thorough study at some future time. Our committee felt that it should not bring in new offences under a heading or description of offences which have acquired a secondary meaning. For instance, under the word "treason" we think of particular kinds of offences. We did not think it wise to bring in new and modern offences, which are the outgrowth of present world conditions, and group them under the word "treason", which has acquired its own peculiar significance. We felt that, if changing times require it, we shall have to create new criminal offences and provide adequate punishment for them. That is why in the treason section we deleted a subsection. It may be that in the light of present-day conditions that there should be such an offence and that the offender should be punished with the full rigour of the law. But let us call it what it is, and make it a criminal offence. After all, criminal law is not static and must progress as the public need requires. Let us create new offences where necessary, but let us not put them under headings which are misleading. These titles may have acquired restricted and qualified meanings over the years. That is what we thought about the word treason. I do not bow to anybody in my desire to protect the welfare and the public interest of Canada against those, either within or without this country, who would seek to undermine the public safety and welfare of Canada. In creating new offences with rigorous penalties, we should make sure that Canada can punish to the full extent of her criminal law those who might attempt to undermine her security when they are enjoying the protection, hospitality, comfort, safety and well-being that this country affords.

Some Hon. Senators: Hear, hear.

Hon. Mr. Davies: May I ask the honourable senator a question? I was present at the hearings of the main committee, and perhaps I should know more about this subject; but it is not clear in my mind what the Criminal Code has to do with dog racing. My understanding is that certain legislation would have to be passed by the federal parliament or a provincial legislature before a person could start dog racing in any province. What exactly has the Criminal Code got to do with dog racing? I am sorry to be so ignorant on the point.

Hon. Mr. Hayden: The answer is simple. If you are talking only about the running of dogs, the Criminal Code has absolutely nothing to do with that. If, however, you wish to have *pari mutuel* betting in connection with the running of dog races, then the Criminal Code will have everything to do with it. At the present time the Code makes it a criminal offence to bet on dog races; it does not exempt dog races as it does horse races, from the general provision of the Criminal Code with respect to betting. Therefore, while you could have dog races without any regard to the Criminal Code at all, you could not have dog racing with *pari mutuel* betting. I do not know to what I could compare dog racing without *pari mutuel*

betting. It would be like spending money and not having any money to spend. Dog racing without *pari mutuel* betting would mean that you would be paying money out with no money coming in. That would hardly commend itself to any person, even those of limited intelligence.

Honourable senators, I believe I have finished. I would like to close with the remark that our consideration of the bill was intensive, and although it was carried out in a short space of time you need not fear that it was hastily done or that we took any short cuts in order to complete the job. We feel that we devoted the time that was necessary to do the job, and we think that in the document before you we have presented a fairly good product.

Some Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I wish to make a few brief remarks at this time, although I always feel, after listening to the honourable chairman of the Banking and Commerce Committee (Hon. Mr. Hayden) that there is little left to be said.

It is my opinion that this is the most important piece of legislation that has been brought before parliament for many a day. It affects the life and liberty of every individual in the whole of Canada. Therefore it is of tremendous significance. I feel that the government of the day is to be congratulated upon sending such a complicated bill to the Senate for consideration rather than having it introduced in the other house. I say that because we have among the members of the Senate distinguished counsel of nation-wide prominence who have freely given of their valuable time in order to study all the different phases and parts of this legislation. I refer to the chairman of the Banking and Commerce Committee (Hon. Mr. Hayden), the senator from Toronto-Trinity (Hon. Mr. Roebuck) and the senator from Vancouver-South (Hon. Mr. Farris). Also, the Senate's Law Clerk is a gentleman with a profound knowledge of the law, and in my opinion one of the ablest legal draftsmen that Canada has ever had. Because of duties that kept me engaged in a lower part of the building, I was able to get up to only one meeting of the subcommittee that worked on this bill, but at that meeting I was deeply impressed by the detailed study that was being given not only to every section, but to every sentence, every line and every word. I regret that it was not possible for me to attend further meetings.

Having practised law in western Canada for some forty years or so, I am much interested in the provisions for trial *de novo*, which have been fully explained by the chairman of the committee. The bill as drafted had dropped these provisions, and I was afraid that it would be impossible to have them restored. I am pleased to inform honourable senators that the Attorney General of the Province of Saskatchewan objected to doing away with trials *de novo*, and also that many magistrates in our province asked me, when the bill came up here for further consideration, to say to the Senate that they thought failure to provide for trials *de novo* would be a retrograde step.

I have had considerable experience with trials of this kind, particularly in cases where accused persons have been tried in the first instance summarily before magistrates. Our magistrates are not all lawyers, and quite frequently when a case is heard before a lay magistrate it does not receive the attention that it would have received had he been a lawyer. In many of these summary conviction cases also the accused does not fully understand the seriousness of the charge brought against him. Sometimes he appears in court without any witnesses or counsel, and before he knows it he is convicted and fined, or perhaps even committed to jail. In such a case it seems to me that it is only just and proper that if the accused person feels aggrieved he should be able to have a new trial. And that is what is made possible by provision for trials *de novo*, for in the notice of appeal it is not necessary to state any grounds; you are only required to state that you are aggrieved by the conviction. Then a new trial is granted, and you are given the advantage of engaging counsel and calling witnesses, so that when the case is over you feel that you have had justice.

Hon. Mr. Reid: To whom do you appeal for a new trial?

Hon. Mr. Aseltine: The district court judge or the county court judge. In Saskatchewan these appeals are heard by district court judges.

Furthermore, if you have to rely on the evidence taken down by the magistrate you will frequently find when you get his notes that a great deal of the evidence in your favour is not there at all. And perhaps some of the evidence in favour of the prosecution is not there. I understand that in Ontario every magistrate has a reporter to take down the evidence, but this is not so in Saskatchewan. We have no such facilities at all in many places, and it is only when cases are tried in the larger centres, or in the Court of Queen's Bench, and so on, that there is a court reporter on hand at all times. Often if we want the evidence taken down in a summary trial, we ourselves have to provide a stenographer, and at many outlying district points no stenographer at all is available.

For these reasons it seems to me that in a province like Saskatchewan or Alberta, or even Manitoba and the northern parts of British Columbia, it would be a bad thing if trials *de novo* were abolished. As things now stand, it is frequently impossible for an accused person to have justice done at the first trial in those territories, and therefore it is essential that there should be machinery for a rehearing.

I was also asked before I came to Ottawa at the beginning of this session to urge another point on the committee studying this bill. That was that there should be a definition of "magistrate" which would require that he be a lawyer of at least five years' standing. However, after talking over the matter with the chairman of the committee I was given to understand that in many parts of Canada it would be impossible to put that requirement into effect at present, but that it is the intention and policy of the attorneys general of the different provinces to bring about a change whereby only lawyers of some standing will be appointed as magistrates.

Honourable senators, that is all I have to say about the bill and the committee's report. I am pleased with the way in which the matter has been handled. The committee had a hard task, and it has done a good job of which I think the Senate has every reason to be very proud.

Hon. Mr. Horner: May I ask a simple layman's question? Where do the dogs run? Have they any rights under this bill?

Hon. Mr. Hayden: Well, the dogs have not made an application before the Senate committee.

Some Hon. Senators: Oh, oh.

Hon. Mr. Hayden: An application was made on behalf of some organization—not an organization of dogs, but rather of friends of the dogs—to the end that their dog-running might be made remunerative. As no action was taken by the Senate committee with regard to that aspect of the bill, the matter does not now come before us.

Hon. Mr. Roebuck: Honourable senators, if no one else wishes to address the Senate at this time, may I ask the leader if I am right in assuming that there is no particular reason why we should pass the bill tonight? It is an important bill, and if no other honourable senator wishes to speak to it, I would move the adjournment of the debate.

Hon. Mr. Robertson: Honourable senators, notwithstanding the fact that the chairman of the committee has spoken tonight, and others have expressed their views, I think it only proper that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) should have every opportunity to give us the benefit of his remarks. I know of no reason why we should not resume the discussion tomorrow afternoon.

Hon. Mr. Reid: May I ask the sponsor of the bill if it is the intention to have this measure incorporated into the new revised statutes?

Hon. Mr. Hayden: I understand so.

The motion of Hon. Mr. Roebuck was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

REPORT OF COMMITTEE ON BANKING AND COMMERCE ON BILL O, AN ACT RESPECTING THE CRIMINAL LAW

Tuesday, December 16, 1952

The Standing Committee on Banking and Commerce to whom was referred the Bill "O", intituled: "An Act respecting the Criminal Law", have in obedience to the order of reference of 25th November, 1952, examined the said Bill and now beg leave to report the same with the following amendments:—

1. Page 3, line 9: delete the words "recorder or" and substitute therefore the words "municipal judge of the city, as the case may be, or a".

2. Page 9, line 35: insert after "8" the figure and bracket (1).

3. Page 9: insert after subclause (1) of clause 8 the following subclauses:—

"(2) Where a court, judge, justice or magistrate summarily convicts a person for a contempt of court committed in the face of the court and imposes punishment in respect thereof, that person may appeal against the punishment imposed.

(3) Where a court or judge summarily convicts a person for a contempt of court not committed in the face of the court and punishment is imposed in respect thereof, that person may appeal

(a) from the conviction, or

(b) against the punishment imposed.

(4) An appeal under this section lies to the court of appeal of the province in which the proceedings take place, and, for the purposes of this section, the provisions of Part XVIII apply, *mutatis mutandis*.

4. Page 17, line 33: strike out the word "other".

5. Page 19, line 2: after the words "Her Majest" insert ", or does her any bodily harm tending to death or destruction, maims or wounds her, or imprisons or restrains her".

6. Page 19, lines 11 to 14: strike out paragraph (e), and reletter paragraphs (f) and (g) as (e) and (f).

7. Page 19, line 33: delete "f or g" and substitute the following "or f".

8. Page 20: immediately after clause 48 insert the heading "PROHIBITED ACTS."

8A. Pages 20 and 21: transpose clauses 49 and 52 and renumber accordingly.

8B. Page 23, lines 23 to 28: strike out clause 62.

9. Page 20, line 37: strike out the word "or".

10. Page 20, line 42: delete the period and insert therefor ", or".

11. Page 20: insert the following as paragraph (c) to subclause (1) of clause 50:—

"(c) conspires with an agent of a state other than Canada to communicate information or to do an act that is likely to be prejudicial to the safety of Canada."

12. Page 21, line 34: after the word "who" insert the word "wilfully".

13. Page 23, line 1: renumber subclause 5 of clause 60 as clause "61".

14. Page 23, line 1: delete "notwithstanding subsection (4) no person shall be" and substitute "notwithstanding subsection (4) of section 60 no person shall be".

15. Page 23, line 17: Renumber clause "61" as clause "62".

16. Page 23, lines 23 to 28: strike out clause 62.

17. Page 23, line 29: after the word "who" insert the word "wilfully".

18. Page 24, line 3: after the words "Canadian Forces," add the word "or".

19. Page 24, line 5: delete ", or" and insert a period.

20. Page 24, line 6: strike out paragraph (c).

21. Page 26, lines 2 to 5: delete paragraphs (a) and (b) and substitute therefore the following:—

"(a) challenges or attempts by any means to provoke another person to fight a duel,

(b) attempts to provoke a person to challenge another person to fight a duel, or

(c) accepts a challenge to fight a duel,"

22. Page 27, line 27: delete the word "other" and substitute therefor the words "any other dangerous".

23. Page 28, lines 3 to 7: delete paragraph (a) and substitute therefor the following:—

"(a) makes or has in his possession or under his care or control an explosive substance that he does not make or does not have in his possession or under his care or control for a lawful purpose, or".

24. Page 38, line 10: delete the word "or" and substitute the word "to".

25. Page 40, line 37: delete the words "evidence for the purpose of" and substitute therefor the words "anything with intent that it shall be used as evidence in".

26. Page 41, line 28: strike out the word "or".

27. Page 45, lines 9 to 20: delete clause 134 and substitute therefor the following:—

"134. Notwithstanding anything in this Act or any other Act of the Parliament of Canada, where an accused is charged with an offence under section 136, 137 or subsection (1) or

(2) of section 138, the judge shall, if the only evidence that implicates the accused is the evidence, given under oath, of the female person in respect of whom the offence is alleged to have been committed and that evidence is not corroborated in a material particular, instruct the jury that it is not safe to find the accused guilty in the absence of evidence that corroborates, in a material particular, the evidence of that female person, but that they are entitled to find the accused guilty if they are satisfied beyond a reasonable doubt that her evidence is true."

28. Page 47, line 40: after the word "vessel" insert the words "engaged in the carriage of passengers for hire,".

29. Page 50, line 15: after the word "scurrilious" add the following words: "but this section does not apply to a person who makes use of the mails for the purpose of transmitting or delivering anything mentioned in subsection (4) of section 151".

30. Page 51, line 4: strike out the words "or is likely to endanger".

31. Page 51, line 5: strike out the words "or is likely to render".

32. Page 51, lines 8 to 12: delete subclause (2) and substitute therefor the following:—

"(2) No proceedings for an offence under this section shall be commenced more than one year after the time when the offence was committed."

33. Page 51: add the following subclause (3) to clause 159:

"(3) No proceedings shall be commenced under this section without the consent of the Attorney General."

34. Page 58, lines 26 and 27: delete lines 26 and 27 and substitute therefor the words "a subpoena".

35. Page 58: add the following as subclause (3) to clause 174:

"(3) No evidence that is given by a person under this section may be used or received in evidence in any criminal proceedings against him, except proceedings for perjury in giving that evidence."

36. Page 67, lines 32 to 38: delete subclause (2) and substitute therefor the following:—

"(2) Every one commits an offence who, being under a legal duty within the meaning of subsection (1), fails without lawful excuse, the proof of which lies upon him, to perform that duty, if

(a) with respect to a duty imposed by paragraph (a) or (b) of subsection (1),

(i) the person to whom the duty is owed is in destitute or necessitous circumstances, or

(ii) the failure to perform the duty endangers the life of the person to whom the duty is owed, or causes or is likely to cause the health of that person to be endangered permanently; or

(b) with respect to a duty imposed by paragraph (c) of subsection (1), the failure to perform the duty endangers the life of the person to whom the duty is owed or causes or is likely to cause the health of that person to be injured permanently.

(3) Every one who commits an offence under subsection (2) is guilty of

(a) an indictable offence and is liable to imprisonment for two years; or

(b) an offence punishable on summary conviction."

37. Page 68, line 1: renumber subclause (3) as (4).

38. Page 69, lines 1 to 9: delete clause 191, and substitute therefor the following:—

"191. (1) Every one is criminally negligent who

(a) is doing anything, or

(b) is omitting to do anything that it is his duty to do,

shows wanton or reckless disregard for the lives or safety of other persons.

(2) For the purposes of this section, "duty" means a duty imposed by law."

39. Page 73, line 19: after the word "birth" insert the words "as a result thereof".

40. Page 74: immediately before clause 221, insert the heading

"AUTOMOBILES, DANGEROUS PLACES AND UNSEAWORTHY SHIPS"

41. Page 75, line 4: after the word "assistance" insert the words "where any person has been injured"".

42. Page 75, line 10: after the word "assistance" insert the words "where any person has been injured".

43. Page 77, line 11: after the word "who" insert the words ", without lawful excuse".

44. Page 77, line 26: delete the word "or" and substitute the word "and".

45. Page 77, line 31: delete the word "or" and substitute the word "and".

46. Page 98, line 9: after the words "Canada Post Office," add the word "or".

47. Page 99, lines 1 to 13: delete paragraph (b) and substitute therefor the following:—

"(b) was stolen within twelve months before the proceedings were commenced,

and that evidence may be considered for the purpose of proving that the accused knew that the property forming the subject-matter of the proceedings was stolen property."

48. Page 99, line 22: delete the word "obtained" and substitute therefor the word "stolen".

49. Page 104, lines 20 and 21: delete paragraph (a) and substitute therefore the following:—

"(a) a letter or writing that he knows contains a threat to cause death or injury to any person; or".

50. Page 115, line 37: strike out the words "or by any other means".

51. Page 116, line 31: strike out the word "undue".

52. Page 122, line 18: after the word "railway" add the words "that is a common carrier,".

53. Page 140, line 8: delete line 8 and substitute "(ii) section 49",

54. Page 140, line 9: delete line 9 and substitute "(iii) section 51",

55. Page 145, lines 27 and 28: strike out the words "or any other Act of the Parliament of Canada".

56. Page 145, lines 32 and 33: strike out the words "or any other Act of the Parliament of Canada".

57. Page 146, lines 33 to 39: Delete subclause (1) of Clause 432 and substitute the following:

"432. (1) Where anything that has been seized under section 431 or under a warrant issued pursuant to section 429 is brought before a justice, he shall, unless the prosecutor otherwise agrees, detain it or order that it be detained, taking reasonable care to ensure that it is preserved until the conclusion of any investigation or until it is required to be produced for the purposes of a preliminary inquiry or trial, but nothing shall be detained under the authority of this section for a period of more than three months after the time of seizure unless, before the expiration of that period, proceedings are instituted in which the subject-matter of detention may be required".

58. Page 147: Immediately after subclause 4 of clause 432, add the following new subclause:

"(5) Where anything is detained under subsection (1), a judge of a superior court of criminal jurisdiction or of a court of criminal jurisdiction may, on summary application on behalf of a person who has an interest in what is detained, after three clear days' notice to the Attorney General, order that the person by or on whose behalf the application is made be permitted to examine anything so detained."

59. Page 147: Immediately after the new subclause (5) of clause 432 add the following new subclause:

"(6) An order that is made under subsection (5) shall be made on such terms as appear to the judge to be necessary or desirable to ensure that anything in respect of which the order is made is safeguarded and preserved for any purpose for which it may subsequently be required".

60. Page 152, lines 21 to 26: Delete subclause (1) and substitute the following:

"447. (1) Where a warrant for the arrest of an accused cannot be executed in accordance with section 445, a justice within whose jurisdiction the accused is or is believed to be shall, upon application and upon proof on oath or by affidavit of the signature of the justice who executed the warrant, authorize the execution of the warrant within his jurisdiction by making an endorsement, which may be in Form 25, upon the warrant."

61. Page 153, lines 1 to 7: Delete clause 449 and substitute the following:

"449. Where an accused who is charged with an indictable offence is before a justice, the justice shall, in accordance with this Part, inquire into that charge and any other charge against that person."

62. Page 153, lines 33 and 34: Delete the words "stood mute" and substitute the words "did not elect,".

63. Page 153, line 40: Delete the words "stood mute" and substitute the words "did not elect.".

64. Page 154, line 15: After the word "directs" insert the words "without any deposit;".

65. Page 154, line 24: Delete the word "informant" and substitute therefor the word "prosecutor".

66. Page 154, line 44: After the word "adjourned" insert the words "with the consent of the prosecutor and the accused or his counsel;".

67. Page 155, lines 11 to 13: Delete paragraph (i) and substitute therefor the following:—

"(i) receive evidence on the part of the prosecutor or the accused, as the case may be, after hearing any evidence that has been given on behalf of either of them;".

68. Page 155, line 18: Delete the word "answered" and substitute therefor the word "served".

69. Page 155, lines 26 to 29: Delete paragraph (a) of subclause (1) and substitute the following:

"(a) take the evidence under oath, in the presence of the accused, of the witnesses called on the part of the prosecution and allow the accused or his counsel to cross-examine them; and".

70. Page 156, line 22: Immediately after the word "trial." insert the following:—

"You must clearly understand that you have nothing to hope from any promise of favour and nothing to fear from any threat

that may have been held out to you to induce you to make any admission or confession of guilt, but whatever you now say may be given in evidence against you at your trial notwithstanding the promise or threat."

71. Page 160, line 19: Strike out the word "who".

72. Page 162, line 38: Delete the words "or stands mute".

73. Page 163, line 2: Delete the words "stood mute" and substitute therefor the words "did not elect".

74. Page 163, line 9: Delete the words "stood mute" and substitute therefor the words "did not elect".

75. Page 163, lines 43 and 44: Strike out the words "but it is not necessary for witnesses to sign their depositions".

76. Page 164: Immediately after subclause (4) of clause 474 add the following as subclause (5):—

"(5) Where an accused has elected under section 450 or 468 to be tried by a judge without a jury he may, at any time before a time has been fixed for his trial or thereafter with the consent in writing of the Attorney General or counsel acting on his behalf, re-elect to be tried by a judge and jury by filing with the clerk of the court an election in writing and the consent, if consent is required, and where an election is filed in accordance with this subsection the accused shall be tried before a court of competent jurisdiction with a jury and not otherwise.".

77. Page 165, line 39: delete the words "stood mute" and substitute therefore the words "did not elect".

78. Page 169, line 31: strike out the words "in Canada".

79. Page 172, line 27: after the word "particulars" insert the words "and, without restricting the generality of the foregoing, may order the prosecutor to furnish particulars",

80. Page 178, line 11: delete the words "in sections 50 to 53" and substitute "in sections 49, 50, 51 and 53."

81. Page 187, line 8: immediately before the word "shaken" insert the word "thoroughly".

82. Page 191, line 7: after the word "judge" insert the words ", in any case tried without a jury,"

83. Page 191, line 23: after the word "anyone" insert the words "other than himself or another member of the jury,"

84. Page 192, line 25: delete the word "prosecutor" and substitute therefor the words "Attorney General or counsel acting on his behalf".

85. Page 193, line 9: after the word "jury" insert the words "and any proceeding incidental thereto".

86. Page 195, lines 1 to 13: renumber subclause (4) of clause 569 as new clause 570.

87. Page 195, lines 14 to 20: strike out clause 570.

88. Page 196, line 12: after the word "conviction" insert the words "in Canada".

89. Page 196, line 15: after the word "conviction" insert the words "in Canada".

90. Page 200, lines 36 and 37: strike out the words "necessary or expedient".

91. Page 201: Insert a new subclause (2) of clause 589 as follows:—

"(2) In proceedings under this section the parties or their counsel are entitled to examine or cross-examine witnesses and, in an inquiry under paragraph (e) of subsection (1), are entitled to be present during the inquiry and to adduce evidence and to be heard.".

92. Page 201: Re-number present subclauses (2) and (3) as subclauses (3) and (4).

93. Page 202, lines 17 to 22: Strike out subparagraph (ii), and re-number the subsequent subparagraphs as (ii) and (iii).

94. Page 202, line 27: After the word "in" insert the words "subparagraph (ii) of".

95. Page 203, line 8: After the words "subparagraph (i)" strike out the words "or (ii)".

96. Page 217, line 37: Strike out the word "or".

97. Page 217, line 42: After the word "committed" add . "or".

98. Page 217: Insert a new paragraph in subclause (3) as follows:—

"(d) property in respect of which there is a dispute as to ownership or right of possession by claimants other than the accused.".

99. Page 220, lines 40 to 42: Strike out paragraph (a).

100. Page 220, line 43: Re-letter paragraphs (b) and (c) as (a) and (b) respectively.

101. Page 229: insert the following as subclause (4):—

"(4) The provisions of section 669 and subsections (1), (2) and (3) of this section shall be endorsed on any recognizance entered into pursuant to this Act."

102. Page 232, lines 14 to 46: delete clause 679 and substitute therefor the following:—

"679. (1) Where a writ of *fieri facias* has been issued under this Part and it appears from a certificate in a return made by the sheriff that sufficient goods and chattels, land and tenements cannot be found to satisfy the writ, or that the proceeds of the execution of the writ are not sufficient to satisfy it, a judge of the court may, upon the application of the Attorney General or counsel acting on his behalf, fix a time and place for the sureties to show cause why a warrant of committal should not be issued in respect of them.

(2) Seven clear days' notice of the time and place fixed for the hearing pursuant to subsection (1) shall be given to the sureties.

(3) The judge shall, at the hearing referred to in subsection (1), inquire into the circumstances of the case and may in his discretion

(a) order the discharge of the amount for which the surety is liable, or

(b) make any order with respect to the surety and to his imprisonment that he considers proper in the circumstances and issue a warrant of committal in Form 24.

(4) A warrant of committal issued pursuant to this section authorizes the sheriff to take into custody the person in respect of whom the warrant was issued and to confine him in a prison in the territorial division in which the writ was issued or in the prison nearest to the court, until satisfaction is made or until the period of imprisonment fixed by the judge has expired.

(5) In this section and in section 677, "Attorney General" means, where subsection (2) of section 626 applies, the Attorney General of Canada."

103. Page 237, line 5: strike out the words "make it a condition of".

104. Page 237, line 6: before the word "quashing" insert the word "in".

105. Page 237, line 6: after the word "proceeding" insert ", order".

106. Page 241, line 14: after the word "required" insert the words ", except by way of rebuttal,".

107. Page 242, line 9: insert the word "or" after the word "negatived,"

108. Page 243, lines 37 and 38: strike out the words ", but it is not necessary for the witnesses to sign their depositions".

109. Page 250, line 6: after the word "made" insert the words "in such amount as the judge or justice directs,"

110. Pages 251 and 252: delete clause 727 and substitute therefor the following:

"727. (1) Where an appeal has been lodged in accordance with this Part from a conviction or order made against a defendant, or from an order dismissing an information, the appeal court shall hear and determine the appeal by holding a trial *de novo*, and for this purpose the provisions of sections 701 to 716, insofar as they are not inconsistent with sections 720 to 732, apply, *mutatis mutandis*.

(2) The appeal court may, for the purpose of hearing and determining an appeal, permit the evidence of any witness taken before the summary conviction court to be read if that evidence has been authenticated in accordance with section 453, and if

(a) the appellant and respondent consent,

(b) the appeal court is satisfied that the attendance of the witness cannot reasonably be obtained, or

(c) by reason of the formal nature of the evidence or otherwise the court is satisfied that the opposite party will not be prejudiced,

and any evidence that is read under the authority of this subsection has the same force and effect as if the witness had given the evidence before the appeal court.

(3) Where an appeal is taken against sentence, the appeal court shall, unless the sentence is one fixed by law, consider the fitness of the sentence appealed against, and may upon such evidence, if any, as it thinks fit to require or receive, by order,

(a) dismiss the appeal, or

(b) vary the sentence within the limits prescribed by law for the offence of which the defendant was convicted.

(4) The following provisions apply in respect of appeals, namely,

(a) where an appeal is based on an objection to an information or any process, judgment shall not be given in favour of the appellant,

(i) for any alleged defect therein in substance or in form, or

(ii) for any variance between the information or process and the evidence adduced at the trial, unless it is shown

(iii) that the objection was taken at the trial, and

(iv) that an adjournment of the trial was refused notwithstanding that the variance referred to in subparagraph (ii) had deceived or misled the appellant; and

(b) where an appeal is based on a defect in a conviction or order, judgment shall not be given in favour of the appellant, but the court shall make an order curing the defect".

111. Page 255, line 32: delete line 32 and substitute: "conviction court dies, quits office, or is unable to act, the appellant may,".

112. Page 280, Form 24: after the word "them" in the third paragraph insert the words "for a period of ———— or".

113. Page 280, Form 24: strike out the words "or until ———— is discharged in due course of law" in the third paragraph.

114. Page 280, Form 24: strike out the fourth paragraph.

115. Page 283, Form 28: insert "669, 670", after "638", in the first line of said form.

116. Page 283, Form 28: add the following immediately after the first line of said form:

(N.B. The provisions of sections 669 and 670 (1), (2) and (3) must be endorsed on a recognizance. See section 670 (4))".

All which is respectfully submitted.

Salter A. Hayden,
Chairman.

THE SENATE

Wednesday, December 17, 1952

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EDITOR OF DEBATES

RETIREMENT OF MR. H. H. EMERSON

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, before the Orders of the Day are proceeded with I should like to make two statements. Honourable members will recall that on Wednesday, December 10, the Senate took action to facilitate the retirement of Harold Horton Emerson, Editor of Debates and Chief of Reporting Branch of the Senate. This step was taken, under the provisions of the Civil Service Superannuation Act, to effect the retirement to which he was entitled and which he himself had requested.

Mr. Emerson has a reportorial background. His father was a shorthand reporter, and his mother's two brothers followed the same calling. His father, for many years an official reporter of the Supreme Court of Ontario, was a founder and the first secretary of the Chartered Shorthand Reporters Association of Ontario, incorporated by the Legislature in 1891.

Mr. Emerson joined the *Hansard* Staff of the House of Commons in 1906 as an amanuensis and remained in that position for two sessions. He then obtained a position in Toronto, and in November 1909 he went to Alberta and became secretary to the then premier, the Hon. A. C. Rutherford. Later he was appointed Assistant Clerk of the Executive Council and Assistant Clerk of the Legislative Assembly. Owing to the serious illness of his father he returned to Toronto in 1912, and the same year became once more an amanuensis on the Commons *Hansard*.

In 1913 he entered the reporting field, where he worked on the Grand Trunk Railway Arbitration, under the chairmanship of United States ex-President William Howard Taft, and on the Supreme Court of Ontario, the Board of Railway Commissioners, as it was then called, and other bodies.

In 1917, when the official reporting staff of the Senate was organized, he became a member of it and has remained one ever since. He was appointed Editor of Debates and Chief of the Reporting Branch of the Senate after the death of Mr. Halpin, in 1944.

When Mr. Emerson retires, on January 1, 1953, it will be forty-seven years since he first began rendering service to parliament, and thirty-six years since he joined the Senate *Hansard* staff. His service during that period has been characterized by unfailing courtesy and the utmost efficiency. He carries into his well-earned retirement the best wishes of, I believe, every member of this house. We wish him long life and happiness, and hope that he will from time to time revisit the surroundings with which he has for so long been familiar.

Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I agree with everything that has been said by the honourable leader (Hon. Mr. Robertson). I think I am safe in saying that all of us have found Mr. Emerson to be a most courteous, careful, capable and efficient employee of the Senate over a very long period of years. All of these qualities are evidenced by his excellent work as Editor of Senate Debates. His successor will, in my opinion, find it hard to fill his shoes. My personal associations and contacts with Mr. Emerson have been most happy indeed. We on this side of the chamber sincerely regret that he finds it necessary at this time to retire. Many of us feel that we are losing not only a good friend, but also a very valuable public servant. We wish him to know that we have always appreciated his services to this body, and we hope that he has many happy years to look forward to.

Hon. Arthur W. Roebuck: Honourable senators, may I also say just a word or two?

I do so because I feel honoured in being able to call Mr. Emerson a friend; and I am sure almost every senator owes him a degree of gratitude for the number of corrections that he has made in preparing their remarks for *Hansard*. Mr. Emerson, a widely read gentleman, has been most vigilant and industrious in the editing of our debates. I say that in addition to all that has been said about his cordial, courteous and delightful personality. Irrespective of how efficient his successor may be—and I have no lack of confidence in his successor—the Senate will be the poorer for Mr. Emerson's retirement.

One cannot but feel like moralizing a little at the close of a chapter as long as this one. Mr. Emerson joined the Senate reporting staff, as we have just been told, in 1917, but he began his services around these buildings as long ago as 1906—just four years short of half a century ago. One can imagine the mental and nervous reactions that must come to a person who severs connections of that long standing. I hope that he will not feel, as he may well do, the shock of the sudden break, and want to return and take his place amongst us.

Among the classics of the English language are the writings of Charles Lamb —the author of Tales from Shakespeare. He wrote many letters complaining about being chained to his desk in the East Indian House. Finally he retired, and he wrote another series of letters to the effect that, having escaped the slavery of a desk, he was the happiest man in the world. That condition lasted for about two or three weeks, and then he wrote another series of letters saying that he was the most miserable man in England. I trust that Mr. Emerson will not suffer such a reaction.

There is one verse of Gray's Elegy I shall quote, though perhaps it does not apply precisely to Mr. Emerson's retirement. I am reciting it from memory, but I am quite sure when it appears in *Hansard* it will be correct. The verse goes like this:

> For who, to dumb Forgetfulness a prey,
> This pleasing anxious being e'er resign'd,
> Left the warm precincts of the cheerful day,
> Nor cast one longing ling'ring look behind?

That verse is dragged a bit out of its context, but I can imagine Mr. Emerson, after all these years of close application to duty and public service, leaving us with a longing, lingering look behind. I hope that he will be happy in his freedom. May he find other and pleasant activities for the remaining years which are his—and he does seem in good health and capable of enjoying his recess. I trust also that this change in his conditions of living will contribute to the happiness of his charming wife, whom I also know and admire. I wish them both every possible success and happiness.

Hon. Senators: Hear, hear.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, it seems fitting that someone should add a few words in French to the remarks which have been made in English. As the senator for Toronto-Trinity (Hon. Mr. Roebuck) has just said, Mr. Emerson probably corrected some of his sentences. I am sure he has corrected some of mine, because when I read the report of any speech I have made in English I always find that I am much more eloquent on *Hansard* than I was in the Senate. Mr. Emerson has been a faithful servant of the Senate and it gives me pleasure to pay tribute to him. Having been a civil servant myself for nineteen years in my own province, I know what it means to fulfil such a task. It is sometimes difficult to hear certain remarks without offering any comment. Looking back on the past, Mr. Emerson could probably comment on many of the things to which he has listened in silence.

I also want to mention something which happened this morning in the other chamber, when tribute was paid to a former minister, the honourable Mr. Power, who has been in public life for thirty-five years.

The Senate also has two of its members who celebrate today, the 17th of December, their thirty-fifth anniversary in public life: the honourable senator from De Lorimier (Hon. Mr. Vien) and the honourable senator from de La Durantaye (Hon. Mr. Fafard). It is needless for me to praise them; their life has been an example to our youth of what such good men, with open minds and true hearts, can do for their country. During all these years, with unfailing enthusiasm, energy and good will, they have laboured to make of Canada, through their faith and their deeds, the country they wanted it to be. I believe I am speaking for all my colleagues when I extend to these gentlemen our congratulations and best wishes for the years to come. It is a mistake to think that a man who has been in public life for thirty-five years is an old man. For the lofty soul, the noble heart, age does not matter; as long as a man retains his ideals, he never grows old.

I sometimes meet young men of twenty who are already old and skeptical. And I know others who, at seventy and even four score years, remain young, because faith in the future is ever burning in their heart and because they have retained their faith and their love for their fellow men.

(Text):

May I now add a few words in English, without repeating all I have said in French. There was celebrated in the House of Commons this morning the thirty-fifth anniversary of the entry of Mr. C. G. Power into public life as a member of that house. In this chamber are two members who also started in public life thirty-five years ago today. I refer to the honourable senators from De la Durantaye (Honourable Mr. Fafard) and De Lorimier (Honourable Mr. Vien). These gentlemen were elected to public office for the first time thirty-five years ago today. Since then they have devoted their lives to helping to build this great country of ours and to increase its prosperity. The lives of these gentlemen serve as a shining example to our young people. They have shown that citizens in public life can work for the welfare of the country and remain both honest and young. There is no doubt that we can still be young at sixty, seventy or eighty as long as in our hearts we have hope in the future.

Some Hon. Senators: Hear, hear.

DEPUTY GOVERNMENT LEADER IN THE SENATE

TRIBUTES TO SENATOR HUGESSEN ON HIS RETIREMENT FROM THAT OFFICE

Hon. Mr. Robertson: Honourable senators, I very much regret that it becomes necessary for me to report to this house the retirement of the honourable senator for Inkerman (Hon. Mr. Hugessen) from the position of Deputy Leader of the Government in the Senate. Senator Hugessen wrote me before this session of parliament opened, indicating that since his senior law partner, Mr. W. B. Scott, Q.C., had been appointed Associate Chief Justice of the Superior Court for the province of Quebec, added responsibilities made it necessary for him to ask to be relieved of his duties as Deputy Leader.

While I am sure that we all are happy to congratulate him on having become the senior partner of the law firm with which he is associated, we regret exceedingly one of the consequences which has followed. Under the circumstances, I did not feel that I should urge him unduly to reconsider his decision, although I should have liked to do so. The best I could do was to prevail upon him to continue until the Christmas adjournment.

I can hardly over-emphasize how much I personally have been indebted to him for his unswerving loyalty, his wise counsel and his unfailing courtesy. The one bright spot is that, while he will not be continuing in the role of Deputy Leader, the Senate itself will still be able to enjoy the benefit of his friendliness and his faculty for clear and eloquent expression. I thank him sincerely for all he has done for me, and I wish him well in the added responsibilities he has assumed in the practice of his chosen profession.

Some Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I am indeed glad this is not an obituary address.

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: During the time the honourable gentleman from Inkerman (Hon. Mr. Hugessen) has been Deputy Leader of the Government in the Senate, particularly when conducting the affairs of this chamber in the absence of his leader, we have always found him congenial and co-operative to the greatest degree. I am making these few remarks on his retirement from the office of Deputy Leader on the other side of the house because I hold a similar position on this side.

We are all happy that he is advancing in the world; we always like to see young fellows getting ahead.

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: He is now the senior partner of a great legal firm in the city of Montreal, but we hope that the eminence he has attained will not keep him from taking his usual important part in the debates of this chamber, for I would say that some of the finest speeches ever made in this house have been made by him.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: He also has introduced in this chamber some of the most important legislation to come before us.

We regret that he has found it necessary to retire from his present office, but we are glad that he will still be with us, and we wish him a Merry Christmas and a Happy New Year.

Some Hon. Senators: Hear, hear.

Hon. A. K. Hugessen: Honourable senators, although I presume it is fitting for me to say a few words on this occasion, I must confess that I am very much embarrassed in being called upon to do so. I do want to thank my honourable friend, the leader of the government, (Hon. Mr. Robertson) and the honourable acting leader on the other side of the house (Hon. Mr. Aseltine) for the extremely kind words which they have said about me—words which, I must say frankly, I feel are undeserved.

As my leader has said, it was with a great deal of regret that I had to replace in his hands the position that he confided to me some two years ago as deputy leader. The only reason for this is the added responsibilities that have accrued to me in my legal firm in Montreal as a result of the appointment of my senior partner as Associate Chief Justice of the Province of Quebec. I want to say to my honourable leader that I was greatly honoured when he asked me to take this position, and that during the two years I have occupied this office it has been a source of great pleasure to me to have been so closely associated with him in the business of this house. We have never had any personal disagreement. The only times we have disagreed have been on one or two occasions when he, in his capacity as a member of the government, has had to support certain legislation in this chamber. I refer in particular to margarine.

Some Hon. Senators: Oh, oh.

Hon. Mr. Hugessen: That was a condition which was agreed upon between us when I assumed the position of deputy leader.

I want to thank the leader most warmly for the consideration he has always shown me and for the confidence that he has placed in me. I also want to thank the members of the house for the kindness, consideration and forbearance with which they treated me on those occasions when I had something to do with the conduct of the business of the chamber.

I am indeed glad that the honourable acting leader opposite (Hon. Mr. Aseltine) does not consider this to be an obituary address. I do not myself so regard it.

I do hope to attend this chamber as frequently as possible and to take an active part in its debates and discussions, though perhaps not in quite as responsible a position as the one I have occupied for the last two years. Thank you very much.

CRIMINAL CODE BILL

REPORT OF COMMITTEE CONCURRED IN

The Senate resumed from yesterday consideration of the report of the Standing Committee on Banking and Commerce on Bill O, an Act respecting the Criminal Law.

Hon. Arthur W. Roebuck: Honourable senators, I am very happy in the atmosphere that has been developed prior to the commencement of my remarks on this subject today, which I expect and hope will be our last sitting day before the adjournment. While the atmosphere is still good I want to express my thanks to the deputy leader of the opposition (Hon. Mr. Aseltine), both on behalf of myself and the other members of the sub-committee of the Banking and Commerce Committee, for the very kind remarks which he made in this debate yesterday evening. The task of the sub-committee was a heavy one, but there was a very great deal of satisfaction attached to it because the importance of the subject called for the very best work of which we were capable.

I also wish to join with the chairman of the sub-committee and of the main committee, the senator from Toronto (Hon. Mr. Hayden), in his references to the able assistance which we received from Mr. A. A. Moffat, Q.C., and Mr. A. J. MacLeod of the staff of the Department of Justice. I marvelled at the detailed knowledge of the Code possessed by these gentlemen; they could state the provisions of a section as soon as its number was mentioned. Their familiarity with the text of the Code reminded me of the familiarity of some divines with the ancient Book. They quoted from the law and cited passages with a facility that was amazing.

I think it would be a mistake if we did not also acknowledge the assistance given by our own staff, in the first instance by our most able legal counsel, Mr. J. F. MacNeill, Q.C. We are much indebted to him for his wise advice and tireless aid in this tremendous work of revision. I couple with his name, although in a different capacity, the Clerk of the Committee, Mr. James D. MacDonald, who did nearly all the clerical work in connection with the revision. And I should mention also the stenographers, who worked overtime to have the amendments prepared in readiness for our consideration at this time. The whole staff under Mr. Armstrong, Chief Clerk of Committees, worked conscientiously and for long hours in their struggle to get the work through. And it has all been worth while. Speaking personally and on behalf of my fellow members of the committee and the others who worked with us, I can confidently say that it has all been worth while, because of the tremendous importance of the subject.

Perhaps I can give a more vivid impression of what it all means if I tell you that according to the Canadian Year Book of 1951, which contains the latest available statistics, the total number of persons convicted in Canadian courts in the year 1948, for offences of all kinds, was 918,277. That is, there were nearly one million convictions by the courts for offences of one kind or another under the Criminal Code, under other federal statutes, under provincial laws, municipal ordinances, and so on. That is a very large number, out of a population of about 14 million. It bears a ratio of 102·1 to every thousand of our population. And remember, that is only the total of the accused persons who were convicted. In addition, many persons accused before the courts were acquitted. Then of course a large number of people appeared as complainants, to say nothing of those who were called as witnesses. I draw attention to this because I think it shows, as nothing else could, the importance of the rules of the game that we are laying down at present, rules that directly affect the lives —and sometimes may even result in taking away the lives—of many subjects, and that in a material sense affect the lives of nearly all of us.

In the past a person who was convicted of some offence paid a fine or served his sentence, and that was the end of it. But today if a conviction is registered for a crime that involves what is called moral turpitude, the convicted person is barred from crossing the international border. Our Immigration Act contains the same provision as does the American Immigration Act in that regard. And the law officers of the Crown have extended the term "moral turpitude" to include even an assault—although I think that sometimes one who commits an assault

should be congratulated rather than condemned. I told the Deputy Minister of Justice that if we were all subjected to the test of whether or not we had committeed assault, within the meaning of the words "applying physical force to the person of another person or threatening to do so," I did not suppose there was anyone in the whole of Canada, any male at all events, who could legally cross the border. I recall the famous statement that John Burns once made in the House of Commons at Westminster, that there are occasions when a smash in the jaw is a good argument. And there are circumstances in which if a person did not apply physical force or at least threaten to do so, I would hold him in contempt.

I refer to this simply to show how wide the effect of a conviction may be in these modern times. It might involve a person for many years to come. In every application for a bond, and in various other documents, the question is asked "Were you ever convicted of any crime?" And the answer has to be written in.

Instead of giving only the total number of convictions for a year, it might be more interesting to state figures of convictions for important offences. In 1948 there were no less than 48,066 charges of indictable offences brought before the courts of Canada, and under those charges 41,632 persons were convicted. That is a startling number. As far as individual cases go, it is not quite correct, because some were charged with two offences at the one time, and some 3,724 were convicted of more than one offence at the time of trial. In that year non-indictable offences numbered 876,000 odd. Punishments for indictable offences varied. Fines, were imposed upon 12,680 convicted persons, and the death penalty was made to apply to nineteen persons.

Traffic regulations are of course not in this Code, but they do account for a great deal of activity in our courts. In the year 1948, violations of traffic regulations numbered no less than 649,000. That, I think, is enough to show that the importance of the subject can scarcely be denied.

In view of the clear and rather extensive review of the bill given last night by the chairman of the committee (Hon. Mr. Hayden), there is very little left for me to say. That will be welcome news to honourable senators. However, there are some things which I think I should say—I go first to the question of treason. Treason involves the question of life and death, the welfare of the state and the titular head of the state, with all the ancient connotations and tragedies; it is a subject which catches the public mind and imagination. Whatever the reason may be, our dealings with the sections on treason seem to have provoked almost undue interest. I notice in one of the morning papers a heading to this effect: Senators vote lighter penalties for treason and espionage. I appreciate the great difficulty that a newspaper reporter faces in his endeavour to write accurately about the work of the sub-committee and of the general committee on the technical aspects of this subject. But let me say that we did not vote lighter penalties for treason and espionage. What we did was to remove one paragraph from the treason section and put it in another section. In that way we perhaps lowered the penalty from life imprisonment or less to fourteen years or less. If there is any difficulty the penalty can very easily be increased. However, fourteen years is a long sentence.

I refer now specifically to subsection (1) of section 46, which is as follows:

(1) Every one commits treason who, in Canada, (a) kills or attempts to kill Her Majesty—

We have intensified and amplified that paragraph. We carried into the bill the words of the present Code which in the amendments had been dropped, dropped—as far as I can see, without any particular justification—and we added these words:

—or does her any bodily harm tending to death or destruction, maims or wounds her, or imprisons or restrains her.

It is apparent that in that way we have extended the treason provisions.

I turn now to paragraph (c), which reads:

(c) assists an enemy at war with Canada—

Nobody would object to that. Certainly anyone who assists the enemy commits treason, according to its ancient definition. But the paragraph goes on:

—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.

The idea of making it treason to assist a country against whom there is neither a declaration of war nor any statement by the government with regard to it, simply because its forces are engaged in hostilities with our forces, is entirely new law. I do not say the law is unjustified, provided the person who commits such an offence knows that he is doing it; but I would call the attention of the house to a recent incident when our forces were engaged, without our knowledge, on the island of Koje. I would point out to honourable members that our forces are today under the command of the United Nations, not of our own government. Further, by reason of the activities in Korea, we may be engaged in hostilities with two great nations against whom there has been no declaration of war

and no desire to declare war. My only concern with this particular provision is that it be clarified, so that nobody may be caught in the crime of treason because of having assisted the forces not of an enemy country—of a friendly country—which happens to be engaged with our forces.

For that reason the sub-committee suggested that the word "knowingly" be added, so as to avoid misunderstanding. If war is declared, that is of course a different matter; but in the mixed-up state of the world today some care is required in dealing with one of the most heinous of all criminal offences. The proposed amendment to add the word "knowingly", was not adopted by the Banking and Commerce Committee. The clause remains as it was drawn, but I am not very well satisfied with it.

Paragraph (e) in the treason section of the Code was, I thought, even more open to criticism than paragraph (c). Paragraph (e) reads:

(e) conspires with an agent of a state other than Canada to communicate information or to do an act that is likely to be prejudicial to the safety or interests of Canada.

Let me deal with the various ingredients of that paragraph. "Conspires with an agent of a state other than Canada". The word "agent" could mean any civil servant of any country other than Canada—of the United States or the United Kingdom, for instance, or of any of our fellow members of the British Commonwealth. "Agent" is a very wide term; there are literally thousands of agents through whom information is conveyed.

Then we come to the words, "to communicate information". What kind of information? Atomic information? It is not stated. It might be the most harmless and trifling information, or something which is well known to everybody. No term could be wider than the word "information", and there is but one qualification, that it is likely to be—not necessarily, but possibly—prejudicial to the safety or interests of Canada.

What are the "interests of Canada"? Does "Canada" signify the land of Canada, the people of Canada, or some section of the people of Canada—St. James street, for instance? Or does it mean, perhaps, the labour unions, the educational institutions—this, that or the other thing? What, I repeat, are the "interests of Canada"? If, in talking of treason, you import a commercial or property ownership, are you not going pretty far?

What we have done in this connection is, to allow this provision to stand, but to take it out of the treason sections and put it in the clauses dealing with prohibited acts, which probably are sedition or something like sedition. My comment with regard to the section is this. There should be the most stringent prohibition of the wrongful giving to others of information which may be prejudicial to the safety of Canada. In that direction you cannot go too far. The man who knowingly, for the purpose of injuring Canada, gives away our secrets with regard to atomic knowledge, the bomb, and the like, is the worst and the vilest criminal among us. On the other hand, in attempting to legislate against him let us not interfere with free speech in our own country. Let us not be too sweeping. My thought with regard to this clause is that it should be re-drawn in such a way that that against which we inveigh shall be properly and definitely covered. It may require a whole paragraph in the Official Secrets Act, or the Code, or elsewhere. What I object to about this clause is the draftmanship; I am not satisfied with it at all.

In that connection let me repeat what was said last evening by the honourable senator from Toronto (Hon. Mr. Hayden). This present revision is not a revision of the substance of the Code but only of its structure. The purpose of it was to clarify, rearrange and condense. The job was given to commissioners; but they have gone a good deal further, and have made quite a number of amendments to the substance of the Code. Nevertheless what they have done is not a survey as such of the substance of the clauses of the Code; it is by no means the final word; it is but a beginning, I think, of the revision of our criminal law; and as a result of the attention that has been directed to the Code through these clarifying amendments, I look for many other amendments in the immediate years to come. I suggest to the government that at the next session, or even earlier—because there is plenty of time yet—the clause to which I have referred be thought over carefully, with a full realization of its importance, and that an amendment be prepared and brought in which will make its meaning clear to everybody, myself included, —and I yield to no one in my loyalty to Canada and my interest in her safety.

In passing, let me say that I wish the commissioners had given us a definition of sedition. Here is the present definition:

Seditious words are words that express a seditious intention.

When I read this to laymen who are not familiar with it, usually they laugh.

Hon. Mr. Reid: What section is that?

Hon. Mr. Roebuck: Section 60.

(1) Seditious words are words that express a seditious intention.

(2) A seditious libel is a libel that expresses a seditious intention.

(3) A seditious conspiracy is an agreement between two or more persons to carry out a seditious intention.

(4) Without limiting the generality of the meaning of the expression "seditious intention", every one shall be presumed to have a seditious intention who—

And this is what has been added by the commissioners, and I approve it heartily, because it has made this point specific, though none other—

—teaches or advocates, publishes or circulates any writing that advocates the use, without authority of law, of force as a means of accomplishing a governmental change in Canada.

Now, if that is sedition, all right. But it is only included in the definition of sedition, and the balance is left to the common law; that is to say, to the dozens of cases of sedition and seditious experience which you will find recorded in the law reports of Great Britain and Canada. The history of sedition goes back many years. A member of my family took part in 1832 in the criminal trials which followed the riots and lawlessness which accompanied the passing of the Reform Bill, and one of his statements on the subject is authoritative law.

Now, why should we not take our courage in our hands, let somebody who has authority to do so tell us what sedition is, and take the chance, if you choose, of making an error? It is far better that everybody should know what it is than to leave the word loosely defined or not defined at all. I wish that matter had been taken up, and I hope that among the amendments which will follow the passing of this bill, "sedition" will be clearly and courageously defined.

Clause 62 follows the provisions relating to sedition. I want to express satisfaction with our handling of this matter. The report of the subcommittee was endorsed unanimously by the Banking and Commerce Committee. The section was as follows:

Every one who, without lawful justification, publishes a libel that tends to degrade, revile or expose to hatred and contempt in the estimation of the people of a foreign state any person who exercises sovereign authority over that state is guilty of an indictable offence—

and so on. I do not know why in our Criminal Code we should follow the ancient law which makes it an offence to say something disagreeable about the head of a foreign state. I can understand why this was an offence some two hundred years ago, when the head of the state was the government of the state. But just fancy applying that section to Mr. Hitler prior to the declaration of the last war. Fancy charging a man for having reviled Hitler—

Hon. Mr. Reid: Imagine applying it in the case of Stalin right now.

Hon. Mr. Roebuck: Yes, or Farouk, for instance. You can say anything you like about him just now, but if, a year ago, you had said something that would have degraded him in the opinion of the Egyptians, you would have been guilty under our Code and liable to severe penalty. This is true of all the princes of India, the chiefs of Africa, and so on. It is time that this kind of archaic law was abolished. Let anybody, whether the head of a state or not, come to our courts and sue for libel if we have said something about him.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Roebuck: He can get justice in our courts too. As I say, I experienced some satisfaction upon seeing that go by the board.

Hon. Mr. Reid: Has that section been deleted?

Hon. Mr. Roebuck: Yes, we have deleted it.

I want to refer the house now to sections 57 and 63. I am not complaining at all that the committee did not agree with my representations while this matter was before them, but I want to put myself on record as not liking this business of making the Royal Canadian Mounted Police a sacrosanct force. I do not like to see a police force in this country placed in the category of a military force. The R.C.M.P. is a civilian force and at the present time is performing police duties in every province in Canada except Quebec and Ontario. Its members for the most part, are acting as traffic cops all over this country, enforcing the law of the land in just the same way as members of provincial or municipal police forces are doing. I am interested in maintaining the civilian status of the R.C.M.P.—a force of which we are very proud—and not allowing it to come into the category of a Swiss Guard or an S.S. force.

Let me read to you what section 63 provides. It says:

63. (1) Every one who

(a) interferes with, impairs or influences the loyalty or discipline of a member of a force,

(b) publishes, edits, issues, circulates or distributes a writing that advises, counsels or urges insubordination, disloyalty, mutiny or refusal of duty by a member of a force, or

(c) advises, counsels, urges or in any manner causes insubordination, disloyalty, mutiny or refusal of duty by a member of a force,—

That is all right as applied to military forces. We must be careful with regard to them, because they may be engaged in hostilities with our enemies. But on page 24 of the bill you will find these words:

(2) In this section, "member of a force" means a member of

(a) the Canadian Forces,

(b) the naval, army or air forces of a state other than Canada that are lawfully present in Canada, or
(c) the Royal Canadian Mounted Police.

I spoke about this matter in detail in committee, and indeed on previous occasions in this house, but I do wish that my fellow members would join with me in an effort to keep the Royal Canadian Mounted Police a civilian force and not allow it to become a military force. We do not want a military force to do our police work.

I should like to refer the house now to section 372, which deals with mischief. I do not expect the members of this chamber to agree with me any more than did the members of the Banking and Commerce Committee in my views on this section.

I read from the section:

372. (1) Every one commits mischief who wilfully
(a) destroys or damages property,
(b) renders property dangerous, useless, inoperative or ineffective,
(c) obstructs, interrupts or interferes with the lawful use, enjoyment or operation of property,—

I submit that no strike ever took place in this country that did not do one or other of those things. Strikes have always interfered in some way with the enjoyment or operation of property. That is usually the very purpose of a strike.

In committee I suggested that the following words be inserted: "A lawful act done in furtherance of the purpose of a trade union is not mischief". I also suggested that this clause be included in another section, but I will not take time to deal with that now. I think I can see the humour of what happened yesterday in committee. There I stood in splendid isolation, the only one who voted for my amendment. That is perfectly all right, but you will hear about that clause in the future or I am no prophet.

There is just one more matter I wish to discuss, and it has to do with the right of appeal. There was unanimous agreement on this point in committee, and I want to say something about the justification of it. According to the common law, which is read into this section, a judge on the bench has the right to call anybody to appear before him, or if the person is before him, order him to stand up, and then in his capacity as the chief of the proceedings convict the person of contempt of court and impose some penalty —perhaps a fine or a jail sentence—and there is no appeal. In all the offences dealt with in the 748 sections of our Code, this offence, and this offence alone, is the only one in which the decision of the judge is absolutely final. He acts as the witness as to what has taken place, he is the prosecuting attorney, he is the judge, and he is the executioner.

Hon. Mr. Ross: What section are you dealing with?

Hon. Mr. Roebuck: Section 8. This sort of thing is not healthy from the standpoint of those who suffer under it, and it is not healthy from the standpoint of the judge. The Banking and Commerce Committee is recommending an amendment in this bill which will give a person who is accused by a judge of contempt of court—not in the face of the court—the right to appeal against the conviction and also against the sentence. The individual who is convictetd of the offence of contempt of court in the face of the court has the right to appeal against the sentence only. The difference is this. It is necessary to maintain the dignity of the court and the control of the presiding officer over the court. If a person interrupts court proceedings, for instance, and defies an order of the judge to sit down, the judge has no option but to order the constable to place him under arrest and commit him for contempt—and he is kept in custody until he has cooled off. If the judge imposes a long sentence, then of course under the new Code there probably would be an appeal, but there would be no right of appeal against the conviction itself. Perhaps there should be, but in the committee we thought we had gone far enough in providing an appeal against the sentence in such cases.

I could refer to a number of instances of conviction for this offence. I am not holding any briefs for newspapers, but they or their employees have been the ones most frequently involved. Not long ago in this very city the editor of one newspaper was called before a judge and fined $3,000 for contempt of court. I do not say the conviction and fine were not perfectly justified, but I do think that the party who suffered under the decision would have been better satisfied with the justice of it had he been able to have the case reviewed by some higher court, by judges who were not so close to the prosecution as the one who testified against the person accused, found him guilty and wrote the judgment. It would have been a healthier state of affairs if that decision could have been submitted for review by another court. I do think that this amendment to the Code is a really good one, thoroughly justified, and that it will be well received by courts across Canada.

Hon. Mr. Reid: Would the honourable senator permit me to ask a question about the wording of paragraph (b) of section 8. It reads:

Notwithstanding anything in this Act or any other Act no person shall be convicted
(b) of an offence under an Act of the Parliament of England, or of Great Britain, or of the United Kingdom of Great Britain and Ireland—

Should that not read "Great Britain and northern Ireland"?

Hon. Mr. Roebuck: No. As I stated previously, no charge can be laid under the Code except for an offence that is within the four corners of the Code. We are reading out of this Code the statutory law of Great Britain, of the United Kingdom, and of Great Britain and Ireland. I think that "Great Britain" in this instance includes northern Ireland, and that "Ireland" means southern Ireland.

Hon. Mr. Reid: Thank you.

Hon. Mr. Roebuck: The section goes on to say also that no person shall be convicted

(c) of an offence under an Act or ordinance in force in any province, territory or place before that province, territory or place became a province of Canada.

So the whole law of the provinces of Upper Canada and Lower Canada, of the Northwest Territories and of Manitoba before it became a part of Canada, is now a thing of the past, so far as the criminal law is concerned, and one cannot be convicted of a criminal offence that does not come within the four corners of this Code.

Honourable senators, I thank you for the kind attention with which you have heard me. I am happy about this piece of work and the report which is before us, on which we shall be voting shortly. I am sorry that you have not had more time to study the report. It would have been better if at least several days had intervened between the time of its presentation here and the vote upon it, because the report is really voluminous. It recommends no fewer than 117 amendments, in addition to the 63 amendments that our committee made last year. In all, we have suggested 180 amendments to the Code that came to us last session. If you were to try to follow the report in detail it would require some hours of careful study to find out even what we were doing.

As I say, I am sorry that we have not a little more time, but it seems to be in the public interest that we pass the bill today. I express my satisfaction in what I think is a real improvement to the Code and some improvement to the substantive criminal law of Canada. If as a result of our work the Code is improved, we shall have conferred a benefit upon thousands and hundreds of thousands of our fellow citizens.

Hon. W. D. Euler: Honourable senators, although I am a member of the Banking and Commerce Committee, which considered this bill, I wish to assure you at the outset that I have not the slightest intention of dealing with the subject-matter of the bill, beyond saying that I approve of all the changes that have been made, and particularly, perhaps, in that part of the Code which designates what constitutes treason.

I merely rise to say that I think it would be unfortunate if someone did not convey to the members of the sub-committee the appreciation of the main committee itself and of the members of this house as a whole for the work which the sub-committee has done. Those of you who attended the meetings of the committee know what a thorough study was made of the Code. Had that not been done, the Senate, I think, would have found it utterly impossible to pass intelligently upon this voluminous bill. We had a great deal of confidence in the members of the sub-committee, and I think everyone will agree that it was justified. Three or four gentlemen learned in the law, leaders in their profession, gave freely of services which if one may judge from the fees that lawyers of their eminence sometimes charge to large corporations, must have been worth many thousands of dollars.

Hon. Mr. Aseltine: They will be rewarded in the next world.

Hon. Mr. Euler: They did it without remuneration, their only reward being the satisfaction of having done a good job.

The few times I attended sittings of the committee I learned a great deal about the criminal law. In fact, some of the things I heard there were almost alarming. It must have occurred to some other members of the committee, as it did to me, that one might commit a criminal offence without being aware of it. I sometimes think that there is a tendency in government today—I include governments in general—to fall into the habit of what may be called witch-hunting. Perhaps that is too strong a term, but honourable senators will understand what I mean.

I repeat that my main purpose in rising was to place on the records of this house, on my own behalf and, I am sure, that of all other members of the Banking and Commerce Committee, and of the Senate as a whole, our appreciation of the great work which these gentlemen of the sub-committee have done.

Hon. T. A. Crerar: Honourable senators, before the report is adopted I should like to associate myself with the remarks made by my deskmate, the honourable senator from Kitchener—

Hon. Mr. Euler: Waterloo!

Hon. Mr. Crerar: Yes, from Waterloo. And I may add, my senior in years by a narrow margin and in experience by a very substantial margin.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Lambert: How about wisdom?

Hon. Mr. Crerar: The bill before us is probably one of the most important pieces of legislation to be dealt with by this house for a considerable period of time. Obviously, it was impossible for a layman like myself to grasp its full import. The measure was confided to the Banking and Commerce Committee, and the work of that committee is reflected in the report presented to the house yesterday.

While the committee did an excellent job on the measure, I should like to direct particular attention to the honourable senators from Toronto, Toronto-Trinity and Vancouver South.

Hon. Mr. Euler: Why not name them, so that they will go down in history?

Hon. Mr. Crerar: I will do that. They are the honourable senators Hayden, Roebuck and Farris. They devoted a great deal of close attention to this bill. These gentlemen—all of them eminent in the law—have prepared a report which individuals like myself can accept with confidence.

One other comment that I should like to make is this: The nature of the amendments impressed upon my mind the fact that the committee had done an excellent job in one particular respect. It is the tendency of law administrators and prosecutors to attempt to pave the way to easy convictions. That is an insidious danger in the law-making process of this country. I was happy to note that the committee appeared to guard very effectively against that tendency. Indeed, the amendments made by the sub-committee, accepted by the main committee, and now before the house, add many safeguards to the bill as originally drafted. In that respect I believe the amendments improve the legislation. To my mind, nothing is more important in the law making process than to protect the liberty, freedom and rights of the individual, and to assure that justice will be meted out with caution and fairness. In this I think the committee has succeeded.

I told my colleague from Waterloo that I would not speak any longer than he did, so I must conclude my remarks.

Hon. Mr. Euler: You need not keep your word.

Hon. Wishart McL. Robertson: Honourable senators, there is little that I can add by way of useful comment on the committee's report on this important bill. I only desire to express my thanks and appreciation for the very thorough and painstaking work that has been done by the Banking and Commerce Committee in their consideration of this measure.

Honourable senators will recall that Bill H-8, an Act respecting the Criminal Law, was first introduced on May 12, 1952, during the last session of parliament. The Minister of Justice came to this house to speak on the motion for second reading, and on May 15 the bill was referred to the Banking and Commerce Committee. The main committee appointed a sub-committee to consider the measure clause by clause, and after twelve meetings they reported to the main committee on June 20, suggesting approximately sixty amendments. The main committee held three meetings, considered the amendments, and subsequently reported to the Senate recommending that, because of the amount of work still to be done, the bill be not further proceeded with at that session.

A new bill was presented to this house at the earliest possible moment, and on November 25 it was referred to the Banking and Commerce Committee. This new bill incorporated many of the amendments proposed by the sub-committee during the previous session. Again the sub-committee set themselves to their painstaking task, and after fifteen meetings reported to the main committee on December 5, suggesting 104 amendments. The main committee proceeded to a detailed consideration of the proposed amendments, heard witnesses and reported to the house yesterday, December 16.

It must, of course, be pointed out that many of the amendments were relatively minor in nature, involving such questions as phraseology; but the fact that in the two sessions they numbered 164 in all indicates that none of the 744 sections were accepted without scrutiny.

I am bound to point out that the burden of the work fell on the sub-committee of the Banking and Commerce Committee. I congratulate all members of the committee, but I feel that I should especially mention the Chairman, the Honourable Senator Hayden, and the Honourable Senators Roebuck and Farris, who brought to bear on this important question the wide experience and undoubted knowledge of the law which has made them outstanding in the legal fraternity of Canada. Associated with them was the Law Clerk of the Senate, whose faithful services are so often available to the committees of the Senate and are perhaps too frequently taken for granted, and also the law officers of the Department of Justice, who patiently rendered every assistance. All in all, these gentlemen formed a team that for a task of

this kind would be hard to duplicate. I thank them one and all for their excellent performance.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill as amended was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill K-3, an Act for the relief of Jane Louttit Dormer.

Bill L-3, an Act for the relief of Roger Loiselle.

Bill M-3, an Act for the relief of William Oscar Gilbert.

Bill N-3, an Act for the relief of George Magner.

Bill O-3, an Act for the relief of Teodora Szablity Szentirmai.

Bill P-3, an Act for the relief of Arthur Piche.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall the bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

ADJOURNMENT

Hon. Mr. Robertson: Honourable senators, we have disposed of the Address in reply to the Speech from the Throne, and of all items on the order paper.

We have passed fourteen government bills, including the Act respecting Criminal Law and the Act respecting Food, Drugs, Cosmetics and Therapeutic Devices, which were major revisions of existing statutes, and involved the hearing of witnesses and much committee work. We have passed three private bills and seventy-four divorce bills, a total of ninety-one.

As we have completed our work, and as there is no further business before us and it is unlikely that there will be much for us to do until two or three weeks after the House of Commons assembles on January 12, I would move, subject of course to the authority already given to His Honour the Speaker to call us back in case of necessity:

That when this house adjourns today it stand adjourned until Tuesday the 3rd day of February, 1953, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Tuesday, February 3, 1953, at 8 p.m.

THE SENATE

Tuesday, February 3, 1953

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

Prayers and routine proceedings.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS FROM HIS EXCELLENCY

The Hon. the Speaker informed the Senate that he had received a message from His Excellency the Governor General, reading as follows:

The honourable the Members of the Senate:

I have received with great pleasure the Address that you have voted in reply to my speech at the opening of parliament. I thank you sincerely for this Address.

Vincent Massey

JOINT COMMITTEE ON LIBRARY

MESSAGE FROM THE COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved—That a message be sent to the Senate to acquaint their Honours that this house has appointed Mr. Speaker and Messrs. Beyerstein, Blackmore, Brown (Essex West), Carroll, Carter, Conacher, Coyle, Dechene, Demers, Dinsdale, Eudes, Gauthier (Lapointe), Gingues, Goode, Hellyer, Henderson, Higgins, Hunter, Jones, Kirk (Antigonish-Guysborough), Knight, LaCroix, Laing, Leger, MacLean (Queens), MacNaught, McIlraith, McMillan, Meeker, Noseworthy, Pearkes, Proudfoot, Ratelle, Rochefort, Ross (Hamilton East), Rowe, Smith (Moose Mountain), Smith (York North), Tustin, Valois, Ward, White (Middlesex East), Whiteside, and Winkler, a committee to assist His Honour the Speaker in the direction of the Library of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint committee of both houses on the library.

JOINT COMMITTEE ON PRINTING

MESSAGE FROM THE COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved—That a message be sent to the Senate to acquaint their Honours that this house will unite with them in the formation of a joint committee of both houses on the subject of the printing of parliament, and that the following members:—Messrs, Argue, Ashbourne, Bertrand, Beyerstein, Black (Chateauguay-Huntingdon-Laprairie), Blackmore, Boivin, Bonnier, Breton, Bryce, Cameron, Cardiff, Cauchon, Cavers, Charlton, Cruickshank, Darroch, Dechene, Dickey, Fairclough (Mrs.), Ferguson, Ferrier, Follwell, Fontaine, Gingras, Gour (Russell), Harkness, Healy, Hees, Hetland, Hodgson. Hunter, Lefrancois, MacLean (Cape Breton North and Victoria), Maltais, McDonald (Parry Sound-Muskoka), McIvor, McLean (Huron-Perth), McWilliam, Montgomery, Murray (Oxford), Robertson, Rochefort, Rowe, Shaw, Simmons, Sinnot, Stanfield, Stuart (Charlotte), Studer, Tustin, Weaver, Whitman, and Wright, will act as members on the part of this house on the said joint committee on the printing of parliament.

JOINT COMMITTEE ON RESTAURANT

MESSAGE FROM THE COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons reading as follows:

Resolved—That a message be sent to the Senate to acquaint their Honours that this house has appointed Mr. Speaker and Messrs. Casselman, Cruickshank, Dewar, Ferguson, Gauthier (Sudbury), Gour (Russell), Hansell, Harkness, Langlois (Berthier-Maskinongé), Little, Macdonald (Edmonton East), MacNaught, Massé, McCulloch, McGregor, Ratelle, Richard (Ottawa East), Riley, Rochefort, Stewart (Winnipeg North), Stick, Ward, Warren and White (Hastings-Peterborough), to assist His Honour the Speaker in the direction of the restaurant so far as the interests of the House of Commons are concerned, and to act on behalf of the House of Commons as members of a joint committee of both houses on the restaurant.

REPRESENTATION BILL

FIRST READING

A message was received from the House of Commons with Bill 101, an Act to amend the Representation Act, 1952.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

JUDGES BILL

FIRST READING

A message was received from the House of Commons with Bill 104, an Act to amend the Judges Act, 1946.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave, at the next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. Blais presented Bill Q-3, an Act to incorporate the Apostolic Trustees of the Friars Minor or Franciscans of Western Canada.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Blais: Next sitting.

TRADE MARKS BILL

FIRST READING

Hon. Mr. Robertson presented Bill R-3, an Act relating to trade marks and unfair competition.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave, tomorrow.

STATISTICS BILL

FIRST READING

Hon. Mr. Robertson presented Bill S-3, an Act to amend the Statistics Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Hon. Mr. Robertson: With leave, tomorrow.

DISASTROUS STORMS AND FLOODS

MOTION OFFERING SYMPATHY AND HELP TO THE UNITED KINGDOM, THE NETHERLANDS AND BELGIUM

Hon. Wishart McL. Robertson: Honourable senators, with leave of the Senate I desire to move, seconded by the honourable leader of the opposition (Hon. Mr. Haig):

That His Honour the Speaker be asked to convey to Her Majesty the Queen, to Her Majesty the Queen of the Netherlands and to His Majesty the King of Belgians, the deep sympathy of The Senate of Canada to the people of the United Kingdom, the Netherlands and Belgium who have been so sorely stricken by the appalling disaster which has befallen them. We believe that it would be the earnest desire of the Canadian people to manifest their sympathy to the sufferers in concrete form and will gladly support whatever proposals to this end the Government of Canada may present to parliament.

Honourable senators, we have all been deeply moved by the news of the disasters on sea and land that have resulted from the terrible storms raging about the United Kingdom and in the channel between the United Kingdom and Continental Europe.

As a result of the inscrutable ways of Providence no peoples nor portions of the world's surface by sea or land are immune from the destructive forces of the elements. From time to time, as if to remind mankind that a Supreme Authority presides over the universe, the forces of nature are unloosed, bringing disaster in their trail. Sometimes a disaster occurs far away, and sometimes near at home. But, wherever it occurs, its only redeeming feature is that it serves to quicken one of the finer instincts of human nature, and awakens a spontaneous desire on the part of the more fortunate to extend all possible comfort and relief to those who are less fortunate. We in Canada, in recent times, have witnessed and been beneficiaries of this fine instinct on the part of those beyond our borders, and I feel that the country as a whole would wish the Senate to join with the House of Commons in expressing, on behalf of the people of Canada, sympathy for those who have suffered, and the resolve to help in whatever manner may, in due course, prove to be the most effective.

I commend to you, honourable senators, the motion that has just been presented for your consideration.

Hon. John T. Haig: Honourable members, in seconding the motion of the honourable leader of the government, I may perhaps be pardoned if I refer to certain disastrous events in the province from which I come.

Honourable senators will recall that about three years ago the people of Manitoba suffered a disastrous flood. From my place in this chamber I have already thanked the government of Canada and the government of the province of Manitoba for the help given to the flood victims.

But tonight I am reminded of the generous assistance which came to the people of the Red River Valley from outside Canada. It may now be said that the relief funds were so well administered that, after all claims were paid, a substantial amount of money was left over. This sum is being transferred to the custody of a body to be set up by the parliament of Canada, and I am hoping that some of it may find its way back to the people in parts of Europe and England who themselves have suffered severely in the recent storms. There can be no finer illustration of the wisdom of casting one's bread on the waters. I am sure that all those people in other countries who sent aid to us will be glad to know that their gifts have met our needs, and that something is left over to help others in trouble today.

I think I know something of the feelings in the minds of people who watch flood waters rise day by day and hour by hour. I know something also of how they are encouraged to meet such disasters when people from all over the world offer assistance. It is our opportunity now to reciprocate by helping the flood victims of Great Britain, Holland and Belgium.

I am sure I speak not only for all senators and members of the other house, but also for all Canadians in saying that we appreciate what has been done for us when we were stricken by disasters, and that we will all stand behind the government and support it in whatever it does to relieve the present distress in those three countries. Whether the government decides to offer assistance through the Red Cross or another medium, it can rest assured that we pledge our full support.

Hon. Senators: Hear, hear.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 4, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

ROYAL STYLE AND TITLES BILL

FIRST READING

A message was received from the House of Commons with Bill 102, an Act respecting the Royal Style and Titles.

The bill was read for the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: Tuesday next.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill A-1, an Act to incorporate the Mercantile Bank of Canada.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill A-1, intituled "An Act to incorporate the Mercantile Bank of Canada", have in obedience to the order of reference of December 8, 1952, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: With leave of the Senate, tomorrow.

BROPHEY DIVORCE PETITION

REFUND OF PARLIAMENTARY FEES

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the eighty-first report of the committee.

The report was read by the Clerk Assistant as follows:

1. With respect to the petition of Marilyn Irene Damer Brophey, of the town of St. Laurent, in the province of Quebec, for an Act to dissolve her marriage with John Allard Brophey.

2. Application having been made for leave to withdraw the petition the committee recommend that leave be granted accordingly, and that the parliamentary fees paid under Rule 140 be refunded to the petitioner less printing and translation costs.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Aseltine: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

YETMAN DIVORCE PETITION

REFUND OF PARLIAMENTARY FEES

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the eighty-second report of the committee.

The report was read by the Clerk Assistant as follows:

1. With respect to the petition of Christina Pollock Yetman, of the city of Montreal, in the province of Quebec, for an Act to dissolve her marriage with Kenneth Yetman.

2. Application having been made for leave to withdraw the petition the committee recommend that leave be granted accordingly, and that the parliamentary fees paid under Rule 140 be refunded to the petitioner less printing and translation costs.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Aseltine: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

DIVORCE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the eighty-third report of the committee.

The report was read by the Clerk Assistant as follows:

The committee recommend that the time limited for receiving petitions for bills of divorce which expired on Wednesday, December 31, 1952, be extended to Monday, February 9, 1953.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Aseltine: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

PRIVATE BILLS

EXTENSION OF TIME FOR FILING PETITIONS

Hon. Mr. Beaubien, Acting Chairman of the Standing Committee on Standing Orders, presented the second report of the committee.

The report was read by the Clerk Assistant as follows:

Your committee recommend that the time limited for filing petitions for private bills (other than petitions for bills of divorce) be extended to Monday, February 9, 1953.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Beaubien: With leave of the Senate, I move that the report be concurred in now.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. Aseltine presented Bill T-3, an Act to incorporate the Evangelical Lutheran Synod of Western Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read a second time?

Hon. Mr. Aseltine: Tuesday next.

THE LATE SENATORS LACASSE AND DAVID

TRIBUTES TO THEIR MEMORY

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, before the Orders of the Day are proceeded with, I regret to have to officially inform the house that during the Christmas adjournment we lost two of our outstanding members, the honourable Senator Joseph Henri Gustave Lacasse, who passed away on January 18, and the honourable Senator Louis Athanase David, Q.C., who died on January 26.

Senator Lacasse was born on February 7, 1890, at Ste. Elizabeth de Joliette, Quebec, a son of Annie Gernon and Francois Xavier O. Lacasse. A physician, he was educated at Montreal Seminary and Laval University, where he received his B.A. and M.D. degrees, after which he practised medicine at Tecumseh, near Windsor, Ontario. In 1915 he married Marie Anne St. Pierre, of East Windsor, Ontario, and eleven children were born to this union. Mrs. Lacasse died in 1944, and in 1948 the late senator subsequently married the former Rose Odine Sasseville, of St. Hyacinthe, Quebec, who survives.

Through his French-language newspaper, of which he was editor-in-chief, Senator Lacasse was an ardent supporter of the rights of French-Canadian minorities. Always active in civic affairs, he was elected Mayor of Tecumseh in 1928, the year in which he was called to the Senate. Other offices that he held during a long and busy career were: President of the Separate School Commission of Tecumseh, from 1925-27; Medical Health Officer of Sandwich East, 1914-1945; President of the Medical Health Officers' Association; member and Director General for Ontario of the Société des Artisans; Director of La Sauvegarde Insurance Company; member of the Canadian Order of Foresters, Union St. Joseph de Canada; President of the St. Jean Baptiste Association, Ontario West, 1928-1930; life member of the Association St. Jean Baptiste Association, Ottawa, 1951; President of Maple Leaf Publishing Company; member of the Windsor Suburban High School Board, 1946-47. He also occupied prominent positions in various medical societies.

Senator Lacasse was a member of this chamber for about a quarter of a century. He was appointed in 1928, and throughout his long association with the Senate he was always deeply interested in the work of parliament, and faithfully attended our sittings. In keeping with one of the basic functions and responsibilities of the Senate, he strongly supported in this chamber the rights of minorities, particularly of that minority of which he himself was a member. On behalf of honourable senators I wish to extend to his widow and children our deepest sympathy in the great loss that they have suffered.

Senator David was born on June 24, 1882, the son of the Honourable Laurent Olivier David and Albina Chenet, of Montreal. He was educated at St. Mary's College, Mount St. Louis, and Laval University, from which he received his LL.B. degree. Subsequently he read law with Buchan and Elliot, and at the age of twenty-three was called to the Quebec Bar.

He first practised law in 1905 in association with H. J. Elliot, Q.C., and in later years with the firms of David, Dugas and Webster, and David, Perrier, Brossard and Demers. In 1908 he married Antonia, daughter of the Honourable G. A. Nantel, and to this union were born five children, all of whom survive.

Though the late senator soon achieved prominence in his chosen profession—he was elected President of the Junior Bar in 1913, and a member of the Council of the Bar in 1914, and appointed a King's Counsel in 1915—he also early became active in political affairs. A close friend of both Sir Wilfrid Laurier and Sir Lomer Gouin, he was first elected to the Quebec legislature in 1916, as member for Terrebonne. In 1919 he was appointed Provincial Secretary, a post which he held continuously for seventeen years, until 1936 when he resigned and temporarily retired from public life.

As Provincial Secretary he encouraged hygiene throughout rural areas and promoted education, writing and painting, through assistance to art schools and galleries. In order to stimulate the production of French and English literature, he instituted the annual David Prize Competition in which English and French writers of Quebec competed for prize money awarded by the

provincial government. As head of the Department of Education, he gave utmost consideration to all aspects of the educational problem. He established technical schools to promote more interest among Quebec youth in engineering fields.

In 1939 the late senator emerged from retirement and was re-elected to the legislature, but resigned in 1940, in which year he was summoned to the Senate.

In recent years Senator David's failing health interfered somewhat with his attendance in the Senate and participation in our debates, but the more senior members of this chamber will recall the clearness, fluency and eloquence which characterized his discussion of public questions. The friendliness and courtesy which he invariably displayed in his relations with his colleagues endeared him to all. His knowledge of public affairs, gained by study and long experience, won for him the highest respect. We mourn his loss, and we extend to his widow and children our deepest sympathy in their bereavement.

Hon. John T. Haig: Honourable members, Senator Lacasse was a member of this chamber when I entered it some years ago, and since then I came to know him intimately. In the early years of my membership here he took a very active part in the Senate's deliberations on such matters as health, medical care and education.

I had the pleasure of some contact with the late senator in a social way. He was one of the delegates who went from Canada to Bermuda in the fall of 1948 to meet with representatives from the United States, the United Kingdom, South Africa, Australia and New Zealand, and he was accompanied by his bride. I was delighted to meet her during that nine-day period, and I recall an interesting incident. A table was assigned to the delegates from each country, and although Canada's table was set for four persons it was usually occupied by only three.

On one occasion a United Kingdom delegate came over and asked us what had happened. I said "There are four delegates, from Canada, all right; indeed, we have five, because with us is an unofficial delegate, the bride of one of our number, and if you go to a certain window you will see that happy couple enjoying their honeymoon here in Bermuda." This I said by way of illustrating the interest of Canadians in the married lives of our people. Senator and Mrs. Lacasse proved very pleasant companions: they endeared themselves not only to their Canadian associates but to the delegates from the other parts of the Empire. As the only bilingual members, they aroused a good deal of interest, especially among those who attended from the United Kingdom, the United States, Australia and New Zealand. We Canadians who speak English, and this gentleman and his wife who spoke French, got along as though all of us spoke only one and the same language. It was a meeting of which I retain very happy recollections. When I heard of the senator's illness, and later, through the press, of his death, I felt that I would like to recall to his former associates here what a pleasant companion he was, and how, in his social contacts away from home, he embodied and manifested the spirit of that bilingualism of which we as Canadians are so proud.

Let me now speak, although briefly, of the late Senator David, whom I have known ever since, but not before, he came to this house. If a somewhat intimate allusion may be allowed, I would recall that one day he came to me and said, "Haig, are you interested in history?" I replied, "Very much." He then told me of his project so to revise the story of Canada as to show the true history of the early days of the people of New France and of the Canadians in general. He added that he hoped to have the aid of someone who was absolutely unprejudiced in publicizing the subject through the Canadian Broadcasting Corporation. For two months it was my very pleasant experience to collaborate with him for this purpose. I found him broadminded, sympathetic, and well informed on the problems of our country, to an extent unequalled among my acquaintances from any other province. As a Canadian, I would voice my appreciation of the contribution that he, and men like him, have made to our nation, in presenting the facts of history, not as something put in a book, but as a vivid and authentic description of the early days of our country.

On behalf of all members of this house I would extend to Mrs. Lacasse and the late senator's family, and to the widow and family of the late Senator David, our very sincere sympathy. May they always have in remembrance the fine public services which our late distinguished colleagues rendered in this house.

Hon. Senators: Hear, hear.

(Translation):

Hon. Leon Mercier Gouin: Honourable senators, it may be said of my very dear friend, senator Gustave Lacasse, that he spent his life in good works. He was born in the country, like so many of our best public men. From his native village in the district of Joliette, he came to study in the metropolis of Montreal, first at the College of Montreal, then at the medical faculty of our former Laval University. He became a doctor in

1915. He was an honour to his profession as well as to his race. His devotion to his compatriots in the Essex area has remained proverbial. Gustave Lacasse was a man of heart: he was endowed with a remarkable social sense. Deeply attached to our family traditions, he had eleven children. He was a good husband and an excellent father. As mayor of his good city of Tecumseh, chairman of the separate school board, officer of various medical associations, director of the *Artisans*, of the *Sauvegarde* and of various mutual life insurance companies, president of the Saint Jean Baptiste Society, director of French-Canadian education associations in his adopted province and chief editor of his own newspaper, *La Feuille d'Erable*, senator Gustave Lacasse was truly a leader among French-speaking citizens of Ontario. An ardent patriot, he devoted himself unceasingly to the defence of his people's rights and to the help of all, in his professional as well as his public life.

He leaves the imperishable memory of a good man, of a patriot, of a good servant of the people, of a moving spirit of fruitful and benevolent efforts, of a practical sociologist, of an apostle of social action and, above all, of a great Christian.

To the family and to the associates of our lamented colleague, I extend my very deepest sympathy.

As for Athanase David, his father was Senator Laurent Olivier David, the closest friend, I believe, of Sir Wilfrid Laurier and also a great friend of Honoré Mercier. The man whose panegyric we are making today had the same godmother as I: Honoré Mercier's second wife. The patriotism of this French-Canadian leader was always an inspiration to Athanase David. Like Mercier, he was educated at St. Mary's College. One of his companions was Honoré Mercier II, who was to be a colleague of his for many years in Sir Lomer Gouin's provincial government.

Admitted to the Bar at the beginning of the 20th century, our lamented colleague was a brilliant lawyer. He was a master of the word in all its forms. The first time I applauded Athanase David, he was playing the part of Staforel in Edmond Rostand's *Les romanesques*. I mention the fact because his very real artistic talent helped Athanase David to become in our province a great minister of fine arts. He gave to the pursuit of beauty in all its fields—theatre, music, painting, sculpture, literature—a magnificent development, unknown until then. The creation of the David Prize would be sufficient to preserve his memory for ever.

He was elected member for Terrebonne in 1916, named provincial secretary three years later and made his mark while very young because of his personality and of his exceptional gifts. He was an intellectual in the full meaning of the word, an aristocrat of the mind. He advocated with great eloquence the theory of intellectual superiority. That doctrine was to leave its mark on all the men of our generation; it was first given expression in Quebec by my very dear master, Edouard Montpetit, who carried out, in the university field, achievements parallel to those of Athanase David. Edouard Montpetit remains for us the incomparable professor, whose disciples we all consider ourselves to be and whose work we have resolved to continue. Therefore, I could hardly do better than to repeat the praise which Mr. Montpetit rendered one day, as secretary general of his beloved University of Montreal, to the companion of his youth. In 1937, Mr. Edouard Montpetit said to his friend David: "You have ardently defended the cause of education and, what is more, you have brought it to victory, because you have used with intelligence the powers at your disposal."

Our whole system of education has profited by the enlightened and generous measures taken by Athanase David. The people of Quebec will never forget, either, his courageous and beneficial action on behalf of its hospitals and sanatoria. Athanase David fought tuberculosis and infantile mortality with an admirable zeal.

He fought ignorance and disease, fanaticism and prejudice. His patriotism was as broad as our country is wide; he was a superb example of Canada's French-speaking culture.

I extend my deepest sympathy to his family. In mind I kneel before the freshly dug grave of my friend, up there in the north country. Faithful to his Laurentians he had loved so deeply and praised so highly, Athanase David asked that he be laid to rest in the cemetery of Ste. Agathe, in the heart of his constituency. Would that the north wind could waft to him in the mountains he loved so dearly this most imperfect but deeply felt praise which springs from my own friendship and from the high regard of a whole people.

(Text):

Hon. Aristide Blais: Honourable senators, the sudden departure from our midst of Senator Gustave Lacasse has been a stunning blow to us all. Just two days before his fatal attack he came to my room to have one of our usual frequent chats. At that time I commented on his serene look and healthy appearance, and his spirits were high as he anticipated a prosperous New Year. What infinitesimal things we are before the Eternal!

The successive passing of some of our colleagues reminds us that tomorrow it may be our turn to prepare for the Grand Voyage. Let us beg the Almighty to give us fortitude for that moment.

As everyone knows, Senator Lacasse hid a most noble and generous heart behind his stern appearance and bushy red eyebrows. Sometimes even his voice took on a frightening tone, but those of us who knew him well were aware that this was only a manifestation of the intensity of his sentiments and the importance of the cause he was defending. Senator Lacasse was a courageous fighter who maintained vigilant guard at Windsor against any infringement of the school and language rights of his fellow French Canadians. He was a talented journalist, whose newspaper *La Feuille d'Erable* was the product of his mind. It was a medium through which he advocated the welfare of his compatriots and defended their rights.

In the medical profession, of which I am a member, Senator Lacasse was regarded as a distinguished physician, a true example of a country doctor. Untiring, generous and devoted to his community. he was always very obliging and ready for any emergency. But what is not known except by his close friends is that he was a poet of great inspiration who wrote some beautiful poems. The one which appeared in *La Feuille d'Erable* the day after his funeral depicts the man and gives the real measure of the colleague we are now mourning.

Honourable sentators, to lament the loss of such a dear colleague as the late Senator David and to extol his great qualities would take a long time. I would beg you, however, to listen to a few more words of sorrow from one who had the privilege of sharing his room when he was first called to this chamber, and of listening to his conversation at intervals during a whole year. His esteem for and interest in my chosen profession made him the dearer to me. More than once I heard him praise the art of medicine as one of the finest gifts of God. Like many literary men—like Balzac, Bourget, and others—he enjoyed reading about the early history of medicine, and he cultivated the friendship of some of the most learned physicians in Montreal. I believe this natural inclination towards the medical profession had much to do with the vocational choice made by his son Paul, who today is reputed to be one of the best cardiologists in Montreal.

Senator David possessed one of those bright minds that naturally radiate enlightenment. Everything about him was pleasing and commanded admiration: the bearing and courtesy of a gentleman; the charming conversation that always sparkled with fine anecdotes; the splendid erudition that led him into many fields of activity. He was particularly active in the field of education, and gave great impetus to raising the standard of teaching in all branches of learning in his native province of Quebec.

But he shone especially as an orator, and his intellect, heart and soul were constantly at the command of a beautiful voice and a splendid diction, which he had mastered in both English and French. It was a pity that such an ailment as asthma, from which he suffered intensely, prevented him on many occasions from taking part in important discussions in this chamber.

I need not enlarge upon his achievements. Previous speakers have already described them better than I could do.

Senator David is no more. His vacant desk causes me deep sorrow, and his departure is a tremendous loss to us all. God bless his soul.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, death has lately been reaping victims in our ranks at an alarming rate. During the last three years, one senator out of every five who sat in this chamber has passed on, and since the last adjournment we have lost two more.

Senator Gustave Lacasse, who was one of the deans of the Senate,—he had been sitting here for nearly twenty-five years—was, however, one of our younger members, since death overtook him at barely sixty-two years of age.

On the eve of December 17 last, as I was leaving the Parliamentary restaurant, I remember, I met our colleague coming in for his meal. I inquired about his health and he replied that he was not feeling well, that he felt distressed and that his condition worried him. The next day I heard that a stroke had carried him away.

Anyone who came in contact with our colleague could see that he had a fiery temperament and an overflowing vitality. Constantly busy, always moving, he could not stop. When I worked late in my office, whatever the time, senator Lacasse was sure to be still at work. One would be tempted to say that overwork killed him. He would certainly have lived longer had he been more sparing of himself. But, had he spared himself, would he have helped his people as he did, would he have been the leader and the educator that we knew? He also defended stubbornly whatever was connected with French survival in Canada. And in order to better develop and spread his ideas, he founded three newspapers, one of which, *La Feuille d'Erable* is still being published.

He devoted himself particularly to this newspaper for more than fifteen years with all his energy, in order to assert the interests and rights of his compatriots.

Senator Lacasse belonged to a class of doctors who were much more common in olden days, when medicine was a sacred calling. Not very long ago, he told me of the calls he made, night and day, to look after the sick. A proof of the medical ability of our colleague is that he was for a time president of the Ontario Medical Health Officers Association.

What stands out in the extraordinary active life of Senator Lacasse is his great devotion to the survival of the French culture in Canada, his great care to ensure stability and better harmony between the two main racial groups of the Canadian nation.

The people of Canada, and more especially the French Canadians, will never forget what Senator Lacasse has done for his country.

May I be permitted to conclude with a few verses written by our colleague on January 21, 1946, on the occasion of the fifteenth anniversary of his newspaper, *La Feuille d'Erable*. These lines indicate that he had indeed a great heart, a noble soul and lofty ambitions.

O fille de mon rêve, enfant de ma pensée,
Depuis déjà quinze ans tu sonnes le réveil.
Tu poursuis sans faiblir la tâche commencée,
Réclamant pour les tiens une place au soleil.

Vaillante championne et servante fidèle
Du Droit, de la Justice et de la Vérité,
Tu connus bien souvent la morsure cruelle
Qu'infligent le mensonge et l'animosité.

Demain tu déploieras plus largement tes ailes,
Agile messagère au pied souple et léger,
Et tu t'élanceras vers des sphères nouvelles,
Afin de faire à tous tes bienfaits partager.

D'autres auront alors, dans ma main frémissante,
Cueilli la plume usée au service des miens...
Que leur foi rajeunie et toujours grandissante
Poursuive noblement les travaux des anciens.

Qu'à la voix du passé ils demeurent dociles
Et qu'avec confiance ils gardent l'avenir,
Sans jamais reculer aux heures difficiles:
MOURIR AVEC HONNEUR PLUTÔT QUE DE [TRAHIR.

I wish to extend to his afflicted family my most sincere condolences.

Senator Lacasse had barely been laid to rest a few days, when we heard over the radio that another one of our colleagues, Senator Athanase David, had passed away.

Senator David, who was descended from illustrious ancestry, was bound, in his turn, to become illustrious. He was the son of L. O. David, a newspaperman, the historian and intimate friend of Sir Wilfrid Laurier, who was clerk of the City of Montreal and became a senator like his son. His mother's name was Albina Chenet.

Senator Athanase David was born on June 24, 1882, in Montreal. His godfather was Baron Athanase de Charette, the French general who covered himself with glory at the head of the pontifical zouaves in 1870.

I will only recall a few outstanding points in the life of our lamented colleague.

Senator David was educated at Mount St. Louis and at St. Mary's College, and admitted to the Bar in 1905. In 1916 he was a successful candidate in the provincial elections in the constituency of Terrebonne. After that he was elected every time he stood as a candidate.

It was on November 7, 1916, that he entered the legislative assembly. His first speech on education dazzled everyone, so much so that he was sought on all sides as a lecturer and orator. He handled words like an academician and when he spoke, both his language and his delivery aroused the greatest enthusiasm.

This great orator, however, was also a realist. When he was appointed provincial secretary, in 1919, he drafted the first public assistance law and also organized health services in most of our hospitals. He was also responsible for creating the first public health centres in the province of Quebec—the first, I believe, to be set up as such in the whole country.

He also founded the public archives of the province of Quebec, engaged in the fight against tuberculosis and infantile mortality, organized family employment offices, holiday camps and schools of fine arts, and established scholarships which allowed the beneficiaries to study in Europe. It was also during his term that the provincial museum of Quebec was built. It was he, again, who founded the Prix David for letters and sciences, a prize which the people still call by the name of its founder although it has officially received another name. He gave all his co-operation to the classical colleges and universities; he organized anti-tubercular dispensaries, and the lectures of *l'Institut scientifique franco-canadien* . . .

Education and public health were his two greatest concerns, the two difficult problems to which he devoted his whole life.

In the Senate, to which he was called on February 9, 1940, Senator David has left his mark. Everyone remembers his motion for a Canadian history text-book that would teach the history of Canada more completely and more impartially.

Quebeckers remember with pride that they owe their Quebec and Montreal schools of fine arts to Senator David.

It was in recognition of all these cultural achievements that Senator David was awarded in 1926 the decoration of *Officier de la Légion d'honneur.*

The honourable Onésime Gagnon, the present minister of Finance for the province of Quebec, once said of our colleague: "The foes as well as the friends of the honourable Mr. David recognize not only the great contribution he has made to the cause of education, but also the great part he has played in the fight against tuberculosis."

In 1934 the then secretary general of the University of Montreal, Mr. Edouard Montpetit, also paid our colleague this great tribute: "You have ardently defended the cause of education and, what is more, you have brought it to victory, because you have used with intelligence the powers at your disposal." And Mr. Edouard Montpetit added at the end: "Truly, nothing is more to your credit than to have understood the situation."

Our colleague was a realist, and at his age he laboured under no illusions. Last November I had the honour to propose the Address in reply to the Speech from the Throne, and he wrote to me the next day a note which I shall keep among my most precious papers: "As I arrived in Ottawa yesterday at five o'clock, I missed your speech. But I have just read it. The more I think over it, the more I feel that you said the right things. The satisfaction which you will feel at having expressed them will compensate for the little publicity accorded to Senate speeches."

I join with my colleagues in offering to the families of Senator Lacasse and Senator David the tribute of our deep gratitude and of our unfailing memory.

(Translation):

Hon. Paul Henri Bouffard: Honourable senators, perhaps you will permit two representatives of Quebec to recall the memory of a dear colleague, the late Senator David. Senator David, who was born and lived in Montreal, has left enduring memories in Quebec city where, as a member of the provincial legislature and a minister in the cabinet, he grew in stature and gave the best of himself. Member of a family which had long taken an active interest in politics, he himself became politically-minded, and from the outset he proved the man best fitted to direct education in the province during nearly a quarter of a century.

Patron of the arts and a friend of letters, he developed education in Quebec and instilled in our youth a spirit and ambition which they had not known in years.

I met him when nationalism was somewhat the rage. At sixteen, one could not but admire what he held so close to his heart: the love of his French-speaking compatriots.

When I heard Senator David for the first time I realized that he was profoundly devoted to his countrymen. After a period of pronounced nationalism, he advocated principles which, though they were not new by then, nevertheless interested our youth. He advocated a healthy nationalism and unity, and although he showed that attachment to our race is born in us, he also stressed that Canada could not prosper without unity amongst all Canadians, and that Canadians of all origins should make a common effort for the advancement of our country through their love for Canada and their education. By his forceful eloquence, his artistic temperament, his refined culture, he drew French Canadian youth towards that brand of nationalism which is at present, as David advocated twenty-five years ago, directed to the unity of Canada, and tends to contribute to the union of races and to the respect they should have for one another.

Senator David, by his attachment to his country and his propensity for Canadian unity, will always remain in our memory.

I wish to express to the members of his family, whom I know very well, my deep admiration for the work Senator David accomplished during the years in which he took part in Canadian politics and especially in the political life of the province of Quebec.

He was one of those who by their eloquence, their deep convictions, have instilled in our youth the love of Canada and that unity which is essential to the greatness of our country.

I did not know Senator Lacasse as well. I only met him since my appointment to the Senate. He struck me as a very sympathetic man. He was very kind to all who knew him. He went out of his way to encourage newcomers to this chamber. He never refused to advise those who turned to him for counsel. I wish to express to his family my deep sympathy and the profound regret which I feel at his untimely death.

(Text):

THE HON. SENATOR WILSON

BIRTHDAY FELICITATIONS

A basket of roses, the gift of her colleagues in the Senate, being placed on the desk of the Hon. Cairine R. Wilson:

Hon. Mrs. Wilson: Honourable senators, apparently the tributes such as you have been

paying to the departed are not reserved solely for them! I thank you very much. The newspapers have been very considerate in that they have not divulged my age, but I am aware that it is known to everyone present. I am very much touched that you should think of me today.

REPRESENTATION BILL

SECOND READING

Hon. Mr. Stevenson moved the second reading of Bill 101, an Act to amend the Representation Act, 1952.

The motion was agreed to and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Haig: Now.

Hon. Mr. Stevenson: With leave, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

JUDGES BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 104, an Act to amend the Judges Act, 1946.

He said: Honourable senators, the introduction of this bill follows upon action of the legislatures and the law authorities in the provinces. Recommendations of the provinces, though not automatically approved by the Department of Justice, are of course very seriously considered.

The necessity for introducing an amendment to the Judges Act at this time stems from action taken by the legislature of British Columbia for the appointment of an additional judge on the Supreme Court of that province, to raise the number of justices on the court from seven to eight. The purpose of the legislation before us is to give the federal government power to make an appointment to fill the position thus created.

An increase in the number of judges on a provincial court is not authorized without a request from the province concerned and submission of statistics which prove to the Minister of Justice that the increase is necessary. In the present instance such a request has been made, and the statistics prove conclusively the need of an addition to the judiciary. The population of British Columbia has grown by leaps and bounds—not only in previously established urban areas but also in outlying areas—commensurate with the phenomenal industrial growth which has taken place in recent years.

The figures submitted also show what an increase there has been in the work of the court. In 1942 writs and petitions totalled 1,194, by 1952 they had risen to 2,803, and for the first seven months of 1952 they totalled 3,248. The number of cases increased from 226 in 1942 to 597 in 1951, and 440 in the first seven months of 1952. In 1942 there were 5,165 motions in chambers; in 1952 there were 8,195.

An increase in the divorce field has also meant additional work for the Bench. In 1951 British Columbia had 973 undefended divorce actions, but in 1952 the number rose to 1,554. The legal profession in that province expanded from a total of 598 lawyers in 1942 to 1,024 in 1952.

By actual tabulation, the number of workdays required of each of the seven judges has shown corresponding growth. In 1952 the average number of sitting days per judge per month was sixteen. In 1952, on the basis of eight judges, the average would have been twenty-six days; or, on the basis of nine judges, including the Chief Justice, twenty-three days.

The house will not be unaware of the fact that a judge not only has to hear cases, motions and petitions, but must also write judgments, which require many hours of hard work after he has disposed of the ordinary daily business of the court.

Honourable senators, this bill is one which merits approval, and I commend it to your early and favourable consideration.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 5, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NATIONAL DEFENCE BILL

FIRST READING

A message was received from the House of Commons with Bill 103, an Act to amend the National Defence Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: With leave Tuesday next.

PRIVATE BILL

FIRST READING

Hon. Mr. Turgeon (for Hon. Mr. Hayden) presented Bill U-3, an Act respecting the Detroit and Windsor Subway Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Turgeon: With leave of the Senate, Tuesday next.

PRIVATE BILL

FIRST READING

Hon. Mr. Hugessen presented Bill V-3, an Act to incorporate Canadian Reinsurance Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Hugessen: With leave, Tuesday next.

PRIVATE BILL

FIRST READING

Hon. Thomas Vien presented Bill W-3, an Act respecting the Apostolic Trustees of the Friars Minor or Franciscans.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Vien: With leave of the Senate, Tuesday next.

IMMIGRATION

MOTION

Hon. Mr. Turgeon: Honourable senators, on behalf of the honourable senator from Rockcliffe (Hon. Mrs. Wilson), and with leave of the Senate, I beg to move:

That the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and Amendments), its operation and administration and the circumstances and conditions relating thereto including:

(a) the desirability of admitting immigrants to Canada,

(b) the type of immigrant which should be preferred, including origin, training and other characteristics,

(c) the availability of such immigrants for admission,

(d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and

(e) the appropriate terms and conditions of such admission;

And that the said committee report its findings to this house;

And that the said committee have power to send for persons, papers and records.

Further, on behalf of the honourable senator from Rockcliffe, I would suggest that this committee be asked to meet Tuesday morning next.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Mr. Robertson: Honourable senators, I think the proper procedure would be to regard this as a notice of motion.

Hon. Mr. Haig: Before it is accepted as a notice of motion I should like to call the attention of His Honour the Speaker to the fact that we have a standing committee on immigration, and that—

The Hon. the Speaker: With leave of the Senate, it can be taken as a notice of motion to be considered on Tuesday next.

Hon. Mr. Haig: On a point of order, Mr. Speaker, I believe that the committee should first be asked to meet and decide whether it wants to have this motion passed. If the committee meets and opposes the motion, any member of the committee can come back to the house and seek to have the motion passed, overriding the will of the committee.

But as no emergency seems to exist, I can see no reason for asking the house to override the committee at this time. Though I am a member of the committee I have received no notice of a meeting to consider this motion, and I feel I should have a chance to consider it before it is presented to the house.

I suggest that the honourable member from Cariboo (Hon. Mr. Turgeon) withdraw the motion and call a meeting of the committee

for Tuesday next, when the motion can be considered. If it is received with favour, then everything will be in order, and in any event the motion could then be presented to this house.

The Hon. the Speaker: Honourable senators, the point raised by the honourable leader opposite is well taken, but the motion was made with leave of the Senate.

Hon. Mr. Haig: I did not consent, Mr. Speaker.

The Hon. the Speaker: As there is an objection, the motion is out of order.

Hon. Mr. Vien: Mr. Speaker, could the motion not stand as notice of motion for Tuesday next?

Hon. Mr. Haig: But it is out of order.

The Hon. the Speaker: I think the point raised by the leader opposite is well taken. I declare the motion out of order.

PRIVATE BILL

FIRST READING

Hon. Gordon B. Isnor moved the first reading of Bill X-3, an Act to incorporate the Callow Veterans' and Invalids' Welfare League.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Isnor: With leave, on Tuesday next.

PRIVATE BILL

THIRD READING

Hon. A. K. Hugessen moved the third reading of Bill A-1, an Act to incorporate the Mercantile Bank of Canada.

Hon. R. B. Horner: Honourable senators, in view of the fact that quite a number of senators were unable to attend the meeting of the Banking and Commerce Committee at which this bill was considered, and the heads of four different banks, all of whom were opposed to it, were heard, and as I personally object to it being passed hurriedly, I wish to make a few more remarks in connection with the proposal to grant a charter to the Mercantile Bank of Canada. One thing which rather amused me was the frequent repetition by some honourable senators that refusal to grant this charter would offend their "liberal" minds. Being, of course, only a wicked Conservative, I am still anxious to conserve for Canadians the resources and the wealth of Canada. In saying this I do not wish to be misunderstood as was the late Sir Robert Borden, against whom, after he made some remark of this kind a whispering campaign was directed throughout Canada to the effect that he had said that nobody who was not born in this country would be allowed to stay here. I just wonder what is the thought behind the sponsorship of this bill. First, be it noted, we are granting an immense concession. I hesitate to dwell on this point in the presence of men older and with greater experience in the banking field. I know how much those who have held bank stocks over the past fifty years have profited by the present system, and I admit to having made remarks on one occasion which were rather bitterly critical of our banking institutions. Nevertheless, those who have done a little travelling realize—and I, among them—what a fine banking system we have. The statement has been made that ours is the finest banking system in the world. If one has occasion to change money in Halifax, one gets the same rate of exchange as could be had for it in Vancouver. You can go into any one of our branch banks anywhere and have your needs attended to in that way. But if you visit France or Belgium and go into one bank you may find that the rate of exchange is different from that of another bank just down the street; and the situation becomes very confusing.

I believe in reciprocity, but there is no comparable gift that the Netherlands can make to our banks in return for the very great gift we would be making. To my way of thinking we would be giving away several million dollars, which is the value that I place on a bank charter that would grant these people the right to operate in this country through a head office and branches. This thing rather amazes me. Great emphasis was laid on what could be done with this capital investment of $1½ million. I notice the honourable senator from Waterloo (Hon. Mr. Euler) shaking his head. This was supposed to be new money, but I would point out that there are billions of dollars lying in the banks in this country. Everyone knows that when the Interprovincial pipeline was built it was anticipated that huge dividends would be paid, and certainly one dollar invested then is worth eight dollars today. The "liberal" attitude at that time was: "Don't say a word. The terminal for this pipeline will have to be located in Superior, Wisconsin, because we need American money to develop this pipeline, which is going to cost a lot of money." As a result of that attitude only a few favoured Canadians were given a chance to buy any of the stock. A great heritage was just given away.

And what about the Trans-Mountain pipeline? How many Canadians got a chance to

buy any of that company's stock? One American made so much money buying shares at $10 each that he was not even annoyed when a certain lady stole $2 million from him. He had made just about that much money on a purely Canadian pipeline. American capital was brought in for that undertaking, and it seems to me that we persist in this sort of thing to an extreme that is uncalled for. The bankers explained to us that Canadian banks are not allowed to take on deposit one dollar in the United States. You cannot even hold a job worthwhile over there without becoming an American citizen. Yet we have followed this "liberal-minded" policy of sitting back and letting foreign investment take over.

I want to emphasize that no banker, politician, or anyone else has asked me to take this stand. I am saying only what I think, as a private Canadian citizen and as a member of this chamber. I am not discourteous or selfish in this attitude; it is simply that I conscientiously believe that if we pass this bill we shall be making a great mistake. Bankers have assured us that it is utter nonsense to argue that sort of legislation is necessary in order to provide for the requirements of Canadian trade in the Far East. Our Canadian banks have agents throughout the world, and there is no legitimate trade anywhere that they are not prepared to meet.

In the past such communities as Yellowknife have been developed to a great extent by the establishment of chartered bank branches. Sometimes, when the amount of business would seem to warrant it, a bank would establish two branches in a certain town, but perhaps later on it would be found necessary to close one of them. As I understand it, Canadian bankers are afraid that the proposed new bank would establish branches only in populous centres. They complain that as a result our chartered banks would be deprived of business which is helping them to recoup some of the losses they have suffered in smaller communities. Those of us from the western provinces certainly know how well the banks have served small communities out there.

Canadians can be proud of the fact that there is a uniform rate of exchange all across this country, from Halifax to Vancouver. We have ten chartered banks in Canada at the present time, and, as has been pointed out, they are willing and able to take care of any demand made upon them. Everybody knows that competition is all right up to a certain point, but nearly every community believes it will be better served by licensing only one organization to perform some specific public service.

Other honourable senators are more capable of discussing the details of this bill than I am. I now move that this bill be not now read the third time but that it be read a third time six months hence.

Hon. Mr. Haig: Who is going to second your motion?

Hon. Mr. Quinn: I will second the motion.

The Hon. the Speaker: I would advise the honourable senator from Blaine Lake (Hon. Mr. Horner) that I must have the motion handed to me in writing.

Honourable senators, it is moved by the Honourable Senator Hugessen, seconded by the Honourable Senator Fafard, that Bill A-1, intituled "An Act to incorporate the Mercantile Bank of Canada", be now read the third time. In amendment it is moved by the Honourable Senator Horner, seconded by the Honourable Senator Quinn, that the word "now" be left out and the words "this day six months" be added at the end of the motion. Is it your pleasure to adopt the amendment?

Hon. Felix P. Quinn: Honourable members, there are times when I do not agree with the statements made by my deskmate, the honourable senator from Blaine Lake (Hon. Mr. Horner). I could particularize by reminding the house of an incident which occurred on the second last day of our sittings before the Christmas adjournment, when he commented upon the separate school question. His remarks at that time hurt me very much, and I could see no reason or justification for their being introduced into the debate on the Speech from the Throne.

After that slap on the wrist of my deskmate, I should like to say a few words about the measure now before us.

As a member of the Banking and Commerce Committee, I listened to the opinions expressed by the leading bankers of this country on the quality of our banking system. It is, of course, the best in the whole world. The president of one of the chartered banks said further that the service of the Canadian banks was unequalled anywhere. Canada, we were told, has a bank for approximately every 3,000 people.

The question was asked in committee whether our banking system would be adequate if the population of this country continued to grow until it reached, say, 25 million. The answer was that there was plenty of room for expansion. One often hears it said: competition does not hurt; competition is a good thing; competition is the life of trade. I agree with all that, but with a banking system unequalled elsewhere and

capable of developing with the growth of our country, why should we discourage the men who have built up that system and made it so successful? I think every encouragement should be given to them to develop without competition from a foreign bank.

For the reasons I have given, I am against the establishment in Canada of the proposed new bank with its relatively small amount of capital, and I support the amendment of my friend fom Blaine Lake.

Hon. A. K. Hugessen: Honourable senators, as the original sponsor of this bill in the Senate, I should perhaps make a few observations on the two speeches to which we have just listened.

Hon. Mr. Haig: May I ask the honourable senator if his remarks will close the debate?

Hon. Mr. Hugessen: I did not move the amendment, so I will not close the debate on it.

Hon. Mr. Haig: You are speaking on the amendment?

Hon. Mr. Hugessen: Yes, I am speaking on the amendment.

For the information of honourable senators who did not attend the meetings of the Banking and Commerce Committee, I should perhaps say that this bill received very serious and lengthy consideration in that committee. We held two long sittings, in the course of which we listened to a number of witnesses from the present chartered banks, and also to Mr. Graham Towers, President of the Bank of Canada.

Honourable senators will have learned from their morning papers that Mr. Towers expressed to us the view that it would be a good thing to encourage a new bank in this country, and that it would have no evil effect upon the banking system or upon the present banks. Following the lengthy and exhaustive discussion, the committee voted 16 to 4 to report the bill back to the house.

I agree wholeheartedly with one or two of the remarks made by both the honourable senator from Blaine Lake (Hon. Mr. Horner) and the honourable senator from Halifax (Hon. Mr. Quinn), namely, that we have in this country one of the best, if not the best, banking systems in the world; and I am quite sure that I speak for every honourable senator when I say that no one in this house would voluntarily do anything that would weaken that system.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hugessen: But I ask my honourable friends to have a little sense of proportion. Having in mind the hundreds of millions of dollars already invested in the capital of our banks, and the thousands of millions of dollars deposited in the banks by the people of Canada, do my honourable friends really think that the bill now before us would weaken the banking system of Canada? We are being asked to pass a bill for a new bank with an authorized capital of only $3 million, of which $1½ million is to be paid up. I ask honourable senators, in all conscience, how in the world could a bill of this kind prejudicially affect the banking system of this country?

Hon. Mr. Paterson: May I interrupt the honourable gentleman to ask him a question?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Paterson: If we grant this applicant's request, how in the world are we going to refuse charters to other applicants?

Hon. Mr. Horner: That is the question.

Hon. Mr. Euler: It is very easily answered.

Hon. Mr. Hugessen: My honourable friend from Thunder Bay (Hon. Mr. Paterson) has asked a most pertinent question, and I shall answer him in this way: The parliament of Canada has to assume its own responsibility. Parliament may pass any bill which seeks the incorporation of a new bank, but if at any time it considered that more banks were seeking incorporation than the economy of the country could support, or that to incorporate more would be harmful to the present banking system, I am quite sure that parliament would accept its responsibility and refuse to grant a new charter.

My honourable friend from Blaine Lake said that if we adopt this bill we are making to the incorporators a gift which he estimated at several million dollars. The practical bankers who appeared before the committee yesterday told us precisely the reverse. They said that it was ridiculous to start in this country a new bank with a capital of only a million and a half dollars: they thought the money would be very quickly lost.

In fact, are we making a gift? All we are doing is following the practice laid down in the Bank Act for people who apply for the incorporation of a bank; and, so far from our making a gift to these incorporators, they are proposing to bring to this country in support of their project a million and a half dollars of good money. I ask my honourable friends what possible objection can there be to having outside capital brought into this country for banking purposes, any more than for the support of our oil industry, or our mining industries, or any other of the great number of industries in this country which are supported by capital from abroad?

My honourable friend made some critical observations about the "liberal mind." Sometimes I find difficulty in understanding the tortuous meanderings of the Tory mind. What is Canada's present position? There are in this country ten chartered banks, doing a very admirable job. The country however is developing very rapidly—in population, in resources, in manufacturing industries, and in every other way. Is anybody going to tell me—what the remarks of the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) would seem to imply—that under no circumstances should we incorporate a new bank, but that the present ten chartered banks are always to be regarded as sufficient for the people of this country? My answer to my honourable friend is simple enough; Parliament has decided otherwise, and has set out, in the Bank Act, provisions under which applicants may, if they prove themselves to be worthy of it, obtain a charter for a new bank. That is what the present applicants have done. We in committee inquired at some length as to their good standing. If this bill is passed, what will happen is that a group of highly experienced Netherlands bankers, with a fund of many years' experience in banking, particularly in the Far East, will open a bank in this country with a small initial capital and will give this country the benefit of the experience they have thus gained.

Needless to say, I shall have to vote against the amendment of the honourable senator from Blaine Lake.

Hon. John T. Haig: Honourable senators, until I entered the chamber a few minutes ago I did not know that this amendment was being moved. So that there shall be no misunderstanding, I want to add that the honourable senator was under no obligation before he moved his amendment to consult with me or anybody else, and I may add that what he has moved is in line with his action in the committee. He opposed the bill in committee, he voted against it, and he put forth at that time many of the arguments he has repeated today, and with which I entirely agree. When I was discussing the matter with my colleague the senator from Rosetown (Hon. Mr. Aseltine) he asked, "Well, how did you and the senator from Blaine Lake vote?" When I replied that we voted the same way, he thought that both of us must be wrong.

It is reassuring to hear that we have a very fine banking system. Probably we have the best in the world, but that fact is due in part, if not wholly, to the provisions of the Bank Act. From its very beginning the statute has contained a provision that a bank cannot lend its money on mortgages. I know that in some cases advances have been made on mortgages, but only where a debt was incurred and had become overdue, in respect of grain, cattle, sugar and some other commodities. By section 88 of the act it is permissible to make advances on ordinary real estate mortgages on farms and some urban property. I believe that the limitations prescribed by the act in this respect are the secret of the success of our banking system. Before the committee, Mr. Muir, President of the Royal Bank of Canada, read a provision in the charter of this Netherlands company that this limitation will not apply to their business in the Far East. They have warehouses and places of business there, and undoubtedly they want to establish in Canada an organization whereby business can be directed to those trading institutions.

In this connection I am reminded of the activities in which the honourable senator from Thunder Bay (Hon. Mr. Paterson) and the honourable senator from Churchill (Hon. Mr. Crerar) have engaged for many years. They are experienced in the grain business. They or their companies owned or controlled elevators all over Manitoba, Saskatchewan and Alberta. It may be that the purpose of these rural elevators was to provide the farmer with facilities for the handling of his grain from his wagon or truck to the railroad cars, but I am persuaded that the main reason of the companies for having country elevators was to get business to their Fort William terminals or their Vancouver terminals, or both. It may be that some companies which operate country elevators do not have terminals, but it is well known that organizations such as the Saskatchewan Wheat Pool, which at first were mainly concerned with country elevators, acquired terminals to handle the grain delivered to them. The promoters of the proposed bank are in a somewhat similar position. According to Mr. Muir, their institutions in the Far East are trading concerns, and that is a form of banking activity upon which we in this country have never looked with favour.

As some of us pointed out in committee, the Bank Act will be due for revision next year, at the end of the regular ten-year period. Between now and then there may be an election. The same government, or another, may be returned, or there may be no election at all. But whatever government will then hold office I am persuaded that it will try to have the act so amended and improved as to protect as far as possible the depositors of money in our banks.

Some of us suggested that this bill should be deferred until after the revision of the Bank Act had made it clear what amendments the government of the day will decide upon. I do not think that that is a very drastic proposal. The world has been going on for quite a while, and the bank concerned has been in business for a long time. As to its purpose to obtain deposits here to finance its business in the Far East, I am not in favour of it.

In committee I asked Mr. Towers a question and I noticed he did not answer me directly. I asked: "When the Royal Bank of Canada or the Canadian Bank of Commerce or the Bank of Nova Scotia is making a loan can you tell whether it is a good or bad one?" He replied, "Well, our inspectors will catch it". I said, "They may catch it a few weeks or months after the loan is made, but they won't catch it at the time." I happen to know a little about the borrowing end of a bank's business, and I know it is a difficult job to get money from a bank. First of all, the banks depend on their local branch managers, and then on their district superintendents. And should the application for a loan reach the head office, it will depend on one person's opinion whether the loan will be made. The questions that will be asked will be along this line: "Did he fulfil his obligations in the past when he borrowed, say, $100? Did he get into difficulties?" No bank inspection can catch this sort of thing.

Bank inspections entail a lot of work. I know an auditor who covers Manitoba, Saskatchewan, and Alberta for a certain bank. Whenever he makes an inspection tour he is away from his home for at least three weeks, and even his wife will have no idea where he is going. He will spend a week in a place like Dauphin, Manitoba, or Regina or Kerrobert or Kindersley in Saskatchewan. When he calls on a bank manager he knocks on the bank door at half-past three or four o'clock in the afternoon, saying that it is Mr. So-and-so from Winnipeg. He does not carry any identification card, but he has a badge which shows that he is a bank inspector. The bank's business having been finished for the day, he has the bank locked up while he and his men go through the institution from top to bottom. Following his inspection he reports his findings to his head office in Winnipeg. My point is that despite all this checking and supervision, the banks are still not sure whether they will get their money back when loans fall due.

The chartered banks of Canada have been both faithful and honest in following out the instructions of the Bank of Canada. Furthermore, they have done a tremendous amount of work for practically no remuneration. Their handling of war bonds was a huge undertaking, and the small return they received never began to repay them for the cost of the work they did.

There is nothing to prevent this proposed Mercantile Bank of Canada from lending money to Canadians. And I am quite certain it will try to induce its clients—as I would do if I were running the bank—to invest money with the bank's business connections in the East Indies. That is one of the things to which I object, and I maintain that legislation such as this should be looked into as carefully as possible.

Banking is not a very profitable business. There never has been any rush to buy shares in a bank. We were told yesterday that hardheaded businessmen from the Maritime Provinces own 47 per cent of one banking institution. It may be said that they were wise to make such a good investment, but why didn't the big moneymakers buy some of that stock? Why is it that almost half the stock is owned in those small provinces? Maritimers are careful investors, but at the same time they are not what you would call big moneymakers or big money hunters. I like to make a little money myself, but I have never owned any bank stock. I never could see why a person who wanted to make money fast would buy bank stock paying dividends of 3 or 4 per cent. As a matter of fact, I think in some instances it has been as low as 1½ per cent this year.

At the same time, I would emphasize that our banks have given Canadians a service second to none. What happened to the banks in the great country to the south during the period from 1930 to 1935? The door of bank after bank was shut in the faces of depositors. Hundreds of thousands of Americans lost their life savings, but not a dollar was lost in this way in Canada.

The honourable gentleman from Inkerman (Hon. Mr. Hugessen) has said that the proposed new bank would be only one more bank in Canada. But are not our present banks rendering a fine service to the poorer class of people of this country? I am not concerned about wealthy Canadians, those who are worth $50,000 or $100,000 or more. They can look after themselves. I am thinking of people who want to save, say, $25 or $30 a month. There is not a safer place than any one of our chartered banks for the savings of small depositors. As a practising lawyer in Winnipeg I am asked at least ten times a month where small wage earners can safely deposit amounts from $15 to $35 a month. I advise them to put their money in a bank and, when they accumulate $100, to buy a government bond. They ask me,

"Will our money be safe in the bank?" and I reply, "Well, I really don't know, but money has been safe in Canadian banks for a good many years now." I point out to them that during the depression years our money remained safe in our banks, and that whenever I want to save money I put it in a bank. During all my life, which has been quite a long one, I have never known depositors to lose money in a Canadian bank, but I have known people to lose money deposited with loan companies, investment companies and so on.

We have been told that this is a free country and that if people from abroad want to come in and establish a bank we should let them. I would ask the house to remember that a bank is not an ordinary commercial enterprise. Banks are a part of the government institutions of this country. By statute their lending capacity is under supervision of the strictest kind. When the Right Honourable R. B. Bennett was Prime Minister of this country he was responsible for the establishment of the Bank of Canada. Half of its stock was to be held by the public and half by the government. But when Mr. King became Prime Minister he brought down legislation to provide that all of the stock should be held by the government. I entirely agree with that move. Banking institutions are for the benefit of everybody, particularly the small wage earners.

Neither before I became a member of this chamber nor since have I ever heard anyone ask that a new bank be established. I doubt whether any senator has heard any such request. Has anyone in your town or city or rural municipality said to you, "Mr. Aseltine, Mr. Horner, Mr. Quinn, I wish you would advocate that we establish another bank in Canada?" I doubt it.

Honourable senators, for the reasons given I think the amendment should be accepted and the third reading of the bill postponed. I do not believe that the Dutch bank will go broke within a year.

It has been said that the bank proposes to establish itself in Montreal and Vancouver, for the obvious reason that it wants to get the trade with the Orient. That business is now handled by our Canadian banks. I think it was Mr. Stewart of the Canadian Bank of Commerce who told the committee that when the war of 1914-18 broke out the New York branch of his bank carried 12½ per cent of all the United States cotton trade in foreign markets. It was also said that anyone who wanted to buy stock in the new bank could do so. Such a practice is not allowed in New York state. There the Canadian Bank of Commerce is not even permitted to take deposits.

I plead with the house to accept this amendment. No great harm can be done if the proposed measure is delayed a year, and in that time the government of the day will have had a chance to outline its proposals for changes in the Bank Act.

I share the apprehension of my honourable friend from Thunder Bay (Hon. Mr. Paterson) that the passage of this bill would create a precedent, whether we wanted it to or not. If after the Dutch bank comes in ten or twenty banks from the United States make application to establish branches in Toronto, Calgary or wherever their biggest customers are, how can we refuse them? In that connection I am about to say something which may be bad politics, but I will say it anyway. If we are going to remain free men and women in this world we will have to look more to the United States to back us up; and we cannot afford to fight with them over money matters. When the soldiers of that great nation of 155 million people are shedding their blood on the battlefields of Korea, and when it is spending millions of dollars to support less fortunate countries, how could we refuse its bankers a charter to start a new bank in Canada? We simply could not do it.

Hon. Mr. Euler: Why not shut out all the other American institutions in this country?

Hon. Mr. Haig: But they are not banks. People do not deposit their money in mercantile institutions like the Imperial Oil Company and the International Harvester Company. The question is one of protecting the people's money. The experiences of 1933 proved that the American banking system could not stand up under adverse conditions, but that ours could. It is not a question of whether the American bankers are more honest or smarter than Canadian bankers; it is purely a matter of the difference between the two systems. The American system is bound to fail under certain conditions.

I repeat that the point raised by my friend from Thunder Bay (Hon. Mr. Paterson) was well taken. We cannot pass this application and refuse another.

Hon. Mr. Euler: Of course we can.

Hon. Mr. Haig: But parliament will not do it.

Hon. Mr. Euler: Of course it will.

Hon. Mr. Haig: We could no more refuse another applicant, if we pass this measure, than we could jump off the bridge over the Ottawa River.

Hon. Mr. Euler: Oh, oh.

Hon. Mr. Haig: After the passage of this bill we could no more refuse an application from a British bank to open a branch in Canada, than we could jump off the tower of this building. No more could we refuse an application from a bank in the United States, under similar circumstances—and there might be more reason for granting a charter to it than to a British bank. An American bank would have more capital than the proposed Dutch bank, and would be able to help in the development of this country.

Hon. Mr. Roebuck: Will the honourable gentleman tell us why we should refuse any applicant?

Hon. Mr. Haig: I am saying that the present banking system is working extremely well, and I see no reason why this matter should not stand in abeyance for a period of time. In that way we will have an opportunity to see what the government proposes to have put in the Bank Act by way of protection for the people of this country. If the government of the day decides that the act should not prohibit the granting of a charter to a new bank, then, as far as the Bank Act goes, the objection disappears.

I intend to vote for the amendment, and I hope my fellow senators will do the same.

Hon. Wishart McL. Robertson: Honourable senators, this is a private bill, and I usually refrain from participating in the debate on such matters lest my remarks be taken to indicate the attitude of the government. I have no intention of discussing now the merits of the bank seeking a new charter. I rise now only on the amendment before the house—that this measure be postponed until some future date because, it has been suggested, a government-sponsored amendment to the Bank Act either may remove the objection held by the chartered banks in Canada to the coming in of new banks, or prohibit their coming in.

I have no special knowledge on this subject, but I seriously doubt that the government of which I am a member would deem it desirable to introduce amendments to place around the existing banking structure a wall which would perpetuate that structure for all time, and give to the present chartered banks, no matter how good they may be, complete monopoly of the banking business in Canada.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Robertson: I go further and say that if such amendments were proposed, I would most definitely oppose them.

Hon. Mr. Stambaugh: Hear, hear.

Hon. Mr. Robertson: If there is a general election this year it will be for the public to decide what they want the government to do by way of amending the Bank Act. I have no doubt my honourable friends opposite are hopeful that a government which they would support will come into office and amend the Bank Act along the lines that have been suggested.

Hon. Mr. Roebuck: God forbid.

Hon. Mr. Robertson: I would suggest, if a new government were elected, that it take a second look at the situation before doing so. That, however, would be its business, and I would not expect it to take my advice. I merely wish to assure the house that as far as my knowledge goes there is no likelihood that this government would initiate such legislation as my friends opposite suggest.

Hon. J. Wesley Stambaugh: Honourable senators, you have heard the opinion of a western farmer with a Conservative mind; possibly it will be in order to express the opinion of a western farmer with a Liberal mind.

In the first place, I should like to answer the statement of the honourable leader of the opposition (Hon. Mr. Haig) that there has never been any demand for more banks. That is not so as regards the province from which I come. About fifteen years ago the chartered banks closed a number of their branches in various parts of Alberta, including five points on our local line of some seventy-five miles. The demand for bank accommodation was such that the present provincial government has put in a form of bank which is called a treasury branch, and fifty of these branches are located at various points in the province, most of them in places from which the chartered banks have withdrawn. Of course the reason for those withdrawals was that at those particular points the banks were not making a profit. I know that to be the case, because I was a member of a delegation which interviewed the head of a bank which had closed three branches within a few miles of my town. Our delegation was told they just were not making a profit, and that was the reason they were being closed. It was not that the bank did not make an over-all profit. As a matter of fact, anyone who bought almost any bank

stocks ten years ago would have, if he held them until today, a capital gain of about 100 per cent, and have received as well an annual dividend of about 4 per cent. To my mind, those are very satisfactory profits. I do not think we need to worry about the banks not making a profit.

One of the reasons I am speaking today is that in recent years—especially since numerous unprofitable branch banks were closed, and the number of national banks has fallen to ten or eleven, whereas formerly there were nearly twice as many—I have noticed a tendency towards a little too much co-operation and not enough competition.

Hon. Mr. Horner: May I ask a question? The honourable senator will agree, in view of the figures he has just quoted, that what we are asked to give is a very valuable concession.

Hon. Mr. Stambaugh: I think the concession will be valuable to the Canadian people, and that they will gain by a little more competition. In my reference to the profits of the banks I am not to be understood as saying anything against them, and I have no personal complaint to make against them. I agree with the honourable senator from Blaine Lake (Hon. Mr. Horner) in his statement that Canada today has what is probably the best banking system in the world, but I do not suppose it is so good that it could not be better; and I reiterate my feeling that we should have a little more competition and not quite so much co-operation. If a man wants to change his bank he will have no trouble at all provided he has a healthy bank deposit, but if his object is to borrow a little more money than his bank will allow him he is likely to find, to whatever bank he goes, that it is able to get a confidential report from the bank from which he is withdrawing, so he is more or less up against it.

I do not suppose that to grant this Mercantile Bank a charter will have much effect on that situation, but I would like to see several more banks in operation. It does not worry me that to grant a charter to these people may open the door to some other banks, for I hope that others will come to Canada. I am very much in favour of the bill, and I am opposed to the amendment.

Hon. T. A. Crerar: Honourable senators, when this bill was before the house for second reading I made some observations upon it and gave it my blessing, for what my blessing might be worth. In the opinions I then expressed I was influenced by the consideration that the establishment of this bank might aid substantially in the development of our foreign trade, and especially that which concerns the western part of Canada. I am bound to say that the information we secured when the bill was before the committee convinced me that, so far as our international trade is concerned, the new bank will aid its promotion very little, if at all. That conclusion disposed of the main reason for speaking as I did on the motion for second reading.

Let me say at once that I am not going to oppose the third reading of this bill. Yesterday, when unfortunately I was not able to be present, the committee passed the bill by a substantial majority, and it will undoubtedly be passed by this house, for the proposed six months' hoist which has been moved by the honourable senator from Blaine Lake (Hon. Mr. Horner) is a wholly futile gesture. However, I want to say a few things about the bill.

I have grave misgivings and doubts, not so much about this measure, but about the principle to which thereby we give our sanction, and to where it may lead in future. This Mercantile Bank will have very little effect on the banking business of this country.

Hon. Mr. Beaubien: That is not what the bankers say.

Hon. Mr. Crerar: Any person who argues that this legislation is desirable as a check on monopoly is, of course, entirely wide of the mark. The one thing that this bank will not do is, check monopoly. Why? According to the information given in committee, it proposes to operate in Vancouver and Montreal.

Hon. Mr. Howard: That is just at the beginning.

Hon. Mr. Crerar: Yes, but very uncertain information was given us as to what its possible extension would be.

Hon. Mr. Euler: They do not know as yet.

Hon. Mr. Crerar: To me it seems to be clear what this bank is doing. It is establishing itself in Vancouver and Montreal to handle international exchange associated with Canadian trade. Now, will that break any monopoly that may exist in Canada? I, of course, do not admit that we have a monopoly; but assuming that we have, will the establishment of this bank in Vancouver and Montreal do anything to destroy that monopoly? What competition will this new bank bring to the general banking system of this country? None whatever. It will get what international exchange it can in Vancouver and Montreal, and will probably do very well financially. It may be argued that in this restricted field of international exchange it will provide a measure of competition. However, I cannot

see where it is going to make any contribution at all so far as general competition in Canada is concerned. If this bank were to open offices throughout the country, seek depositors, and give the service which the established chartered banks give to the Canadian people, I would hold up both hands for it without any qualification; but it does not propose to do this. I think the sponsor of the bill will agree that we have had no evidence placed before us that the bank will do this.

Hon. Mr. Beaubien: We have no evidence that it will not do it.

Hon. Mr. Crerar: No, but when we are undertaking something like this I think we should require positive evidence.

Hon. Mr. Beaubien: Well, let the bank start.

Hon. Mr. Crerar: I repeat that if this were a new bank which proposed to establish offices across Canada to do business in the ordinary way in exchange and loaning generally, as our existing Canadian banks do, I would hold up both hands for it. Here is where my misgivings enter the picture. If we grant this charter I think it is a certainty that we can look forward to receiving, within the next few years, applications from other banks to be granted precisely the same privilege. Would that be a good and healthy development? This brings me to what I think is one of the strong features of our Canadian banking business. Our system is strong because its capital is strong. Public interest is pretty effectively protected by the provisions of the Bank Act, and by the provisions for inspection by government inspectors.

Canadian banks have pioneered in opening branches in various communities throughout the country. Thousands of branches are to be found scattered all over Canada. Is that a good thing? Is it desirable to have a system of banking based on what is called the branch bank principle? I certainly think it is. We were told in committee that banks which established branches in newly-found communities frequently lost money. There is no doubt that these banks helped to build up our communities, and I submit that this is a most useful service in any banking system. One of the criticisms I have to offer on this legislation is that the proposed Mercantile Bank of Canada has not offered to give that kind of service. It merely wishes to establish itself in Vancouver and Montreal for the purpose of getting into international exchange business associated with Canadian trade. It will give a service that today is being given by the existing Canadian banks.

If this were to be the end of the matter we would not need to worry; but I warn the house that we shall probably receive many more similar applications. Parliament should give careful consideration to the implications that may lie in granting charters to, say a dozen or a score of banks which propose to operate in only a limited field in this country. If this should happen it will undoubtedly cause a severe strain on our existing branch bank system. We shall not find, as we have in the past, a disposition on the part of banks to open branches in new communities where they are likely to lose money; on the contrary, we may even find a stronger disposition to close unprofitable branches than there has been in the years gone by.

Honourable senators, these very briefly are a few views which I wished to place before this honourable house in connection with this bill.

Hon. W. D. Euler: Honourable members, I gave some expression to my views in the Banking and Commerce Committee yesterday and I apologize to senators who were present if I now repeat those views in some measure. Let me say at the outset, though I think it is not necessary to do so, that like the senator from Blaine Lake (Hon. Mr. Horner), who moved the six-months' hoist, and the leader of the opposition (Hon. Mr. Haig), I have not been approached by anybody to support or contest this bill. I intend to deal with this legislation in exactly the same way as I think I can truthfully say I deal with all legislation that comes before this body—entirely on its merits.

A good many things have been said this afternoon which have no bearing on the bill at all. We have been told that Canada has the best banking system in the world. I do not know whether that statement is true; it certainly covers a great deal of territory.

Hon. Mr. Roebuck: The bankers admit it.

Hon. Mr. Euler: The bankers themselves admit it, but that is not conclusive proof to me. Without criticizing the banks in any way, I rather suspect that they may still be capable of improvement. My good friend the senator from Churchill (Hon. Mr. Crerar) said he had misgivings to the effect that if a charter were granted to this bank it would lead to, as I think a witness put it in committee yesterday, a spate of applications from other countries.

Hon. Mr. Howard: A rash.

Hon. Mr. Haig: Mr. Towers called it that.

Hon. Mr. Euler: He called it a spate, but it does not matter which word we use. My

friend has said that he was afraid there would be a great number of applications from persons outside Canada, especially from the United States. I do not regard that as an unmixed evil. And I may now say that I disagree with the leader opposite (Hon. Mr. Haig) when he says that if parliament granted this application it could not refuse the application of some other banks. I do not believe for one minute that parliament has no backbone whatever, and has to yield to every precedent that has been established. I disagree entirely with him.

I come back to the misgivings of my friend from Churchill (Hon. Mr. Crerar). He felt that if this application were granted we would have a large number of applications from other banks. He will find, if he goes back twenty years, that we have had no such experiences in the past, and we have had banks from outside Canada operating here. An application was granted to Barclay's Bank to operate in Canada, and since that time—I believe it is twenty years ago—there has not been a single application for a new charter in Canada. I am not worried that we shall ever be overwhelmed by applications; and even if we were, I have enough confidence in the independence of parliament to choose which applications should be granted in the interests of the country, and which should not.

Hon. Mr. Horner: May I ask a question?

Hon. Mr. Euler: Yes.

Hon. Mr. Horner: Do you not think the application from the foreign bank now under consideration is in a different class from the application by Barclay's Bank?

Hon. Mr. Euler: May I answer that question by recounting something which has just ocurred to me? In the old days we had what was known as the British preferential tariff, under which goods from Britain received considerable concession by way of customs duties. Textiles were among the commodities coming in from Britain, and some attempt was made to stop them. I pointed out to a manufacturer of shirts and collars in my town—whose raw material was textiles—that it did not make much difference whether it was a Britisher or someone from the United States who put him out of business: the result would be the same. But, strangely enough, he was quite opposed to putting any restrictions upon the importation of textiles from Britain, because they were his raw material and he wanted to get it as cheaply as possible, but he was dead against lowering the duty on shirts and collars. It all depends on whose ox is gored.

One of the chief criticisms mentioned by the bankers themselves was that the new bank proposed to establish itself only in Montreal, Vancouver and possibly Winnipeg —I certainly think it should not overlook that great city—and would not establish any branches to serve the people in outlying districts. I asked why the banks established branches in outlying places where they said they were losing money, and they admitted that they established branches because they hoped that in time they would show profits. Of course, that is an honest answer.

Hon. Mr. Horner: Eventually they would show profits.

Hon. Mr. Euler: That is true; and I doubt if it would be very long before they would do so, even if in the bookkeeping system of the bank no profit appeared. The money of depositors is accepted in these small places at the usual interest rate of one and a half per cent, and goes to the head office to be loaned out at four, five or six per cent.

Hon. Mr. Quinn: Is that any different from what is done in any other business?

Hon. Mr. Euler: Be that as it may, the fact that this one additional bank with capital of $1½ million does not propose to establish branches in outlying places, makes no difference at all. I firmly believe that the coming into Canada of this new bank can have no ill effect whatsoever upon the chartered banks operating now.

It has been said that in Canada banking is a monopoly. That is true, but I do not think it is at the moment a prejudicial monopoly.

I think it was the honourable leader opposite who, when speaking on the amendment, used the words "Tory" and "Liberal".

Hon. Mr. Haig: I never mentioned politics.

Hon. Mr. Euler: Then I withdraw that statement. It was the sponsor of the amendment. But in my discussion of the matter I am speaking from the point of view of a liberal—spelled with a small "l". I am rather surprised that a good Liberal like my friend from Churchill should take the stand he took with respect to private industry, freedom of enterprise and so on. I do not like the principle by which he would prevent a foreign bank from ever coming into Canada. It must be remembered that our own banks set up branches in foreign countries, many of them in the United States and elsewhere.

Hon. Mr. Horner: But they are restricted in their operations.

Hon. Mr. Euler: Not under any federal law of the United States that I know of. They

are restricted by reason of the fact that the small banks over there come under the jurisdiction of the state, in much the same way as this unfortunate business of margarine has been brought under our provincial jurisdiction.

Hon. Mr. Haig: I thought you would bring that in.

Hon. Mr. Euler: I can always bring it in when I am dealing with my friend from Blaine Lake (Mr. Horner).

But there is such a thing as the pot calling the kettle black. The fact is that our banks are carrying on business in other countries.

My friend mentioned that banking was not a mercantile business. I would point out that while our Canadian banks are not supposed to carry on any other business but that of banking, occasionally stock of other companies comes into their hands as collateral for a loan that has not been repaid. I learned with astonishment of a bank, located not far from where I live, which, having loaned a large amount to a manufacturing concern that had got into financial difficulties, and having obtained its stock as collateral, took over, some ten or twelve years ago, the operation of the business, and still retains absolute control of it. I know, too, that, when invited to sell it, their answer was, "No, we regard it as a very good investment." There may be other cases of the kind.

Hon. Mr. Haig: Did you call the attention of the bank inspectors to this?

Hon. Mr. Euler: I made inquiry as to whether the bank's action was legal, and I found that it is.

Hon. Mr. Haig: Is the debt still owing?

Hon. Mr. Euler: No. I thought there was a provision in the Bank Act that banks which come into possession of real estate, real property, anything of that kind, as a result of default in payment of a debt to them, must divest themselves within a limited period of the property so acquired. But that is not so.

Hon. Mr. Aseltine: That applies to trust companies.

Hon. Mr. Haig: And insurance companies.

Hon. Mr. Euler: I do not see any great difference in principle between capital brought into Canada for the promotion of a bank, and capital coming in for other purposes. We know how we have welcomed investment capital from other countries, particularly from the United States. If we decide there should be so many banks in this country and no more, what is to be our attitude if a new concern from abroad wants to make automobiles in Canada? Are we to say, "No; there are already enough factories making automobiles in this country; we will not allow you to start"? Sums of money aggregating billions of dollars have come into Canada to develop our resources and expand our manufacturing facilities. Mainly this capital is from the United States, though in the old days a good deal of it was obtained from Britain and elsewhere. Does my friend take the position that we should not allow a United States bank to establish here? Personally, I would have no objection if one wished to come in. If we exclude foreign capital and enterprise, shall we not be prevented from exporting our goods to those countries whose money and whose industries we refuse to admit? The whole trend of world conditions today is towards as much freedom of intercourse between nations as it is possible to have. I happen to know a little about insurance, for instance—unfortunately, perhaps for the companies with which I am associated!—and I know that so far as fire insurance is concerned more business is done in this country by foreign companies than by Canadian companies. Or think of life insurance; look at the big Metropolitan block on Wellington street in Ottawa. Will it be argued that the owners of this fine building are taking away business from Canadian companies and that therefore we should throw them out, as well as all other foreign concerns?

Personally I would do nothing to interfere in any way with freedom of trade. Marine insurance is handled almost entirely by British companies, and I have learned that they are not required even to pay taxes in this country.

Hon. Mr. Aseltine: I am not in favour of that.

Hon. Mr. Euler: One argument which was advanced both in committee yesterday and here today by the leader of the opposition (Hon. Mr. Haig) is that no harm would be done if this bill were delayed until next year, when the Bank Act will be revised. If that course were adopted the bill probably could not be reintroduced before another two years. I do not see any point to the suggestion. If, as the government leader intimated a moment ago, no radical changes in the act will be made, the bill might as well be put through at once, unless there is some good reason for rejecting it. If, on the other hand, radical changes should be made in the act, the promoters of this bill may decide that under the circumstances they will not start business; or if they do decide to operate,

they will have to do so under the provisions of the act as amended.

In conclusion, whatever difficulties may arise from the establishment of this or any other bank—and this particular bank, I know, cannot do any harm—there is always the Parliament of Canada which can be appealed to, and which will do what it believes to be in the best interests of this country.

Hon. Arthur W. Roebuck: Honourable senators, the subject is pretty well talked out. Someone has already said—and I agree with him—that many of the comments made were wide of the mark, not having very much to do with the subject which is before us. But there is one phase of this dispute and of this debate which interests me; that is, the clash of minds between those who think on one side of the line of demarcation and those who think on the other side. The honourable gentleman from Blaine Lake (Hon. Mr. Horner) referred—shall I say, with disapproval, because if I said "with contempt" he might object to it—to what he called the "liberal" mind. As I listened to the debate it seemed to me that there was something in what he said; that there is a fundamental distinction, which crops up all the way along the line, between what he calls the liberal mind and what, for lack of a better term, we might call the conservative mind. It is sometimes referred to as the Tory mind, but that also has a suggestion of contempt which I do not like. In the present instance we will speak of the liberal mind as opposed to the conservative mind: it sounds better, and I have no desire in these remarks to give offence.

Here, I say, is a demonstration of these two minds. Take the remark made by the honourable member from Bruce (Hon. Mr. Stambaugh) as to the right of all the people to the benefits of competition between those engaged in the financial trade. Or mark the intense liberalism of my honourable friend from Waterloo (Hon. Mr. Euler). Nobody can fail to understand his position in questions of this kind, because we know that his is a genuinely liberal mind.

I was a little astonished at the remarks of my honourable friend from Churchill (Hon. Mr. Crerar), but I think he was talking in detail rather than in broad principles. He is impressed with the advantages of our centralized system of banking: bank branches all over Canada gathering up the money in the small communities and sending it to the central offices to be there distributed not infrequently to the benefit of the larger corporations. I am not so sure in its actual working-out that that is an unmixed advantage as compared to the old system of small, local private banks receiving the deposits of the community: where loans were made by the managers who were often the proprietors and who risked their own money, but who knew the locality, the people in it and their resources.

I am sometimes doubtful as to whether our present banking system is quite as good as those who enjoy its benefits seem to think. As I said earlier in the debate, these men are ready to admit that it is the best system in the world. From their standpoint it probably is, but whether it is so from the standpoint of all Canada is a matter for real consideration.

I was talking about the clash between the two fundamental methods of thought, the liberal mind as opposed to the conservative mind. I think that is the way the honourable gentleman from Blaine Lake (Hon. Mr. Horner) put it. I would not object at all if everyone in Canada could look in on this chamber today and observe the leader of the opposition and his followers standing four-square on the side of private interests, the bankers of Canada, while the liberals in almost complete unanimity are standing for the interests of the people of Canada as a whole, in order that they may enjoy the benefits of competition in finance. I should like everybody on the sidelines and on the streets, in the great municipalities and in the rural districts of Canada to observe what would happen if my friend who leads the Conservative party in this house had his way in the coming election.

Hon. Mr. Aseltine: I rise on a point of order. I do not think the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) is speaking to the subject at all.

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: I do not see how his remarks have anything to do with the question of whether or not we incorporate this bank.

The Hon. the Speaker: I would ask the honourable senator from Toronto-Trinity to stick more closely to the subject under debate.

Hon. Mr. Roebuck: Mr. Speaker, with all respect, I do not admit that I am not sticking to the subject. I think that I am. I am answering a suggestion by my friend the leader of the opposition (Hon. Mr. Haig) that after the election another government may be taking over, and that in the meantime we should hold up this bill.

Hon. Mr. Haig: I said there may or may not be a new government.

The Hon. the Speaker: I gathered in his reference to the next administration the honourable leader of the opposition (Hon. Mr.

Haig) did not suggest it would propose any radical change in the banking law.

Hon. Mr. Haig: That is correct, Mr. Speaker.

Hon. Mr. Roebuck: The very purpose of the bill to revise the Bank Act will be to amend the banking law, whether the present government or another government is in office at the time. I think I am well within my rights when I say that I trust the government which is in office when that law is amended, will not be controlled by members of the opposition who seem to defend private interests just because they are successful.

Hon. Mr. Quinn: Do you call the present banking system a private business?

Hon. Mr. Roebuck: Banks are private institutions and therefore are private interests.

Hon. Mr. Haig: May I ask the honourable senator a question? If he does not believe in the present system, what system does he believe in?

Hon. Mr. Roebuck: I did not say that I do not believe in the present system. I said I am doubtful whether centralized banking is as fine a thing as those who engage in it would lead us to believe. My making of the remark does not mean I am proposing a change in our banking system. Canadian manufacturers have done a magnificent job and have been highly successful, but are we to say that there should be no more manufacturers lest competition should interfere with the success of those manufacturers who are already established? Our professions, too, have done a magnificent job and have been very successful. Are we to protect them by not allowing newcomers to compete with them? And our farmers have been successful. Shall we stop the growth of the farming industry in order to protect the interests of those already engaged in farming? Where do we draw the line? Is finance sacrosanct in this country? If so, are we to stop incorporating trust companies that deal in finance because the existing trust companies are successful and are doing a good job? The difference between liberal and conservative minds is that Conservatives would protect those interests in their privilege, while the Liberals would protect them so far as their rights are concerned, but with due and fair consideration for the rights of the general public to the competition to which it is entitled.

Hon. Mr. Horner: Who set up the central bank which deprived the banks of large sums of money?

Hon. Mr. Roebuck: I do not see the cogency of the question.

Hon. Mr. Horner: This is the cogency. You have made reference to the Conservatives, and I am saying that since Confederation the Conservatives have been the only ones to do anything to reduce the earnings of banks.

Hon. Mr. Roebuck: Is my friend opposed to the central bank in Canada.

Hon. Mr. Horner: No, I am not. I am saying that if it were not for a Conservative government there would not be a central bank in Canada today.

Hon. Mr. Roebuck: If that is so, then that is one thing that has been accomplished by a Conservative government.

Honourable senators, I am opposing the motion before the house because I am on the side of the general public, in the liberal meaning of that term. I intend to vote for the incorporation of this bank, and I shall probably favour further similar incorporations if applications come before us. If it can be shown that national interests are involved, then we can consider each application on its own merits.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Roebuck: For my part I give no notice now that I will not consider future applications, even if they come from the United States of America. Let them all come, and the general public will benefit as a consequence. I am voting against the amendment before the house.

Some Hon. Senators: Question.

The Hon. the Speaker: Honourable senators, in amendment it is moved by the Honourable Senator Horner, seconded by the Honourable Senator Quinn, that the word "now" be left out and the words "this day six months" be added at the end of the motion. Those honourable senators in favour of the amendment will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those honourable senators opposed to the amendment will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: I declare the amendment lost.

Honourable senators, the question now is on the motion by the Honourable Senator Hugessen, seconded by the Honourable Senator Fafard, that Bill A-1, intituled "an Act to incorporate the Mercantile Bank of Canada", be now read the third time. Is it your pleasure to carry the motion?

The motion was agreed to, and the bill was read the third time, and passed, on division.

JUDGES BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 104, an Act to amend the Judges Act, 1946.

The motion was agreed to, and the bill was read the third time, and passed.

INDIAN BILL

MOTION FOR SECOND READING

Hon. G. H. Ross moved the second reading of Bill Z, an Act to amend the Indian Act.

He said: Honourable senators, the object of this bill is to remedy what appears to me to be an anomaly in the law relating to Indians in Canada.

The position, as I understand it, is this: under the existing law anyone may sue an Indian in the courts and, if successful, enter a judgment against him, but the law forbids recovery under any process issued out of court on the strength of that judgment.

The matter was brought to my attention in this way. One day last summer a lawyer came to see me and said he had a client who appeared to have a claim against an Indian arising out of an automobile accident. He could sue the Indian, but if he did and recovered judgment, section 88 of the Indian Act prevented recovery. It reads in part as follows:

> . . . the real and personal property of an Indian or a band situated on a reserve is not subject to . . . attachment, levy, seizure, distress or execution in favour or at the instance of any person other than an Indian.

Some of the Indians are well to do; a number of them own a hundred head of cattle or more and other valuable property. Yet, if a non-Indian obtains judgment against one of these well-to-do Indians he has no right to recover through court process, as the property of the Indian is not exigible. The Indian may laugh at his creditor. Claims are arising and wrongs are being committed from day to day for which there is no remedy. With one hand a creditor is given the right to sue an Indian; with the other his right to recover is taken away.

In my opinion this is not as it should be. When a court has once given a judgment against an Indian, whether the cause of action arises out of an automobile accident or otherwise, the sheriff armed with a writ of execution or other proper process, should have the right to seize the property of the Indian to the same extent, but to no greater extent, than he could seize the property of anyone else. In my province a debtor is entitled to many exemptions, including a modest home and furniture, clothing for himself and family, equipment to carry on farming operations, seed grain, food and other property. I believe all the other provinces in Canada grant similar protection to their citizens. Should this bill become law, the Indian will be entitled to the same protection as other debtors—no more and no less.

An Indian may drive his automobile carelessly and run down non-Indians, causing loss of life, great suffering and the destruction of valuable property for which he may be prosecuted in the criminal courts but he cannot be required to pay for the damage he does. Apart from the fear of prosecution under the criminal law, there is no incentive for him to exercise care towards others. He is not answerable to non-Indians for losses they sustain through his recklessness or wrongdoing, even that which occurs while he is driving under the influence of liquor. Why should he go to the expense of carrying public liability insurance on his car, when he is not liable to others for the losses they suffer through his careless driving?

Should this bill become law, he will know that he is liable for his recklessness, and on contracts too, to the same extent as any other citizen; and he will soon learn that if he negligently causes loss to others he must make good those losses in the same way and to the same extent as any other citizen would have to do.

The object of the existing law is to protect the Indian against trickery on the part of non-Indians. Protection may have been necessary in the early settlement of the country, but the Indians are making progress towards looking after themselves. They should be given greater freedom and greater responsibility. The wily white man may take an unfair advantage in some cases, but that would not often happen. By trial and error the Indian will learn to look after himself. Experience is a wonderful teacher. I believe that such added freedom and responsibility would be better for the Indians and would tend to make them better citizens. In this respect let us treat them, not as children, but as adults.

I hope the house will give this bill second reading. Should it do so, I shall move that the bill be referred to a standing committee which may scrutinize it and hear the Minister or someone from the Indian Affairs Branch in order to ascertain the need, if any, for the continuance of the present law.

On motion of Hon. Mr. Robertson, the debate was adjourned.

The Senate adjourned until Tuesday, February 10, at 8 p.m.

THE SENATE

Tuesday, February 10, 1953

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

Prayers and routine proceedings.

CANADIAN VESSEL CONSTRUCTION ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 19, an Act to amend the Canadian Vessel Construction Assistance Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Thursday next.

PRIVATE BILL

FIRST READING

Hon. Mr. Turgeon (on behalf of Hon. Mrs. Wilson) moved the first reading of Bill Y-3, an Act representing a certain Patent and Patent Application of Florence F. Loudon of Toronto.

The bill was read the first time.

PRIVATE BILL

SECOND READING

Hon. Mr. Blais moved the second reading of Bill Q-3, an Act to incorporate the Apostolic Trustees of the Friars Minor or Franciscans of Western Canada.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Blais: Honourable senators, I move that this bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

ROYAL STYLE AND TITLES BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 102, an Act respecting the Royal Style and Titles.

He said: Honourable senators, the purpose of this bill is to express the assent of the Parliament of Canada to an exercise of the royal prerogative to establish the Royal style and titles for Canada as part of a general establishment of the royal titles in countries of the commonwealth.

The future designation of the Sovereign was the subject of discussion and general agreement at the meeting of Commonwealth Prime Ministers which took place in London in December of 1952. The principle established at that time was that uniformity should be attained in so far as the constitutional position of the various commonwealth countries would permit. Happily this goal was achieved and, as applied to this country, the title of Her Majesty will be "Elizabeth the Second by the Grace of God, of the United Kingdom, Canada, and her other realms and territories Queen, Head of the Commonwealth, Defender of the Faith". This is the style which will be used also by Australia and New Zealand, the only change in each instance being the substitution of the name of the country concerned. It will also be used, with certain adjustments, in Pakistan and the Union of South Africa.

This new title, as will be readily ascertained, embodies recognition of every minority, race and creed within the far-flung brotherhood which constitutes the British Commonwealth. Herein our gracious sovereign Elizabeth is described as the Queen of Canada; the title "Head of the Commonwealth" meets the special wishes of India which, although having become a republic, desires to adhere to our family of nations; the title "Defender of the Faith" implies recognition of belief in the Supreme Authority which guides our destinies, and unrestricted freedom of all peoples to worship and pursue the faiths of their fathers.

Honourable members of the Senate will appreciate fully the tremendous changes that have taken place in the style and title of the sovereign since Egbert proclaimed himself King of the English in the ninth century. At that time the prerogative of the royal title rested entirely with the royal person, and that designation was maintained, strengthened and extended by succeeding British monarchs in a manner commensurate with the growth of their power and extension of sovereignty over foreign lands through the middle centuries. In earlier days the title listed by name the countries over which the sovereign held sway, and for a long period included the designation "King of France".

Meantime, however, the first seeds of the democratic process had begun to germinate until, cultivated unwittingly by ill-advised and despotic sovereigns, they blossomed forth in revolutionary form during the Stuart regime and parliament was established as the principal instrument of government in the land. The exercise of the royal prerogative in respect of the sovereign's title was no longer made without the concurrence of parliament.

The growth of parliament and its power to execute the will of the people could not be confined to the United Kingdom. In her colonies and dominions the spirit of responsible government developed until, in 1930, the various members of the British commonwealth decided that the assent of the parliaments of all the dominions as well as the parliament of the United Kingdom was required in order to change the royal style and titles. Even within recent years the constitutional changes in our sister commonwealth countries of Ireland and India have necessitated amendments to the title of the sovereign.

The new designation of the sovereign as the Queen of Canada will serve to remind students of Canadian history that the concept is not a new one. In the London Conference of 1866-67 Sir John A. Macdonald endeavoured to have the new union of Canada, Nova Scotia and New Brunswick, designated as the Kingdom of Canada. This idea was opposed at the time by the home government, lest it antagonize certain elements in the newly formed republic to the south; and although early drafts of the British North America Act contained references to the "Kingdom of Canada" in the handwriting of that great statesman, he finally gave way to the pressure of the British government of the day and accepted "Dominion of Canada" as a compromise.

The function of the sovereign may have changed with the passing years, but it has achieved an importance no less than it had during the days of absolute monarchy. At that time it was confined to a comparatively small portion of the world's lands and peoples. Today it binds together peoples of varying races, creeds and colours, in all parts of the world, in a common brotherhood, working together in the best interests of each member of this great family and for the welfare of all mankind.

Some significance of the present position of the crown can be appreciated by the fact that members of the commonwealth have preserved this common bond in one Queen as its head, notwithstanding that she has no constitutional function to perform in respect of one commonwealth member, the great republic of India. By the constitutional precepts of the last century such an anomaly would have been thought impossible. It is a credit and a great tribute to the realism, vision and wisdom of the leaders of those countries today—and to what might well be described as the inspiration and sanctity of the crown in the modern world—that, instead of being slaves to a form of government, free peoples may adapt their constitutions to meet the needs of our changing times, and serve to the maximum the welfare of its people.

As one contemplates the developing circumstances surrounding the changing relations between the crown and the commonwealth, two basic and fundamental principles are again emphasized. During a period in which some thrones have tottered and fallen, and autocratic rulers have seen their grandiose schemes of conquest collapse through a rain of exploding bombs or by the assassin's knife, each passing year has served but to increase the love and respect of the peoples of the United Kingdom, Canada and Her Majesty's other realms and territories for the institution which binds them together. This love and respect is free and spontaneous. It has its origin in the single fact that to an ever-increasing degree those who occupy the highest office have embodied in themselves the simple virtues that are the very foundation of our civilization. As we all face a troubled future, we can gain confidence by recalling the past.

What a lesson for anyone is the spectacle of the great republic of India, freely electing to continue her relationship with the commonwealth by recognizing the Queen as its head. It seems only yesterday that the reports of the bitterness and ill-feeling that characterized her struggle for complete independence were daily headlines—ill-feeling that one might have thought it would take generations to erase—and yet, once the natural instinct of peoples to rule themselves had been satisfied, almost overnight the people of India freely and of their own volition sought to continue their association with an institution which stands for freedom, the dignity of the individual, and peace and good will among men. Truly this institution has been builded upon a rock.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, may I first congratulate the honourable leader of the government upon his fine address to this chamber. He has expressed completely, I am sure, the sentiments of all of us, and I would not attempt to cover again the ground that he has covered.

I do, however, want to say how happy we are about the outcome of the Prime Ministers' conference held in London last fall. Canada can indeed be proud of her representatives, our Prime Minister and his associates, at that conference. It was a fortunate day for Canada that she had as her chief representative the present Prime Minister.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: May I emphasize a point touched upon only lightly by the honourable leader of the government? He mentioned the troubled world in which we live today. We saw the organization and work of the League of Nations; we witnessed its replacement by the present United Nations organization; but throughout all the vicissitudes of life there stands that greater organization, the British Commonwealth of Nations, which, without regulation, without constitution and without convenant, holds together a body of free nations. The recent London conference to which I referred is another of several examples of the ability of these free nations to meet together as free peoples. It is proof that rules and regulations do not always make a sound basis for organization.

One of the hopes of my life has been that I would see the day when the United States of America would join the British Commonwealth of Nations; when that country would do as India and Pakistan have done: without any compulsion, join this body of freedom-loving people under one monarchy.

The peculiar characteristic of the peoples of the British Empire is their ability to work out their own problems. While our monarch may make mistakes—though not the kind of mistakes which have been made recently by another monarch—there seems to be a peculiar ability among the partners of the commonwealth to find a solution for their difficulties with honour to all, while always maintaining the goodness and freedom which exist under their system.

As a Canadian I am delighted to have a young woman such as Her Majesty Queen Elizabeth II to succeed to the title of Queen of not only Canada and the empire, but of the British Commonwealth of Nations.

The people of Canada greatly enjoyed the visit to this country a little more than a year ago of Her Majesty the Queen—then Princess Elizabeth—and her distinguished husband. The royal couple left with all Canadians the impression that this was womanhood and manhood at its highest level. We as Canadians can indeed be proud to belong to an empire whose Queen and her consort represent so well the simple virtues of a happy home life. Peoples of the empire and of the world at large are greatly impressed by the quality of our monarch.

I am whole-heartedly in favour of this bill. We on this side of the house join most heartily in honouring Queen Elizabeth the Second. May the wish of the world come true, that we have another Elizabethan age in our lifetime.

Hon. Senators: Hear, hear.

Hon. Donald MacLennan: Honourable senators, I read with great interest and pleasure the speeches made in another place, and I have listened with very much pleasure to the speeches made here tonight. While our leader was speaking I was struck with the truthfulness of the adage, "We live and learn". Reading the speech of the Prime Minister, and listening to our leader here, I discovered that there is a new meaning to a part of the royal style and titles of our gracious Queen. I was always under the impression that the title "Defender of the Faith" was given by the Pope to Henry VIII, but the Prime Minister and my leader, like pretty good lawyers—I know our friend here is not a lawyer, but he is keen enough to be one—have read into this title that it means a belief in the Supreme Being. Until I heard what my leader said I was apprehensive that the honourable, broad-minded and tolerant member from Blaine Lake (Hon. Mr. Horner), considering the source from which this title came, would move to have it deleted. But, like Macmorris in *King Henry the Fifth*, I suppose "it is no time to discourse" on the Pope, nor whether Franco of Spain should be recognized by the United Nations, nor about separate schools.

While the various speakers made some allusions to history, they steered clear of one bit of history which, I know, will be of much interest to many people in this country. In order to make my meaning clear I will read, with your permission, an extract from *The Dalhousie Review*, an excellent periodical printed in Halifax, Nova Scotia. This article was written by a professor of history in Los Angeles whose ancestors nine generations ago came from across the water. I am sorry that my friend the honourable senator from Southern New Brunswick (Hon. Mr. McLean) is not in the chamber, for I believe he would agree with me on the propriety of reading this extract. The writer states:

> Most of the comments on the Stone of Scone have missed the important historical aspects of the matter, and have completely failed to consider the legend of the Stone of Scone in any way. If the Stone of Scone has any meaning whatever, then it is in connection with its ancient legend of being the Stone of Destiny. The common statement that it is a symbol of Scottish sovereignty is quite inadequate; it is a symbol of Scottish sovereignty over any country that holds it. Thus, if you steal the Stone, you have a Lion Rampant by the tail, for the Scots will ultimately come to rule your country.
>
> The legend of the Stone of Scone is that "The Scots shall govern, and the sceptre sway. Wher'er this Stone they find, and its dread sound obey." So wrote Hector Boece, a 16th century Dundee historian.
>
> Wyntoun's 14th century *Original Chronicle of Scotland* gives it as "So long as Fate rules not in vain, Where this Stone rests, there Scots shall reign."

The Stone was stolen by Edward I about the year 1296, and the Treaty of Northampton of 1328, promising its return, was not honored. Any fictions or pretences that the sovereignty of Scotland is compromised by the Stone being outside its borders is completely demolished, not only by the legend itself, but by this Treaty in which England acknowledged that she had been defeated in her attempts to overcome Scotland. But the Scots had the last laugh, for in 1603 the short-lived English monarchy died out, and the much older Scottish monarchy took over. James VI of Scotland ruled both countries and, by laws agreed to by English and Scotch alike, only his descendants can ever hold the British throne. The prophecy came true. The institution, continuity, and succession of the British monarchy are purely Scottish. It is based on the heritable principles of Scottish Law, which recognize the validity of its numerous distaffian descents. English Law does not recognize the validity of distaffian descents, but English Law has no application to the matter.

Elizabeth of Windsor is, through George VI, a direct descendant of James VI—to use his senior Scottish title—and is in no sense an "English" Queen. This descendant of Mary, Queen of Scots, Robert Bruce, Malcolm Canmore, and Kenneth MacAlpin, the founder of the Scottish State in 843 A.D., is historically "Elizabeth I of Scotland," and legally "Elizabeth I of Great Britain," but is sometimes colloquially called by the defunct 'title' of "Elizabeth II of England."

She holds the throne under article II of the Treaty of Union of 1707. The title "King (or Queen) of England" was abolished, and the monarchs are now Kings or Queens of the "United Kingdom of Great Britain," under article I of the Treaty of Union of 1707. The daughter of George VI and his Highland Queen, Lady Elizabeth Bowes-Lyon, will be described on future British coins as of "Britannia Omnia Regina," or "Queen of All Britain," just as George VI was described as of "Britannia Omnia Rex," or King of All Britain." Elizabeth of Windsor will be crowned over the Stone of Scone in another full realization of its ancient prophecy, while her son, Bonnie Prince Charles, inherits one of Robert Bruce's early titles, "Earl of Carrick," and certain other Scottish titles, under a Scottish law of 1469. He inherits no English titles.

True to its Scottish ancestry, the royal family claims its Scottish tartans as of hereditary right, and not by courtesy. George V described the Royal Stewart tartan as "my personal tartan."

Honourable senators, I hope that this country in particular and, for that matter, all all countries, will recognize what Scotland has done not only for the Empire but for the whole world.

Some Hon. Senators: Hear, hear.

Hon. Mr. MacLennan: Here is to that day and all who honour it! Scotland for ever!

Some Hon. Senators: Hear, hear.

Hon. L. M. Gouin: Honourable senators, in accordance with the provisions of the British North America Act, on July 1, 1867, Ontario, Quebec, Nova Scotia and New Brunswick became one dominion under the British crown. Our federation now includes ten provinces, and Canada enjoys the status of an international power. The growth of our country has been almost miraculous. Our constitutional evolution within the commonwealth has been such that it has been deemed necessary to change the form of the royal style and titles. In the bill before us we are asked to express our assent to an exercise of the royal prerogative and to give our approval to the issue of a proclamation under the Great Seal of Canada. This royal proclamation will establish for Canada the following royal style and titles:

Elizabeth the Second, by the Grace of God of the United Kingdom, Canada and her other realms and territories Queen, Head of the Commonwealth, Defender of the Faith.

In other words, our gracious sovereign will be formally proclaimed Queen of Canada, and the federal union of our ten provinces will be described officially as a realm. The term "dominion" will therefore cease to be used in the royal titles for Canada. The term "dominion" was accepted at the London Conference of 1866-67 by Sir John A. Macdonald only after he had tried without success to obtain for our four original provinces the title of "kingdom". When King Edward VII ascended to the throne in 1901 the style adopted was "King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the seas". At that time Sir Wilfrid Laurier expressed his preference for adding, after the title of King of Great Britain and Ireland and Emperor of India, the words "King of Canada, Australia, South Africa and all the British Dominions beyond the seas". Finally however, the names of the greater dominions were omitted. As remarked by Mr. Pearson—I am referring to the Commons *Hansard* of February 3, 1953, at page 175—in the expression "British Dominions beyond the seas", since 1901, "the independent countries of Australia, Canada, New Zealand and South Africa were lumped together with the colonies and other dependencies of the British Crown." Personally I would add that the word "dominion" was thus used as still being applicable to all colonies, whether they were self-governing or not.

There is no reason to continue perpetuating that ambiguity. It is therefore a matter of rejoicing for the great majority of our people that at the Commonwealth Conference of last December the representatives of Australia and New Zealand agreed with our own delegates to use the royal style and titles similar to the text now before us, except of course that in each of those instances the name of the particular realm concerned would be substituted for "Canada."

The change which has been proposed to us will mark another important step in our constitutional development. Our Prime Minister deserves our heartiest congratulations

upon his very eloquent presentation of this bill in the other house. He has achieved the task begun by Macdonald and continued by Laurier. I would add that the very happy remarks of Mr. St. Laurent show at one and the same time our faith in Canada's constant progress and our fidelity to Canada's great historical traditions. If we accept the royal style and titles proposed for our approval, we shall affirm first of all our conviction that our gracious Queen is our lawful sovereign "by the grace of God". In these words we declare to the whole world that we consider any legitimate authority to be of divine origin. We retain also the expression "Defender of the Faith" and these words are, in my opinion, equivalent to "Defender of the fundamental creed of all those who believe in the Fatherhood of God". We therefore consider Her Majesty as being dedicated to the protection of the sacred principle of freedom of conscience throughout our immense commonwealth.

After these references of a religious nature, let us turn to our relations with the British crown. In 1867 we united to form one nation under the crown of the United Kingdom. In this year of 1953 we are proud to proclaim that the Queen of Great Britain is still the symbol of our unity and the "Head of the Commonwealth". Those last words show the strength and the flexibility of that world-wide alliance of freedom-loving people who live in what is known as the commonwealth. We have become, gradually and peacefully, a free and voluntary association, bound together by our democratic ideal and our parliamentary institutions of British origin. In many respects, we differ. But whatever may be our faith, our race, our ways of life, our language or the colour of our skin, whether by our constitution we form the realm of Canada or the republic of India, we all have in our hearts the same love for our free institutions; we share them in common with the other members of the great brotherhood which we call the commonwealth. With all our associates from Great Britain, from Australia and New Zealand, from India, Pakistan and Ceylon, from Asia and from Africa, from the West Indies and all the rest of the commonwealth, deep, deep in our soul, we nourish for Her Majesty the Queen a feeling of respect and of affection. She is the living symbol of our moral unity. She embodies our ideal of freedom, justice and progress. Her dignity, her charm, her devotion to duty are for all of us a source of inspiration. Above the divisions of our parties, the crown is the surest guarantee of our political stability.

Without our gracious sovereign the commonwealth would not be what it is, because through Her Majesty we are united in our pursuit of an ever-increasing measure of liberty and of happiness for every one. Without the British crown the world would not be the same and the social progress of mankind would suffer a serious setback. As a perfect example of home life, Her Majesty the Queen is a radiant image of peace, order and harmony. Through her, members of the commonwealth have the feeling of being united, so to speak, by some mysterious family ties. In her quality of "Head of the Commonwealth" our gracious Queen is the head of a real "family" of free nations—a young and royal mother, dedicated to the cause of peace and happiness of all her subjects and of all mankind. May she long reign over us!

Hon. Thomas Reid: Honourable senators, I have listened with a great deal of interest to the discussion of the subject-matter before the house tonight. I want not only to commend the speakers who have taken part in the debate, but to endorse all that they have said. May I especially express my appreciation of the splendid speech made by the leader of the government.

Naturally, I was interested to hear a remark made about the Stone of Scone. I am rising at this time not to discuss its history, but only to say that in my opinion the royal title is not historically correct. The present monarch is Queen Elizabeth I of Canada, not Queen Elizabeth II of Canada. This question was seriously raised in the land where I was born. It was pointed out that Scotland was closer to the crown than even Canada is; and the historians of that country were not contradicted when they pointed out to the English authorities that Elizabeth was Elizabeth I of Great Britain and Northern Ireland. Therefore, she is Elizabeth I of Canada.

To some this may seem a trivial point; but to me, history should be exact and correct. Therefore, I have no hesitation in saying that the royal title, as it applies to this country, is Elizabeth I.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

Honourable senators rose and sang God Save The Queen.

PRIVATE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill T-3, an Act to incorporate the Evangelical Lutheran Synod of Western Canada.

He said: Honourable senators, although this measure is similar in all respects to other bills of its kind, perhaps I should make some explanation of it.

The bill names the persons who will be the first directors of the corporation. It sets out the purpose of the measure, provides powers to make by-laws and regulations governing its management, and gives authority for the borrowing of money and the acquisition of property.

This bill has been approved by the Law Clerk of the Senate and is, as I have said, similar in every respect to other bills of its nature. Perhaps honourable senators would like some information on the reason for the proposed incorporation of the synod.

The Evangelical Lutheran Synod has congregations throughout the four western provinces, and a few mission stations in the Northwest Territories. Its jurisdiction is that part of Canada west of the Great Lakes or, more particularly, the area west of the eighty-sixth meridian of longitude, including the Yukon and the Northwest Territories. The synod in 1952 had 125 congregations in western Canada, 55 pastors, 17,635 baptized members and 11,841 confirmed members.

The Evangelical Lutheran Synod of Manitoba was formed on July 22, 1897. It was known as "The German Evangelical Lutheran Synod of Manitoba and the Northwest Territories." In 1907 the name was changed to "The Evangelical Lutheran Synod of Manitoba and other Provinces", and in 1947 the name was again changed to that set out in the bill, namely "The Evangelical Lutheran Synod of Western Canada". But when the synod started to do business it found that it could not take title or otherwise deal for church purposes with real property. Up to a short time ago its officials were of the opinion that the synod had been incorporated, and it was only when it ran into difficulties in connection with real estate transactions, and inquiries were made, that it was ascertained that in fact there had never been an incorporation.

In some cases where a local congregation has ceased to function it is necessary that the synod take title to the church or manse property. It is also necessary for the synod to acquire residential property for the use of its president and treasurer. Further, the United Lutheran Church in America will make loans to the synod for the use of local congregations in Western Canada, on condition that the church board in New York be given mortgage security on the church property. Of course, while the synod is unincorporated, no security of that nature can be given.

Although this synod is an independent unit it is associated closely and works in harmony with the United Lutheran Church in America, which has its head office in New York, and consists of thirty-three individual and separate synods located in the United States, Canada and some places in Europe.

Hon. Mr. Euler: Merely as a matter of information, may I inquire whether there is not now an incorporated Lutheran Synod of Canada?

Hon. Mr. Aseltine: I thought my honourable friend would raise that point. Besides the Evangelical Lutheran Synod of Western Canada, there are in Canada the Evangelical Lutheran Synod of Nova Scotia, which was incorporated by chapter 276 of the Statutes of Nova Scotia, 1903, and the Evangelical Lutheran Synod of Canada, incorporated by special Act of Parliament of Canada, chapter 32 of the statutes of 1885.

Hon. Mr. Lambert: Are the headquarters of the last-mentioned organization in Ontario?

Hon. Mr. Aseltine: It is a dominion body.

Hon. Mr. Lambert: My honourable friend just mentioned that the headquarters of the Nova Scotia unit are in Halifax.

Hon. Mr. Aseltine: That body was incorporated by an act of the Legislature of Nova Scotia.

Hon. Mr. Lambert: Is the Evangelical Lutheran Synod of Canada connected only with Ontario?

Hon. Mr. Aseltine: As I said, it was incorporated by chapter 32 of the Dominion statutes of 1885. But I am informed that the Nova Scotia Synod, the Evangelical Lutheran Synod of Canada, and the Evangelical Lutheran Synod of Western Canada are, like the Presbyterians, the Methodists, the United Church of Canada, and other bodies, individual and separate units.

Hon. Mr. Lambert: If my honourable friend will permit me to say so, I think there is a very definite difference between the Lutheran churches to which he referred and the others he has just mentioned, because, for instance, the United Church of Canada is a single national organization, as is the Presbyterian Church in Canada. Evidently the Lutheran Church of Western Canada is affiliated with a similar denomination in the United States and

not with the denomination known as the Lutheran Church of Canada, which, I judge, relates mainly to the province of Ontario. The Maritime unit, too, is separate. Whether there is any advantage in this or any other legislative body making distinctions of that sort, I do not know.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Aseltine: Honourable senators, I move that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

NATIONAL DEFENCE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 103, an Act to amend the National Defence Act.

He said: Honourable senators, the purpose of this bill is to amend the National Defence Act so as to provide for the appointment of an Associate Minister of National Defence, and for his salary. It is true that the National Defence Act authorizes the appointment of such an associate minister in times of emergency. The government, however, does not feel that a state of emergency such as was contemplated by the Emergency Powers Act or the National Defence Act, and was experienced from 1914 to 1918 and from 1939 to 1945, exists today. The Emergency Powers Act states that an international emergency exists which threatens the security of Canada, and that certain emergency powers might be required by the government.

Hon. Mr. Haig: Is the honourable gentleman dealing with the Emergency Powers Act or the National Defence Act?

Hon. Mr. Robertson: The National Defence Act. I am merely giving the reasons for proceeding in this way. As I said, the Emergency Powers Act states that an international emergency exists which threatens the security of Canada, and that certain emergency powers might be required by the government. However, the National Defence Act, in section 20, defines "emergency" as war, invasion, riot or insurrection, real or apprehended.

While the present conflict in Korea is warfare in every sense of the word, and the outcome might determine the course of future and greater conflicts, it is something different from the total warfare we experienced during two earlier periods of this century. The degree of emergency is one which governs the course of action of the government in such matters. It is for these reasons, therefore, that the government has used the usual methods of an ordinary statutory amendment to the National Defence Act to provide for the appointment of an associate minister and for the payment of a salary to that minister.

At the present time a number of countries including the United Kingdom, France and Australia have an over-all Minister of National Defence and a separate minister for each of the three services. During World War II we had in this country a Minister of National Defence and associate Ministers of National Defence for Air and Naval Services. Following the cessation of hostilities it was decided that efforts should be made toward unification and co-ordination of the three services, and this was accordingly carried out so that the administration of all three came under one Minister of Defence.

Advantages to be gained in unification of the services under one minister are far-reaching and numerous. It was felt by the government that it would be better to have one minister with adequate powers to recommend the allocation of funds voted by parliament, and of the manpower available to the department, in the most effective way possible among the three services. Similarly, it was felt desirable that one minister should receive the representations of each of the three services in respect of allocations of manpower and moneys. Through this process of unification under one minister it was hoped to eliminate the inevitable overlapping and duplication which characterized the multi-ministerial procedure.

As I have pointed out, this policy would have proved effective for normal operations in peacetime; but peace was denied us. We are now engaged in a cold war in certain areas of the world; in a hot war in others. With the war in Korea, the development of the defence program, the buildup of forces in Europe, and our commitments under the North Atlantic Treaty Organization, greatly increased responsibilities have fallen upon the shoulders of the Minister of National Defence in administering the affairs of the department both within the country and without.

Across Canada are operational units of the army, navy and air force.

The administration of the department abroad requires the minister to be absent from the country frequently and for considerable periods of time. In Korea we have the 25th Infantry Brigade and several destroyers of the Royal Canadian Navy; in Kure is located the Commonwealth divisional hospital; in Tokyo are to be found recreation

centres and the Japanese end of the air lift from McChord field in the state of Washington. In England we have an R.C.A.F. wing at North Luffenham, a joint staff mission and training centre. The 27th Brigade is stationed in Germany, another wing of the R.C.A.F., is located in France, and Canadian representatives of NATO and SHAFE are working in Paris.

Widely deployed as our forces are today, detailed arrangements must be undertaken with other governments respecting their accommodation and the circumstances under which they operate on foreign soil. Agreements must be made respecting jurisdictions in civil and criminal matters, customs duties and other taxes, passport and immigration regulation, tenure of land, maintenance of buildings and numerous other questions of complexity and importance. In addition there are legal and constitutional matters, details of standardization of arms with our allies in NATO, exchange of information, research and doctrine, the development of channels of communication and co-operation which require consideration from a political as well as a military point of view.

The present indication appears to be that this line of work will not decrease, but rather that it will grow as our commitments begin to take shape. In fact, so rapid has been our recent growth in this field that our defence program is four times greater today than it was prior to the aggression in Korea.

Out of this unusual growth of the defence department has emerged a more clearly defined division of the functions of its head: first, the detailed administration of the department and it branches and, secondly, the broader over-all respects, including policy and relations with foreign governments. It is proposed, therefore, that the latter shall continue to fall within the scope of the Minister of National Defence, and the former under the new associate minister.

In brief, the duties of the new associate minister will therefore include action on the ministers behalf when the minister is absent from the country, and the exercise of powers dealing with matters of administration and supervision of the three services. These will include requisitions for construction equipment and supplies, submissions on similar matters to the Governor in Council and to the Treasury Board, control of the establishment, appointment and supervision of civil employees and service personnel, approval of expenditures, orders, instructions and plans within the lines of agreed policy.

I am sure honourable senators will appreciate the heavy load required to be carried by the present Minister of National Defence and the desirability of providing assistance through this proposed appointment of an associate. Now that the main lines of division of responsibility have been established with the development of our defence program, it is easier to appreciate the objects for which the legislation is being introduced. Notwithstanding this division of responsibility the minister and his associate will work closely together so that each will be thoroughly familiar, not necessarily with the details, but with the general line of the operation of the whole department and of the three services.

Honourable senators, with these objects in view I commend this legislation to your early consideration and, I hope, approval.

Hon. Mr. Haig: May I ask the honourable leader opposite a question? Could he tell the house how many Canadian soldiers, airmen and navy personnel are now stationed in Korea and in Western Europe?

Hon. Mr. Robertson: I do not seem to have the information here, but I could get it for my honourable friend. I may say—though this does not answer the question—my recollection is, that of the estimated expenditures for the armed forces this year the amount allotted to the air force is considerably more than is allotted to the navy and army combined. I will undertake to get the answer to the honourable leader's specific question.

Hon. John T. Haig: Honourable members, I do not intend to delay the house for long. From the remarks of the minister, which I heard from the gallery of the other place, I gather that he is anxious that this bill be passed as soon as possible.

I take somewhat the same position in this matter as that taken by the opposition in another place—not that I usually copy opposition or any other parties—namely, that the new minister should be of equal rank with the present minister. I do not think there should be any distinction in rank between the two, otherwise it will lead to disputes—not between the men themselves, but between organizations. I certainly agree, however, that an additional minister should be appointed.

I was disturbed by an article I read in this morning's paper on the proportion of rejected men out of the total who presented themselves for enlistment in the army, navy and air force. The figure was startling.

Hon. Mr. Howard: Extraordinary.

Hon. Mr. Haig: If the House of Commons does not have time to inquire into this question I think this house should look into it and find the reason why so many young men are rejected for military service. My memory of the figure is that it was somewhere in the order of two-thirds of the total applicants for service.

Hon. Mr. Howard: Not that many.

Hon. Mr. Barbour: A little less than half.

Hon. Mr. Haig: Let us say 40 per cent.

Hon. Mr. Howard: The proportion was somewhere between a third and a half of the total, but nevertheless startling.

Hon. Mr. Haig: I think as it applied to the army, it was more than half. This house should seek to find the reason for that situation. I take it that these men are being rejected on the basis of physical disability of some kind. If there is any other reason for it, we should know.

Hon. Mr. Vien: If the honourable senator will allow me, I may say that the figures in Canada compare quite favourably with those in the United States and other countries. The number of rejects in the United States is equally surprising.

Hon. Mr. Haig: That may be true, but a country with the standard of living which Canada enjoys should be developing healthy men.

Hon. Mr. Vien: That is true.

Hon. Mr. Haig: Our climate and living conditions are most favourable. It must be remembered that some 40 per cent of the young men who are rejected remain at home and become the fathers of the next generation, while the physically fit go to Korea or elsewhere and some of them—thank God, not many—never come back. At my time of life it is a problem that disturbs me very much.

I say again that the measure before us should provide for an additional minister equal in rank to the present minister. From newspaper articles I gather that the present minister is to be engaged largely in world affairs having to do with NATO and other international defence programs, including such matters as the type of guns to be used and the number of radar screens to be placed in northern Canada. The details of the organization, I take it, will fall on the shoulders of the associate minister. For my part, I would like to see the duties specifically set out. I presume either one of the ministers will dominate, but which one, we do not know. True, in private business there is a manager, who really runs the business, and under him an assistant manager, who helps him and carries out his orders.

Hon. Mr. Aseltine: Who is going to be boss in this instance?

Hon. Mr. Haig: I would like to know who is going to be the boss, but nobody can answer that question.

During the recent great war those of us who had a son in the air force felt pretty secure when we knew he was under "Chubby" Power. I suppose those whose sons were under the heads of the army and navy also felt a degree of confidence. But at this time, when our country is called upon to spend such huge sums of money in preparation for war, I think we should have not two ministers, but three, to look after the various branches of the armed forces. There should be one man to look after the supplies, though I do not know what his proper title would be.

The situation in the Far East must be brought to a head, or we shall continue in this state of war throughout our lifetime. I agree with the people of the United States when they say something definite has to be done about it, or Stalin and his satellites will win the cold war. He has only to give the people under him a living in return for their services, while our economy is being stretched to the limit by the cost of maintaining our forces. Frankly, I do not believe that we can continue spending at the rate we are now spending.

This bill brings to my mind the question of who is to spend the money, the present minister or the associate minister. I repeat, there should be a third minister appointed at this time. While I do not intend to vote against the measure, I am opposed to there being two ministers, one subordinate to the other.

Hon. Thomas Vien: Honourable senators, I think there is much to be said in support of the remarks of the honourable leader opposite (Hon. Mr. Haig). The war machine is so vast that it is beyond the capacity of one man to exercise effective control over the intricate agencies that he must supervise. My own opinion is that there should be a Minister of National Defence, and Associate Ministers for Air, for the Navy, and for the Army, and that by this means there would be achieved that unity of command which must exist if discipline and effectiveness are to characterize the management of the various departments.

As regards rivalry between various branches of the service, I am of opinion that it does not exist in Canada to anything like the same extent as elsewhere. I know that these tensions are extremely acute in

some other countries, but, so far as I have been able to ascertain, there is great harmony between the three services in this country. High officers, and lower-ranking officers as well, in all the three branches speak of one another with a great deal of respect and of *esprit de corps*. But, as I have said, it might greatly assist the efficiency of the services if there were an associate minister for each branch.

As regards the question who is in command, I do not believe that it arises. The Minister of National Defence is certainly in command, and determines the policies of his department, and it is the function of an associate minister to help him to discharge his onerous duties. I doubt that it would be wise to give equal authority to these ministers. There must be one who rules; and the question which has been put would probably be much more cogent if there were two ministers operating with equal power. I doubt whether that system would be workable. I would prefer the system which, if I mistake not, obtains in England: there is a Minister of War who is a member of the Cabinet, and two other ministers, not holding cabinet rank, in charge of various branches of the service. What I have in mind to suggest is that the Minister of National Defence should have assistants in each branch of the service, and at ministerial level, so as to have proper authority in their respective branches.

The honourable leader of the opposition (Hon. Mr. Haig) also offered the suggestion, with which I agree, that the Senate—through, for instance, our Committee on Public Health and Welfare—could very properly study the conditions revealed by the rejection on grounds of physical unfitness of so many applicants for enlistment in one or other branches of the service. As has been said, it might be appropriate, for the better understanding of the question, to call in officers who could give us accurate information on every aspect of the matter.

I am not over-disturbed by these conditions, although I regret that they exist. I recall that in 1917 and 1918, when compulsory service was in force, the number of persons disqualified for health reasons was surprisingly large; and the same state of things obtained during the second world war. I may say that I have read similar comments about the large number of applicants in other countries—which I do not wish to name—who were rejected because of physical unfitness. It would seem that our climate, our ways of life, and living conditions should make for a healthy people, and on the whole, I suppose, Canadians are a healthy folk. But the very strenuous duties required of our soldiers under modern conditions of warfare require that they be more than ordinarily fit, and of course the physical qualifications expected of them include, not only health, but strength and physical fitness for the tasks which confront them. I repeat that I am not over-disturbed. But I would welcome an investigation which would lead us to adopt remedies that might be useful.

I would point out that as a general rule health is a matter of provincial jurisdiction, and I do not like the idea of the federal parliament dealing with matters which, under the British North America Act, are not primarily its concern. If we want to have "peace, order and good government," and contentment as well, we should leave to the provincial authorities those things which the British North America Act has assigned to their jurisdiction. There has been a marked tendency to mix federal and provincial matters. I would welcome a policy which would tend to "cease and desist" from such interference. I am not blaming the federal government. What it did was done by way of assistance to the provincial authority. But this word "assistance" has a wide meaning; and the Liberal party has always objected to the giving away of public money unless the government takes responsibility for the spending of it. It would be a sound and wise policy for this government and for this parliament to mind their own business and to remain within the sphere of their attributions under the constitution.

Take, for instance, the control of rentals—a provincial matter. The federal government assumed control because it was contended that there existed a national emergency with respect to housing. Well, living conditions in Halifax, Vancouver, Toronto, Montreal, and other cities are not alike, and an urgency in one part of the country does not imply the existence of an urgency elsewhere. In respect of health as well as other matters, if we leave to the provinces the task which is theirs we shall, I think, be wise and well advised.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Robertson: Next sitting.

PRIVATE BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill U-3, an Act respecting the Detroit and Windsor Subway Company.

He said: Honourable senators, this bill is very simple. The Detroit and Windsor Subway Company was incorporated by a special

statute of the Parliament of Canada in 1926-27. Some question of ambiguity or doubt has arisen as to the scope of the powers of sale provided in the original act of incorporation. At this time it is also desired to have defined more clearly the powers in connection with any public authority that may acquire by sale the properties and assets which are operated by this company. These provisions are accordingly set forth in the bill before the house.

Another provision in the bill ratifies an agreement which was made on April 24, 1928, between the Detroit and Windsor Subway Company and the Municipal Corporation of the City of Windsor. This agreement has to do with the rights of the city of Windsor in connection with the operation of the subway in accordance with various terms and conditions outlined in the agreement. The purpose of the bill before us is to clarify these points beyond any doubt and to make it clear that the relevant provisions of the Railway Act apply to the public authority.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hayden: Honourable senators, I move that this bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill V-3, an Act to incorporate Canadian Reinsurance Company.

He said: Honourable senators, this is a bill in the usual form for the incorporation of a company to carry on the usual kinds of insurance business other than life insurance. The company is to be known as Canadian Reinsurance Company.

The names of the incorporators who appear in the bill are those of three young members of a well-known legal firm in Montreal; but the interests promoting this legislation are a very large and responsible Swiss concern known as the Swiss Reinsurance Company, which, I am informed, is the largest professional reinsurer in the world. For many years past this company has had reinsurance connections with agents and others in the reinsurance business in Canada, but it now proposes to enter directly into the field of reinsurance here, and it seeks to do so through the incorporation of the company named in the bill.

As honourable senators will observe, the authorized capital of the company is to be $1 million. The whole of that authorized capital is to be paid up at once, and the company is also to have a capital surplus of an additional $1 million. In other words, $2 million of foreign capital will immediately be placed in the company. I understand that this legislation is in the ordinary form of insurance bills of this kind, and I am informed that it has received the approval of the Superintendent of Insurance. If the bill is given second reading, I will propose that it be referred to the Standing Committee on Banking and Commerce, where questions which may occur to honourable members may be answered.

Hon. Mr. Kinley: What does the honourable senator mean by a reinsurance company? As I understand it, a reinsurance company does not accept primary business but reinsures for other companies.

Hon. Mr. Hugessen: I am not an insurance man but I understand that a reinsurance company is not a primary insurer but one which takes from primary insurers a part of their load. It is a widely accepted form of insurance, particularly in cases of large risks, as it spreads them over a considerable number of reinsurers.

Hon. Mr. Kinley: Then this reinsurance company would not be in the competitive field?

Hon. Mr. Hugessen: I am not prepared to say whether there are any other reinsurance companies in Canada.

Hon. Mr. Kinley: There is Lloyd's of London.

Hon. Mr. Hugessen: Yes.

Hon. Mr. Roebuck: Would the honourable senator who explained the bill (Hon. Mr. Hugessen) tell us why there is such a low capital? A company certainly could not do much reinsurance business with $1 million capital, or even the capital of $3 million to which the company may increase its stock under the bill. That would still be a mere drop in the bucket.

Hon. Mr. Hugessen: As I explained, $2 million is to be paid up right away; $1 million in capital and another $1 million as a surplus. In other words, the company will start with a fund of $2 million. I understand that in the case of insurance companies the relation of the actual capital invested to the amount of funds with which the companies deal is not very close. In other words, once a company starts getting premiums it enjoys the use of a much larger amount of money than

is required as the original capital of the company. I do not think the amount of proposed capital here is out of line with the initial capital of a number of other companies carrying on this kind of business.

Hon. Mr. Bouffard: I believe its capital requirement is one of the largest.

Hon. Mr. Pratt: Is the company restricted in its charter to reinsurance business only?

Hon. Mr. Hugessen: No. The classes of insurance authorized are set out in section 6 of the bill. These are the ordinary powers which this house has conferred on many occasions on other companies which have proposed to carry on insurance business other than that of life insurance.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hugessen: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. Thomas Vien moved the second reading of Bill W-3, an Act respecting the Apostolic Trustees of the Friars Minor or Franciscans.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Vien: Honourable senators, I move that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 11, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

PRIVATE BILL

FIRST READING

Hon. Thomas Wood presented Bill D-5, an Act to incorporate Canadian Pipelines Limited.

The bill was read the first time.

Hon. Mr. Euler: Explain.

The Hon. the Speaker: Honourable senators. when shall this bill be read the second time?

Hon. Mr. Wood: Tuesday next.

INTERNATIONAL TRADE

NOTICE OF MOTION

Hon. Mr. McLean: Honourable senators, I desire to give notice of motion for tomorrow:

Hon. Mr. Reid: Would the honourable gentleman please read his proposed motion?

Hon. Mr. McLean: It reads as follows:

That the Standing Committee on Canadian Trade Relations be empowered to inquire into and report on:

1. What, in their opinion, might be the most practical steps to further implement article 2 of the North Atlantic Treaty whereby the signatories to that document agreed that: "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them".

2. That notwithstanding the generality of the foregoing, the committee be instructed and empowered to consider and report upon how, in their opinion,

(a) any project for developing economic collaboration, specifically between the countries who are signatories to the North Atlantic Treaty, can be co-ordinated with the trade policies of other countries of the free world;

(b) any project for developing economic collaboration between the countries which are signatories of the North Atlantic Treaty, might have the same degree of permanence that is contemplated in the twenty-year military obligation under article 5 of the treaty whereby "The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

3. That the committee be empowered to extend an invitation to those wishing to be heard, including representatives of agriculture, industry, labour, trade, finance and consumers, to present their views, and that the committee also be empowered to hear representations from business interests or individuals from any of the NATO countries who might wish to be heard.

4. That the committee be empowered to send for persons, papers and records, and to secure such services as may be necessary for the purpose of the inquiry.

The Hon. the Speaker: I would remind the honourable gentleman that the Rules require two days' notice of a motion. This motion could be moved tomorrow only with unanimous consent of the Senate.

Hon. Mr. McLean: I ask for unanimous consent, Mr. Speaker.

The Hon. the Speaker: Has the honourable senator unanimous consent to move the motion tomorrow?

Some Hon. Senators: Agreed.

The Hon. the Speaker: Then it will be taken as a notice of motion for tomorrow.

NATIONAL DEFENCE BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 103, an Act to amend the National Defence Act.

The motion was agreed to, and the bill was read the third time, and passed.

STATISTICS BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill S-3, an Act to amend the Statistics Act.

He said: Honourable senators, this bill has to do with a number of operations of the Dominion Bureau of Statistics, but it in no way affects the status of the bureau or curtails its work. It simply provides the technique to be employed by the bureau in making its periodic reports to the government and to the country.

If honourable senators require any further details than I am able to give of the various clauses in the bill, I am assured by the head of the bureau that he will be glad to appear before a committee and furnish further information.

Clause 1 of the bill by providing for the inclusion of the word "persons", along with "goods, wares or merchandise by land, water or air", in paragraph (b) of section 2 of the

act, will permit the collection of statistics on the transportation of passengers as well as of goods. The word "persons" was inadvertently omitted from the amended act of 1947-48. Subclause 2 of this clause would delete the reference to pipe lines. That term, it appears, comes automatically under the category of carriers, and is taken care of in the phrase "land, water or air", appearing in paragraph (b) of clause 1 (1).

Clause 2 of the bill has to do with section 5 of the act, and relates to the services of officers of other departments of the government in performance of duties under the provision of the Statistics Act. This clause would give to the minister power to authorize an officer of another department to act as an officer of the bureau in the execution of duties under this act. The addition of this subclause would make officers from other departments employed in this manner subject to the secrecy requirements imposed on the regular officers of the bureau. Some suggestion has been made that this would result in an encroachment upon or invasion of the information held by the income tax branch of the Department of National Revenue. I am assured, however, that it would not do that.

Hon. Mr. Roebuck: May I ask the honourable gentleman whether this clause would place officers of other departments under the direction of the bureau?

Hon. Mr. Lambert: It would.

Hon. Mr. Roebuck: And must they act when asked to do so?

Hon. Mr. Lambert: They must. This clause applies to such departments as Trade and Commerce, Finance, and Agriculture, as well as the Bank of Canada, any one of which might desire information from the bureau; in which case, officers of any one of these departments or of the bank would, under this clause, be free to serve in the bureau in helping to compile desired information.

Hon. Mr. Roebuck: Are they obligated to do so?

Hon. Mr. Lambert: They would be, upon the request or at the suggestion, not of the bureau but of the minister of any of the departments concerned.

Hon. Mr. Roebuck: Then there would be a division of authority between two ministers, would there not? If a minister of one department can boss officials of another department, where do we draw our line?

Hon. Mr. Lambert: The honourable senator must realize that the Dominion Bureau of Statistics is only a branch under the Department of Trade and Commerce. It does not enjoy the same status as certain other institutions, like the National Research Council and the Central Mortgage and Housing Corporation, which have direct access to the minister. The statistics branch, however, has virtually the status of a deputy minister's position. However, what it is intended to legalize under the secrecy clause of the Statistics Act are any services which might be rendered to another department by the Bureau of Statistics in giving it information required from time to time. I do not think any division of authority is involved.

Clause 3 of the bill relates to the secrecy clauses of the Statistics Act. The new paragraph (b) of subsection (3) of section 15 of the act would permit the publication of information given by hospitals and other non-commercial institutions which, for the maximum use of such information, must be related to the individual institutions. Returns from these institutions are already made, but it is desired to have more detailed information relating to numbers of patients, classes of illness and cases of recovery and mortality; and the bill would legalize the furnishing of this data in relation to the individual institutions which are now required to report to the bureau.

Paragraph (c) another new paragraph of this subsection, permits the bureau to publish lists of co-operating firms together with their locations and the kinds of business in which they are engaged. The lists would not reveal any other information regarding the business of these individual firms. All parties concerned with the filing of such information recognize favourably the increasingly important part that the bureau has to play in providing information for use in the conduct of business. Some of the advantages which would arise from the adoption of this clause may be cited, because from time to time some criticism has been expressed here and there as to the amount of information that is demanded by the bureau in its questionnaires. I think that that objection, or irritation, caused by extra detailed work that the questionnaires necessitate in business offices, has been rapidly disappearing, because now one hears very little of it. But the advantages may be mentioned.

First, a list of firms included in the tables of the report is very useful for the interpretation of the statistics contained in that report. The list enables users of the report to see just what the table covers, what firms are included and what firms are excluded. Secondly, people who are in the market for commodities often inquire where they can get them; and the bureau, because of its close contact with business firms, is becoming exceptionally well fitted to supply such

information. A third advantage relates to inquiries from firms that want to know where they can sell their goods; and the bureau is regarded as a useful source of information in this field too. Lastly, the publication of trade lists helps the bureau to keep its information up to date, and in that way to serve those who write in to say that they manufacture certain articles to which the lists refer and wish to be included in them.

Clause 4 of the bill deletes section 19 of the present act, which has to do with the taking of the censuses. Here again the attempt is to curtail the number of questions asked by the census enumerators, and to consolidate and make more useful the information already available in the bureau relating to values of farm products and the amount of farm expenses.

Hon. Mr. Reid: In this section three provinces, and three only, are definitely mentioned. It reads that—

> Each census of population and agriculture shall be so taken as to ascertain with the utmost possible accuracy for the various territorial divisions of Canada, or of the provinces of Manitoba, Saskatchewan and Alberta . . .

Why are those provinces specifically mentioned?

Hon. Mr. Lambert: I am afraid I cannot answer that at the moment. Some further light on the point may be given by officials of the department.

Hon. Mr. Stambaugh: In the prairie provinces the census is held every five years, as against every ten years in the other provinces.

Hon. Mr. Haig: That is so.

Hon. Mr. Lambert: Thank you very much for that information.

Clause 5 provides for an addition to section 22 of the act, to authorize the collection of statistics of commerce and navigation on inland waterways or in connection with the coastal trade. More complete information than has been received in the past regarding the movement of tonnage and vessels is needed to supply the demand for such data.

Clauses 6, 7 and 8 are simply amendments of sections 28, 29 and 31 of the act for the purpose of giving greater flexibility in the collection of criminal statistics. Criminal statistics include: the number of cases before the courts, returns from prisons and penitentiaries of the number of prisoners, the number of pardons, and other details. It is desired to add to the data already obtained under this section.

That covers the eight proposed amendments to Part I of the bill. Part II is merely a repetition of these amendments for the technical purpose of making them consistent with the Revised Statutes of Canada for 1952, which are now on the press.

In concluding my remarks on the proposed amendments contained in the bill, I suggest that the Senate might appropriately associate itself at this time with a few further and broader references to the Dominion Bureau of Statistics.

We in this chamber have good reason to appreciate the work of the bureau in relation to the valuable reports that have been made to parliament by our Standing Committee on Finance and sponsored by its chairman, the honourable senator from Churchill (Hon. Mr. Crerar). As the result of his stimulating influence and the information supplied by the bureau, we have become almost blasé in our use of such terms as "gross national production" and "net national income" of the country.

But apart from that, and in all seriousness, I feel that the members of this chamber and the public outside should be made aware of the increasingly important role in the life of this country which is now filled by the Dominion Bureau of Statistics. I have not time to review fully the history of this branch of the public service, but it is an interesting story. It goes back to the year of confederation, when statistics were mentioned in the British North America Act as a matter of federal jurisdiction and concern. The first federal legislation on the subject was the Census Act of 1870. In 1879 the Census and Statistics Act was passed, and the Minister of Agriculture was designated as its responsible administrator. Then in 1905 a new Census and Statistics office was established, and the newly formed provinces of the middle west were included as areas for census enumeration.

It was not until 1918, however, that the real foundations of the present Bureau of Statistics were laid. In that year a new act was passed. The Dominion Bureau, headed by a newly appointed Dominion Statistician, was established, to be under the Minister of Trade and Commerce instead of the Minister of Agriculture. The names of Sir George Foster as minister, and Robert H. Coats, the first Dominion Statistician, must always be associated with the establishment of our present statistical service on firm and adaptable national foundations. Dr. Coats is now retired, but continues to take an active advisory interest in the development of the bureau. He brought distinguished recognition to Canada from statistical and scientific organizations at home and abroad. His successors likewise have continued to enjoy high prestige. Election to the presidency of such

organizations as the American Economic Association, the American Statistical Association, and the United Nations Statistical Association have marked the honour and respect in which Canada is held in this international field. Just recently the bureau was host here in Ottawa to two great international conferences representing statistical scientists from fifty different countries. Officers of the bureau have been associated during the past fifteen years with services given on official invitation to the governments of such countries as Abyssinia, Burma, Lebanon, Colombia, Chile and Indonesia, where the organization of statistical systems has been desired.

It should be mentioned that in 1948 a new Statistics Act was placed on the Statutes of that year, under chapter 45. The war period and the immediate postwar years brought many additional permanent responsibilities upon the bureau, and the act of 1948 simply embodied new provisions to take care of enlarged demands for information. The act was simply brought up to date and did not disturb the fundamental scientific principles upon which it had been founded. The practice of statistical sampling which had been widely employed for some time was definitely recognized and legalized in 1948.

Some of the new undertakings which the war years brought to the bureau were statistics of unemployment insurance; a national index of births and deaths in connection with family allowances; health costs for the department of health and welfare; forecasts of capital investment expenditures; transfer of tourist records from the customs department; development of statistical data relating to agricultural prices and farm income; and an enlarged index of consumer prices. And, of course, we are all acquainted with that ever-expanding volume, the Canada Year Book, which has brought recognition and credit to its compilers.

It can be fairly said today that in her Bureau of Statistics, recently housed in a modern plant which was long overdue, Canada has a service whose efficiency and high standing are second to none in the world.

The history of this branch of the federal government service reflects more accurately than anything else the material growth and requirements of our country. It also has a most pertinent bearing upon the administrative development of our different branches of government. The Bureau of Statistics in a quiet, unostentatious manner has had great unifying influence upon relations between the provinces and the dominion. The story behind the vital statistics, the census, the compilation of records in connection with grain crops and other agricultural products, and the periodical reports on national employment and unemployment, constitutes an eloquent tribute to the potential underlying desire of the people of Canada as a whole to co-operate in developing a strong and intelligent nation.

In social, financial and economic fields the bureau has become in reality a reliable and trustworthy barometer, registering trends and portents in the life of this country. It is a guide not only to government, but to private enterprise and business as well. Finally, one might say it represents the application of a great branch of modern science to the development and progress of Canada, at a time when the guiding hand of this science is essential to our present and future economy.

Hon. Mr. Roebuck: Will the honourable gentleman tell us how much the bureau costs?

Hon. Mr. Lambert: I do not have the cost figures, but I know that the bureau has effected an economy of $1,200,000 in the reorganization of census-taking. The total maintenance expenditure figures are obtainable.

The average number of employees in the bureau is 1,300, but at census-taking time there are 18,000 employees.

Hon. John T. Haig: Honourable members, I should like first to congratulate the mover of the second reading upon the able way in which he has presented this bill to the house.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I appreciated his remarks very much, especially the latter part of them. I am not going to try to paint the lily, but wish merely to express a few personal thoughts about the bureau.

I was much interested to read recently that that famous woman Florence Nightingale was the first person ever to use statistics to win a great case. Honourable senators are familiar with the story of her famous nursing career during the Crimean war of 1854-56, and we have all read about the terrific death rate in the military hospitals during that war.

Upon her return to England she decided to look into what was happening in the military hospitals and barracks of that country. She learned that the average death rate per thousand men in such famous British regiments as the Coldstream Guards, while they were stationed in barracks, was double that of the ordinary population outside. She studied the situation further and compiled exact figures for each barracks and for the districts from which the men had come.

Her findings were so stunning that the parliament of Britain not only adopted her views, but completely revolutionized the army medical services. She had won her case by gathering and presenting statistics.

We have listened to commendation of the Bureau of Statistics for many of its very useful activities, but I should like to refer at this point to one of the less desirable features of the bureau's work. I call to mind the case of a small merchant on St. Matthews avenue, in my dear city of Winnipeg, who runs that type of store which stays open until nine o'clock each evening. A bachelor, he has his landlady come in from twelve to one and from six to seven, while he leaves to eat his meals. This past summer he received from the Bureau of Statistics papers and documents which would have taken him two weeks to complete, and even then they would not have been reliable. Naturally, I told him to throw the stuff in the wastebasket and leave it there. Why should the bureau ask that man to give it figures on how much milk and how much butter he sells, when those figures could easily be obtained from the large milk distributors and bakers in that city? I presume such difficulties as that can be ironed out.

On the other side of the picture, the Bureau of Statistics is of great help to an opposition in parliament. In compiling figures the opposition does not have available to it the machinery that a minister of the government has. That has been clearly indicated by my honourable friend from Ottawa (Hon. Mr. Lambert), but I just want to emphasize what he said. At the last two or three sessions the honourable senator from Churchill (Hon. Mr. Crerar), chairman of the Finance Committee, was able through the bureau to bring before us an exhaustive fund of information: at committee meetings the bureau's officers seemed to have at their fingertips just what we wanted to know. I am quite sure, of course, that the honourable senator knew very well where in any event he could get whatever information he desired, but the bureau was most helpful to the whole committee, especially to members of the opposition.

In conclusion, I express the hope that this bill will be referred to the appropriate committee, so that we may have a full explanation from officers of the bureau. I am interested in having a further explanation, not so much for the benefit of honourable senators as for the benefit of the general public. Any person who contemplates entering a particular field of business needs to get authentic information on the developments in it. The bureau should be given as much publicity as possible so that the people of Canada will know what is available to them.

I am wholeheartedly in support of the bill but, like the sponsor, I do not entirely comprehend it. I do not think it is possible to read amendments out of their context and understand them; it is necessary to have someone go over them and explain their effect.

If the bill is referred to committee, I for one shall be on hand to help the sponsor encourage the bureau in the work that it is doing, and I shall do what I can to tell the public about that work.

Hon. T. A. Crerar: Honourable senators, a cursory examination of the amendments proposed to the Statistics Act gives me the impression that they are designed to provide more flexibility in the administration of the act. That seems to me a wholly desirable thing to do.

Without going into the meaning or purposes of the various amendments so carefully outlined by the honourable senator from Ottawa, I merely wish to draw the attention of the house to one section on which I think further information should be sought in committee. I refer to the proposed amendment to section 5 of the act, by which the minister who has the administration of the act—who I believe is the Minister of Trade and Commerce—may call upon the services of any member of the public service of Canada.

Perhaps I can make it clearer if I read the proposed amendment:

> (2) The minister may, for such periods as he may determine, utilize the services of any member of the public service of Canada in the exercise or performance of any duty, power or function of the bureau or officer of the bureau under this or any other act, and every person whose services are so utilized shall, for the purposes of this act, be deemed to be employed under this act.

That may be all right, but I think the amendment should be scrutinized. If I understand it aright, the Minister of Trade and Commerce may call upon some employee in a department under another minister—for instance, in the Department of Finance, or the Department of National Revenue—

Hon. Mr. Euler: Or the income tax branch.

Hon. Mr. Crerar: Yes,—and may require that servant of another department to work for the time being for the Bureau of Statistics. If that is the meaning of the amendment, it appears to me to raise the possibility of conflict between two departments of government. That, I think, is a matter which should be inquired into.

Apart from that single instance, it is my impression that these amendments are

intended to give more flexibility to the act and, consequently, will improve its administration.

While I am on this subject, I would like to endorse fully what our colleague from Ottawa (Hon. Mr. Lambert) has said about the value of the Bureau of Statistics and the services it renders to the economic life of the country. A person who wants it may get information upon almost any phase of our industrial and economic activity. For example, information available in the bureau is very complete in providing data about the movement of real wages in Canada, and the reasons underlying the steady improvement of the lot of the labouring man can be readily deduced from a study of the material. Statistics of agricultural production and related matters are of great importance to any Canadian, and particularly to a member of parliament who wishes to inform himself on what is really happening in the country of which he is a parliamentary representative.

The worth of the bill was demonstrated, for instance, in the work of the Rowell-Sirois Commission. I have always believed that the report of that commission is one of the great state papers of this country: it ranks with anything that has been produced in relation to the development of Canada. In passing I might say that it has always been to me a matter of regret that, for reasons I need not here enter into, the main recommendation of that report, concerning the financial relationships between the dominion and the provinces, has not to this day been really implemented. The data which had to be studied in reaching the agreements that now exist in relation to financial matters between nine of the provinces and the federal government came very largely from the Bureau of Statistics. As regards matters affecting the relationship between the federal government and the provinces, and, indeed, the municipalities, it is of the first importance to have clear and reliable factual material upon which conclusions can be reached and judgments formed, and in all these matters the Bureau of Statistics renders a very vital service.

I might also make mention of the information available through the bureau in relation to our external trade, another matter of the greatest importance to Canada. There may be some foundation for criticisms which at times are levelled against the bureau. The human mind is fallible, and it is always possible to over-extend yourself. So I do not deny that the criticism expressed by the leader of the opposition (Hon. Mr. Haig) a few minutes ago may have some valid ground. I can conceive that a statistical mind, dealing with a subject of broad import, may range very widely and include a good deal of data which is of doubtful relevance. But allowances must be made in these matters, and with time, no doubt, public opinion will correct the anomalies that arise through procedures of that kind.

I can only echo what was so well said by the honourable senator from Ottawa (Hon. Mr. Lambert) as to the valuable contribution which the bureau makes to the whole life of our Canadian people; and I, for one, shall approach the consideration of these amendments in committee with full sympathy and every desire to assist in the further development of this most useful institution.

Hon. Mr. Lambert: Honourable senators, if no one else wishes to speak there are two or three points I should like to cover. In reply to the question raised by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck), I would say that the estimates for 1954 put the cost of maintaining the Bureau of Statistics at $5,534,000. This is a reduction of $454,000 from the previous year.

In reference to the point raised by my honourable friend from Churchill (Hon. Mr. Crerar) with regard to the employment of officials from other departments to compile information desired by their ministers, I think the real purpose of this amendment is to economize rather than to increase expenditures. The tendency has been for a good many departments to set up their own statistical service and their own statistical bureau. I know that was true of the Rowell-Sirois Commission to which my honourable colleague referred. That commission set up its own statistical bureau in the person of the late Mr. Alex Skelton, who was loaned to the commission by the Bank of Canada, which also had a separate bureau of statistics. I recall that the Dominion Statistician said to me at that time that for $10,000 his bureau could have covered the whole field of investigation and taken advantage of all the work that had been done in the past to assemble the same kind of data that was collected under the commission. I believe that to be true. However, all government departments are today looking to the Bureau of Statistics for service, and I think that is a good development. It tends to eliminate the overlapping that has existed in many respects.

Hon. Mr. Roebuck: The Department of Labour does a great deal of statistical work.

Hon. Mr. Lambert: Yes. In my reference to the historical background of the bureau I might have pointed out that the early statistical work in connection with the administration of the government originated in the

new Department of Labour. At that time Mr. Coats was in charge of the labour index, and the late Right Honourable Mackenzie King was Deputy Minister of Labour. A great deal of the statistical work done in the department at that time formed the basis for that phase of the work done by the bureau after it was established. The Department of Labour today depends entirely upon the bureau for its employment and unemployment figures, and also for its data with respect to unemployment insurance. I believe the general trend now is in that direction, and it is a good development, for it results in economy and the elimination of duplication.

There is another point I should like to mention in connection with the practical achievement of adjusting supply and demand in the field of business. I am sure the honourable gentleman from Waterloo (Hon. Mr. Euler) will recall the altercation which used to take place years ago in the vicinity of Hamilton between vegetable and fruit producers and the canning companies whenever crop prices were to be set for the season. At that time everyone was in the dark, particularly the producers. The quantity of canned goods carried over from the previous year was an item which became quite a factor in determining the prices for the ensuing season. There is no more of that. Today the Bureau of Statistics makes a regular record of the stocks of all those items on hand. The producers know what the stocks are, and when it comes to the question of setting a price for their products for the season they have a very definite basis upon which to work. The same may be said as to the stocks of meat, butter and eggs which are carried today in the warehouses of this country. Those stocks are accurately reported periodically, so that the adjustment of supply to demand can be accurately gauged nowadays in a way which was impossible years ago.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Lambert: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. Gordon B. Isnor moved the second reading of Bill X-3, an Act to incorporate the Callow Veterans' and Invalids' Welfare League.

He said: Honourable senators, on Tuesday evening, February 3, I presented to the house a petition on behalf of Walter Callow, asking permission to introduce a bill for the incorporation of the Callow Veterans' and Invalids' Welfare League. The bill is not a lengthy document in itself, being comprised of six sections. The two main sections are 3 and 6. Section 3, dealing with the objects of the league, reads:

> The objects of the league shall be to promote the welfare of veterans and invalids.

Section 6 points out that this is a non-profit league. It says:

> The league shall be operated without profit or gain to any of its members and all moneys received by it shall be devoted to further its objects and purposes.

The purpose of the bill is to permit the granting of a charter for the league, which will be dominion wide, with headquarters at Halifax. In moving the second reading I wish to give a very brief background of the wonderful personality around whom this humane and unique welfare league has been created.

Walter Callow was born in the town of Parrsboro, Nova Scotia, where he spent his youth learning to be a skilled mechanic. In 1916 he gave up a small business in which he was a partner and entered the Royal Flying Corps. During training as a pilot he crashed and was returned home. In 1931 Walter's wife died; and gradually he himself was stricken to an increasing extent, until finally he became entirely paralyzed, as he is today. In 1937 he entered the Camp Hill hospital, on what many predicted would be his last visit. In 1939 he became totally blind.

When in Halifax I make it a point to visit Walter as often as possible. He cannot hold anything in his bent hands and arms; indeed, he cannot so much as turn his head. In constant pain, he lies on his back with his head a little lower than his body. From this position, unchanging through the hours, days and years, Walter gives direction for the carrying out of his plans for making life happier for the afflicted.

In 1948 the Mutual Broadcasting System gave the Golden Rule Award to Walter Callow, as the man on this continent who conducted his life closest to the tenets of the Golden Rule. I pause, honourable senators, to emphasize the recognition that this seemingly helpless cripple has received. Through this award he has brought great distinction to the province of Nova Scotia.

I remember one of my earlier visits with Walter Callow, when, lying on his back, helpless, he worked out ideas for raising funds to send cigarettes to members of the armed forces serving overseas during World War II. He wrote verse, organized raffles and raised funds for this purpose from his thousands

of friends and admirers. He is somewhat of a poet, and dictates his verse to a stenographer. A collection of his poems printed in a small illustrated folder added $8,000 to the Callow cigarette fund.

On entering Walter's room I am greeted by the blind man with a cheery, "Is that you, Gordon? I know your voice". From then on he talks constantly of his aims and plans.

I recall vividly how he would talk of a wheelchair coach, and of his plans to have the coach built in such a way that sufferers on wheelchairs would be able to enter it without the least discomfort to themselves. It was then that his great brain and God-like patience, and a heart full of love for suffering humanity, devised what is now known as the "Callow ramp". This device permits helpless wheelchair cripples to enter the coach and be driven to such places of enjoyment as the beaches along the sea coast of Nova Scotia, and beautiful Annapolis Valley in apple-blossom time; as well as to baseball, football and hockey games.

Walter Callow has dreamed of having his invention benefit all sections of Canada, and through this bill he seeks permission to extend his activities throughout the whole dominion.

It is inspiring to think of a man unable to see, or touch, or ever to walk again, who, after an illness of twenty-three years, continues through his courage and faith to bring happiness to thousands of others. I can safely say that Walter Callow spends his every waking moment dreaming up ways to brighten the lives of other cripples, both veterans and civilians. During all the years since his flying accident he has lived thus, thinking of others. His proudest achievement to date is the invention of the Walter Callow wheelchair coach.

A word here about the Walter Callow coach. He designed it, and the first one was built in Nova Scotia under his exacting direction. The wheelchairs, twelve to each coach, also are designed by Callow. The back of the coach becomes a hydraulic ramp, which is lowered to permit wheelchairs to come aboard easily. They are then locked into position to avoid any possibility of accident. The latest coaches, now being built in Quebec, are fitted with eight basket stretchers, similar to those used by the air force, so that it is possible to carry twenty stretchers in each if desired.

I might mention that special facilities in the form of a glass pavilion have been constructed at the Halifax Forum for the benefit of Camp Hill wheelchair patients, so that veterans and others can enjoy pleasures which otherwise would be denied to them. I remember well having the pleasure and privilege of being present with a group of veterans watching games at the forum in Halifax. I was amply repaid for going there by observing the happy expressions on the faces of those veterans who, but for these conveniences, would not have been able to attend the games.

Incidentally, I might mention that in the event of an emergency the coaches with completely trained staffs will be turned over to the civil defence authorities.

Walter Callow is known affectionately to his fellow Nova Scotians as the "human log". Hour after hour, day after day, year after year, he lies motionless. If, for instance, a fly lit on his nose he could do nothing about it. Think of it: a man without mobility and without sight has invented a coach for the comfort of crippled folk. But the invention of this coach is only one of the seeming miracles this man has accomplished.

I wish honourable senators could have been with me recently when I visited Camp Hill hospital and saw Walter Callow lying in his hospital bed with a pen strapped to his hand by adhesive tape supported by scotch tape, striving to sign his name in order that this petition might be presented. Had honourable senators been with me on that occasion, I would not have had to say anything further concerning this wonderful man. Lying almost completely paralyzed, and motionless but for a slow jerky movement of his index finger, Walter Callow signed this petition—the first time he had written his name in twenty-three long years. The signing of the petition was done before representatives of the press, radio and film news operators, who had gathered in his sound-proof office in Camp Hill hospital annex. The passage of this bill will bring closer to reality Walter's dream of the league's organization on an international basis.

In closing, may I say that one thing is sure: in no man is there a heart more overflowing with humanity. Walter is a personality and a power. He has made famous his hospital, his city and his province. Blind, helpless in limb and body, he sums up his own case in these words:

> I could be a lot worse. I want to thank God that at least I can talk and think. I want to repay Him because after a man dies he will be asked only one question: 'What did you do for others?'

I am reminded of a telephone call I received one day last fall. Answering it, I heard Walter's voice; and this is what he said: "Thought I would let you know, Gordon, that I am going to the operating room tomorrow morning at nine o'clock. I do not know

whether it is to be one leg or two which they will amputate." The next time I saw him both his legs had been amputated. But he was the same cheerful fellow I had seen the first day I visited his hospital room, many, many years ago.

That, honourable senators, is part of the story behind the bill of which I now move second reading.

Hon. Felix P. Quinn: Honourable members, I would ask the privilege of being associated with the sponsor of this bill, the honourable member from Halifax-Dartmouth (Hon. Mr. Isnor). I would like to refer to our junior colleague as "the honourable senator from Dartmouth," for Dartmouth is really his designation. He was born in what we knew in my early days as "the ambitious town of Dartmouth." He graduated to the larger city, came to Halifax, and became one of our most prosperous business men. I am proud that he has brought this bill before us. He is familiar with Walter Callow, the gentleman whose name is included in the title. That name is familiar to people in and around the city of Halifax, and all who live in that area know well the tremendous amount of good which has been accomplished by this benefactor of mankind. Lying immobile on his couch, blind, helpless, he worked out plans for building and maintaining what is now known as the Walter Callow coach. Hundreds—yes, by now, thousands—have been taken out in this coach: invalids, wounded veterans, other afflicted men, some of whom will never be able to get around again; and crippled children are given outings in the beautiful Annapolis Valley to which my honourable friend referred, or transported to the beaches in and around the city, to baseball and football games in the summer, and to hockey games in the winter; and if we only realize the tremendous amount of good which is being done through the invention of Walter Callow, I am sure all of us will show our gratitude by giving this legislation unanimous approval.

Hon. Wishart McL. Robertson: Honourable senators, there is little I can add to the comprehensive and eloquent statement of the honourable senator who has sponsored this bill (Hon. Mr. Isnor), and of my friend the honourable senator from Bedford-Halifax (Hon. Mr. Quinn). The life and work of Walter Callow is one of the outstanding epics of our time. I would like to repeat to this house, if the house and the sponsor will permit me, a few sentences that the sponsor used at the close of his speech when referring to how Walter Callow sums up his own case:

> "I could be a lot worse. I want to thank God that at least I can talk and think. I want to repay Him, because after a man dies he will be asked only one question, 'What did you do for others?' "

What courage, what selflessness, what an object lesson to all of us who are more fortunate!

In a newspaper report from Halifax, the fact that an application for a charter was to be made in the Senate was commented upon in these words:

> Callow, who lives in almost constant pain, was visibly enthused when told of the success of his signature—

to which my honourable friend referred. The report continues:

> He will complete the application forms next week, as he said himself, "I will be more practised."
>
> "They laugh because I am so optimistic", he said. But this charter——and we'll get it, don't worry—will make us a dominion organization, with power to move into other provinces, organize branches and conduct our work on a national scale."

Ordinarily, honourable senators, I do not anticipate the judgment of this honourable body, but I think I can say, "Yes, Walter Callow, I believe you will get your charter, and that the Senate will be proud to help you get it."

I am sure, honourable senators, that I speak for every member of the Senate in expressing our appreciation of what Walter Callow has done for others, and what he is trying to do; also our conviction that when he is summoned before his Maker, as each of us must be, he will be welcomed with the greeting, "Well done, thou good and faithful servant".

Some Hon. Senators: Hear, hear.

The motion was agreed to, and bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Some Hon. Senators: Now.

Hon. Mr. Robertson: While I should like to defer to feelings which are shared, I am sure, by us all, it is a rule of the Senate that private bills shall go to committee. I can well believe that the committee will not take long to deal with this bill, but I suggest that it be referred.

Hon. Mr. Isnor: Honourable senators, I move that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

INDIAN BILL

MOTION FOR SECOND READING—BILL WITHDRAWN

The Senate resumed from Thursday, February 5, the adjourned debate on the motion of Hon. Mr. Ross for the second reading of Bill Z, an Act to amend the Indian Act.

Hon. Wishart McL. Robertson: Honourable senators, I regret very much that, as a result of the position which I occupy, it is my responsibility to officially express dissent from the principle of the bill which was moved by the honourable senator from Calgary (Hon. Mr. Ross). I express my regret because I realize that my honourable friend takes a very active part in legislative matters, and under other circumstances it certainly would not be my disposition to oppose the principle of the motion he has made.

I oppose it for two reasons. The first is that an undertaking was given to the Indians themselves in 1951, when the Indian Act was passed, that there would be no change affecting their rights until after a trial of two years, and after a further conference with them. This, incidentally, is a point which they immediately raised against this bill. No sooner had my honourable friend (Hon. Mr. Ross) spoken to his bill than the Honourable W. E. Harris, the minister concerned, received from the president of the North American Indian Brotherhood, representations that adoption of the bill by parliament would violate the undertaking which the minister had given in that respect. The minister did not bind parliament, of course, but under these circumstances I should think that it would be a serious matter to break his undertaking, which was a very natural one.

My other reason has to do with the question of the specific amendment itself.

In 1951, prior to passage of the present Indian Act, the Honourable Mr. Harris convened a representative meeting of the Indians of Canada at which the proposed legislation was reviewed, and the Indians were given an opportunity to make comments and suggestions. Certain provisions of the proposed act, particularly some of those affecting the rights of Indians, did not meet with their approval, but they were advised by Mr. Harris that the government intended, if the bill was passed by parliament, to give the act a trial of at least two years. Mr. Harris promised that after the trial period he would be prepared to consider representations from the Indians regarding amendments to the act.

Since the act came into force the government has become aware of the desirability of amending certain of its provisions, but, in keeping with the promise made to the Indians, has postponed taking amending action, except in one minor instance. I refer to the bill which honourable senators may recall was passed by parliament just before the Christmas adjournment. It was, as I said, a very minor amendment, and it did not take away from the Indians any rights and privileges extended to them under the act.

If the bill which has been proposed by the honourable senator from Calgary (Hon. Mr. Ross) should pass, it would affect the rights of Indians, who certainly would view the passing of the bill as a breach of Mr. Harris' promise that they be given an opportunity to make representations when the Indian Act was being reviewed, some time after it had been in operation for two years.

On the point of the amendments themselves, it has been suggested to me that the proposed bill may be interpreted as enabling judgment creditors of an Indian to execute their judgments against his real property on an Indian reserve. This is not possible, as an Indian does not hold title to real property on a reserve. Title to all reserves is vested in the crown, and the rights in reserve lands that may be acquired by an Indian in accordance with the provisions of the Indian Act are rights of occupation and use.

The proposed bill, if passed, would in many instances have the effect of depriving the Indian of the chattels with which he must make his living on his reserve. Generally speaking, Indians are not as well equipped by education or experience as are their non-Indian neighbours to earn a livelihood, nor have they the same field in which to do so unless they are prepared to leave their reserves and give up the rights and privileges extended to them so long as they reside there. Permission to seize and sell the farm equipment of an Indian as the result of a judgment against him, would mean either that he would be forced off his reserve to seek some other means of livelihood, or the Government of Canada would have to take care of him and his family or provide him with equipment to carry on his farming activities. In short, the proposed bill would have the effect of imposing an extra burden on the government, which is responsible for Indians and their welfare.

Under the present Indian Act an Indian is largely protected against high pressure salesmen. The proposed bill would remove this protection, and it could be expected that unscrupulous salesmen would find Indian reserves to be fertile fields for the sale of merchandise which in many cases would not be needed by the Indians and which in other cases would be useless to them. Also today

it is not usually possible for an Indian to run up large store debts, because merchants will not extend much credit to them; but the opposite would be the case if the proposed bill were passed, for there is no doubt that many Indians would improvidently run up large accounts without giving much thought to how they would be paid. Indians have been protected for generations against creditors, and if this protection were suddenly withdrawn, many Indians, despite any warnings that might be given, would not realize what loss of the protection meant until a bailiff started seizing and selling the chattels with which they must earn their livelihood.

In explaining his bill the honourable senator from Calgary made mention of Indians driving automobiles and becoming involved in accidents, and escaping liability because judgments cannot be executed against their property situated on Indian reserves. The implication is that Indians are in a unique position, and that in fairness to the non-Indian residents of Canada this situation should be changed. The honourable gentleman appears to have overlooked, however, the many cases where persons of non-Indian status involved in accidents have no insurance and are virtually execution proof because they have no property of any value. Cases are all too numerous where a motorist must pay for damage to his car occasioned by the negligence of some other party, simply because there is no hope of recovering damages from that party by execution after the judgment. Recourse here would seem to lie in the field of provincial jurisdiction.

Hon. Mr. Reid: Some provinces seize cars.

Hon. Mr. Robertson: Yes, and some have contemplated requiring the driver to place a bond when his car is licensed. I do not know how practical that system is, but the solution of this particular problem in respect to both Indians and non-Indians is largely one which I think properly falls within the provincial field.

In view of the protest made by Andrew Paull, the President of the North American Indian Brotherhood, against any action at this time, and in the light of the possibility that the Indian Act will be up for revision next session, it would seem that the subject-matter of this bill might well be postponed and brought before the house at that time. I would ask the honourable member from Calgary (Hon. Mr. Ross) if, in view of what I have said, he would request the consent of the house to withdraw his motion.

Hon. Mr. Aseltine: Honourable senators, I should like to ask the sponsor of the bill if he knows how many Indians own and drive automobiles?

Hon. Mr. Ross: I cannot answer that question.

Hon. Mr. Reid: There are quite a number in British Columbia.

Hon. Mr. Ross: I know that a great many own and operate automobiles, but I could not give any figures.

Hon. Mr. Aseltine: May I be permitted to tell the house of the remedy we have in the province of Saskatchewan for a situation of this kind?

Although in the beginning many of us in that province were strenuously opposed to the province entering the insurance field, the government nevertheless saw fit to do so. The coverage is quite extensive, by reason of the fact that everyone who applies for an automobile licence is required to pay an additional $10 to get insurance protection.

Hon. Mr. Ross: Public liability insurance?

Hon. Mr. Aseltine: Public liability insurance, and damages to the extent of $5,000 in the event of death. If this matter raises a serious problem in Alberta, the honourable senator from Calgary might well consider persuading the government of that province to enter the insurance field in a limited way. Of course, even in Saskatchewan one does not have 100 per cent coverage, but under such a scheme Indians of Alberta could obtain a policy, with perhaps certain deductible items, and thereby protect the public in the event of their negligence in the driving of automobiles.

Hon. Mr. Ross: Honourable senators, in view of what has been said—

The Hon. the Speaker: I must call the attention of honourable senators to the fact that if the honourable senator from Calgary (Hon. Mr. Ross) speaks at this time, he will close the debate on this bill.

Hon. Mr. Haig: Question!

Hon. Mr. Ross: Honourable senators, in view of the undertaking given by the minister, I do not think this bill should carry, and I would be content to have it withdrawn or defeated at this time.

Hon. Mr. Robertson: The proper procedure would be to ask for the consent of the house to have it withdrawn.

Hon. Mr. Ross: With the consent of the house, I would ask that this bill be withdrawn.

The Hon. the Speaker: Honourable senators, has the honourable senator from Calgary the leave of the Senate to withdraw this bill?

Some Hon. Senators: Carried.

The bill was withdrawn.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill Z-3, an Act for the relief of Marguerite Irene Bastien Taschereau.

Bill A-4, an Act for the relief of William Gordon Quinn.

Bill B-4, an Act for the relief of Joseph Brennan.

Bill C-4, an Act for the relief of Henry Collingwood.

Bill D-4, an Act for the relief of Douglas Malcolm Stephen.

Bill E-4, an Act for the relief of Mary Lane Taylor.

Bill F-4, an Act for the relief of Stanley Gordon Fowler.

Bill G-4, an Act for the relief of Ethel Florence Flack Towne.

Bill H-4, an Act for the relief of Mary Katherine Randell Clarke.

Bill I-4, an Act for the relief of Ralph Wellington Goodyear.

Bill J-4, an Act for the relief of Donalda Gagnon Fontaine.

Bill K-4, an Act for the relief of Marie Sylvaine Alain Dahlstrom.

Bill L-4, an Act for the relief of Ruth Schwartz Cohen.

Bill M-4, an Act for the relief of Annie Mislovitch Cohen.

Bill N-4, an Act for the relief of Minnie Miki Simon Werkzeig, otherwise known as Minnie Miki Simon Werk.

Bill O-4, an Act for the relief of Antonio Proietti.

Bill P-4, an Act for the relief of Ida Hier Blant.

Bill Q-4, an Act for the relief of Hilda Irene Roddis Galbraith.

Bill R-4, an Act for the relief of Ivy Helen Jean Morton Starke.

Bill S-4, an Act for the relief of Barney Flegal.

Bill T-4, an Act for the relief of Marie Renee Emond Walker.

Bill U-4, an Act for the relief of Edwin George Chafe.

Bill V-4, an Act for the relief of Phyllis Violet Perlson Wright.

Bill W-4, an Act for the relief of Margaret Eadie Kerr Britton.

Bill X-4, an Act for the relief of George Robert Stirling Henry.

Bill Y-4, an Act for the relief of Margaret Elizabeth Thelma Webb Crothers.

Bill Z-4, an Act for the relief of Pauline Liliane Baron Brumby.

Bill A-5, an Act for the relief of Madeleine Blain Cousineau.

Bill B-5, an Act for the relief of Angelina Maria Di Battista Gill.

Bill C-5, an Act for the relief of Charles Snoade Hilder.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall the bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

TRADE MARKS BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading of Bill R-3, intituled: "An Act relating to trade marks and unfair competition."

Hon. Mr. Robertson: Honourable senators, in asking that this order be allowed to stand, may I make a brief explanation?

The honourable senator from Toronto (Hon. Mr. Hayden) was in the chamber yesterday and was prepared to proceed with his explanation of this somewhat lengthy bill, but by reason of the urgency of some other legislation I asked at that time that this measure be allowed to stand. The honourable senator is not present today, but I believe he will be here tomorrow, and prepared to explain the bill, in his usual lucid and illuminating way, no matter how detailed or involved the bill may be.

The Order stands.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy

of the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Barbara Carrique Cordeau.
An Act for the relief of Frederick Kenneth Hare.
An Act for the relief of Frances Wavertree Harris McClure.
An Act for the relief of Nicole Jeanne Andree Marion Comys.
An Act for the relief of Joseph Mattioli.
An Act for the relief of Gabrielle Bertrand McCullough.
An Act for the relief of Katherine Jessie McArthur.
An Act for the relief of Sarah Cohen Lintz.
An Act for the relief of Fernande Robitaille Viel.
An Act for the relief of John Joseph Francis.
An Act for the relief of Olga Andrews Martin.
An Act for the relief of Lois Hattie Adelstein Green.
An Act for the relief of Nellie Slade McCue.
An Act for the relief of Jean Davis Brady.
An Act for the relief of Dominique Fiorito.
An Act for the relief of Pearl Elmeda Clarke Staples.
An Act for the relief of James Arthur Bruce.
An Act for the relief of Bernice Rosen Rapps.
An Act for the relief of Murray Cecil Day.
An Act for the relief of Elizabeth Florence Robson Hamilton.
An Act for the relief of Winniefred Ann Maltby Gurlevitch.
An Act for the relief of Marie Claude Audette Isabelle Boulanger Douglas.
An Act for the relief of Gaston Courtemanche.
An Act for the relief of Norma Bernstein Cohen.
An Act for the relief of Mina Eisenthal Hamerman Segal, otherwise known as Mina Eisenthal Segall.
An Act for the relief of Agnes Charlotte Quamme Higgins.
An Act for the relief of Agnes Mary Perkins Pereira.
An Act for the relief of Rosalina Marie Sepchuk Maniloff.
An Act for the relief of Anne Reddie Banks Carruthers Beaudoin.
An Act for the relief of Doris Isabell Dalzell Bennett.
An Act for the relief of Costanza Marzitelli Boisvert.
An Act for the relief of Gladys Emily Miller Young.
An Act for the relief of Francoise Ernout Fisher.
An Act for the relief of Margaret Girvan Hill.
An Act for the relief of Fernand Ratelle.
An Act for the relief of Charles Meela Voyinovitch Seifert.
An Act for the relief of Lily Isenberg Kwavnick.
An Act for the relief of Doreen Mae Walmough dit Watmough Colson.
An Act for the relief of Robert Gordon.
An Act for the relief of Helen Isabelle Hammond Dadson.
An Act for the relief of Harold Gordon McFarlane.
An Act for the relief of Dezso Ferenc Cross.
An Act for the relief of Eric Ernest Auclair.
An Act for the relief of Napoleon Jean-Paul Chayer.
An Act for the relief of Marie Josephte Gilberte Belanger Byrne.
An Act for the relief of Nina Difiore Statner.
An Act for the relief of Tillie Tietlebaum Victor.
An Act for the relief of Elina Iacurto Floyd.
An Act for the relief of Jennie Miller Solomon.
An Act for the relief of Elia Kuczerian.
An Act for the relief of Ruth Audrey Lorraine Beauchamp Laderoute.
An Act or the relief of Phyllis Newman Lunan.
An Act for the relief of Helen Doreen Cave Crawshaw.
An Act for the relief of Armand Frenette.
An Act for the relief of Florence Brown Boyaner.
An Act for the relief of Eileen Mercedes Hudson Walsh.
An Act for the relief of Madeleine McCartney Ratcliff.
An Act for the relief of Kathleen Mary Wilkinson Paraskiewicz.
An Act for the relief of Georges Chaput.
An Act for the relief of Florence Anna Carsh Laing.
An Act for the relief of Beatrice Miriam Kert Beloff.
An Act for the relief of John Alexander Stronach.
An Act for the relief of Raymond Gelinas.
An Act for the relief of Anna Madeline Patterson Cotter.
An Act for the relief of Claudia Marie Boudreau Leblanc.
An Act for the relief of Lily Belzberg Bigman.
An Act for the relief of Joseph Arthur Lesage.
An Act for the relief of Minnie Gruhn Boon.
An Act for the relief of Jane Louttit Dormer.
An Act for the relief of Roger Loiselle.
An Act for the relief of William Oscar Gilbert.
An Act for the relief of George Magner.
An Act for the relief of Teodora Szablity Szentirmai.
An Act for the relief of Arthur Piche.
An Act to amend the Canada Evidence Act.
An Act to amend the Prisons and Reformatories Act.
An Act respecting Interprovincial Pipe Line Company.
An Act to incorporate Peace River Transmission Company Limited.
An Act respecting Beaver Fire Insurance Company.
An Act to amend the Companies' Creditors Arrangement Act, 1933.
An Act to amend the Representation Act, 1952.
An Act to amend the Loan Companies Act.
An Act to amend the Trust Companies Act.
An Act to amend the Judges Act, 1946.
An Act respecting the appointment of auditors for National Railways.
An Act respecting the Royal Style and Titles.
An Act to amend the National Defence Act.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 12, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

IMMIGRATION

MOTION

Hon. Cairine R. Wilson moved:

That the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and Amendments), its operation and administration and the circumstances and conditions relating thereto including:—

(a) the desirability of admitting immigrants to Canada;

(b) the type of immigrant which should be preferred, including origin, training and other characteristics;

(c) the availability of such immigrants for admission;

(d) the facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants; and

(e) the appropriate terms and conditions of such admission;

And that the said committee report its findings to this house;

And that the said committee have power to send for persons, papers and records.

She said: Honourable senators, as the same motion has already been before the Senate on one or two occasions, it is hardly necessary for me to go into a detailed explanation of it. It is being presented again at this time in order that the committee, of which I am chairman, may function this session. Adoption of the motion will give the committee permission to hold meetings and carry out its duties.

Hon. John T. Haig: Honourable members, I am in favour of the motion, but I should like to suggest to the honourable lady that the Immigration Committee postpone its sittings. My information is that some major amendments to the Canadian Citizenship Act are going to be proposed soon, and I do not think the committee should meet until that legislation has been presented.

A committee of the Senate recently interviewed the honourable leader of the government (Hon. Mr. Robertson) requesting that the proposed new legislation be introduced first in this house. It seems to me that the Immigration Committee should not proceed under the motion now before us until we know, first, whether the amendments to the Citizenship Act are to be brought down within a reasonable time, and secondly, whether they will be introduced first here.

Presumably the committee would wish to have a verbatim report made of its proceedings. As honourable members know, the Senate has a small reporting staff. There does not seem to be any point in reporting the proceedings of a committee on matters which may be dealt with in a bill that perhaps we shall have before us for consideration within a week or ten days.

I have met the minister and his deputy, and I have complete confidence in them. I know that they and their department are well aware of the very difficulties which the committee would look into. It seems reasonable to assume, therefore, that they will propose statutory amendments designed to take care of these difficulties.

Hon. Mr. Robertson: In reply to the honourable leader opposite, I may say that the committee to which he referred called upon me for the purpose of having the somewhat substantial amendments to the Canadian Citizenship Act, which are now contemplated, introduced in the Senate, and it is the intention of the government to have that done. Indeed, I had hoped to be able to introduce the bill today, but it is not available. As the act has been in force for more than six years, substantial revisions are necessary. I hope to be able to introduce the bill the first of next week, or very shortly thereafter.

Hon. Mr. Haig: Thank you.

The motion was agreed to.

DAIRY PRODUCTS

PROTEST TO UNITED STATES GOVERNMENT AGAINST RESTRICTION OF IMPORTS

Hon. Wishart McL. Robertson: Honourable senators, a few moments ago I tabled a copy of a note of protest presented by the Canadian Embassy in Washington to the United States government in respect of restrictions by that country on dairy products. My honourable friend from Churchill (Hon. Mr. Crerar) asked me if it would be printed, and I told him—in error—that, as a matter of course, it would. I realize now that it is the title, not the substance of the note itself, which ordinarily would be printed. As I have reason to think there is considerable interest in the subject-matter, I would ask leave of the Senate to have it incorporated in *Hansard* as an appendix to our proceedings.

Hon. Senators: Agreed.

See appendix to today's Report of Debates.

INTERNATIONAL TRADE

MOTION

Hon. A. Neil McLean moved:

That the Standing Committee on Canadian Trade Relations be empowered to inquire into and report on:

1. What, in their opinion might be the most practical steps to further implement article 2 of the North Atlantic Treaty whereby the signatories to that document agreed that "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them".

2. That notwithstanding the generality of the foregoing, the committee be instructed and empowered to consider and report upon how, in their opinion,

(a) any project for developing economic collaboration, specifically between the countries who are signatories to the North Atlantic Treaty, can be co-ordinated with the trade policies of other countries of the free world;

(b) any project for developing economic collaboration between the countries which are signatories of the North Atlantic Treaty, might have the same degree of permanence that is contemplated in the twenty-year military obligation under article 5 of the treaty whereby "The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

3. That the committee be empowered to extend an invitation to those wishing to be heard, including representatives of agriculture, industry, labour, trade, finance and consumers, to present their views, and that the committee also be empowered to hear representations from business interests or individuals from any of the NATO countries who might wish to be heard.

4. That the committee be empowered to send for persons, papers and records, and to secure such services as may be necessary for the purpose of the inquiry.

He said: Honourable senators, it is my purpose today to confine my remarks chiefly to the trade position of Canada, the Commonwealth, NATO and the rest of the free world, for it is on trade that our prosperity is founded, and foreign trade plays a mighty big part in this picture.

It has been said that England must export or die. What about ourselves? Seventeen or eighteen per cent of the total trade of the United Kingdom is export trade, whereas Canada's proportion is around 25 per cent, and that of the United States five or six per cent. So one can easily see that if anything happened to our export trade or interfered with its expansion we would be placed in an unenviable position.

In our foreign trade we have generally had two good strings to our bow, in having two great markets, the Commonwealth and the United States. Of recent years we have been prone, I think, to lean too heavily on the latter country, and possibly have neglected opportunities of trade within our own commonwealth.

I want to say right here that the British Empire is the greatest potential territorial trading unit in the world, for it has greater natural resources than either the United States or Russia. The resources of our commonwealth are one of the greatest bulwarks behind the free world, and if ever one acre of these great resources passes behind the Iron Curtain it will be a sad page of our history for posterity to read.

I am going to name the commodities the Commonwealth can produce in abundance. These, with their by-products, make up, I would say, eighty to ninety per cent of the world trade: lumber, vegetable oils, mineral oils, rice, wheat, coarse grains, cotton, wool, rubber, fruits, precious metals, base metals, coal, fish, beverages, sugar, livestock, chemicals, dairy products and minerals.

Wealth in the land and sea is poor working capital for any country. Resources must be developed, and such development is what the empire so greatly needs. This cannot be done when we are surrounded with a multiplicity of all kinds of restrictions—embargoes, permits, licences, rationing, high tariffs, changing tariffs—and bulk buying by nations, amateur economic controllers, austerity and inconvertible money, etc. Thus we are denied a great deal of the enjoyment of the great material progress which modern science has put within our reach. Such restrictions are a millstone around the neck of trade and likewise place a great handicap on prosperity. The free world cannot afford these antiquated artificial barriers. We should be united in our efforts, for it may be later than we think.

The outcome of the recent Commonwealth Conference of the Prime Ministers of the Empire was gratifying indeed, as far as it went, but we have to put forth greater efforts without delay in getting the two great parts of the free world, the sterling area and the dollar area, on a solid and mutually beneficial basis of finance and commerce. Canada took a more important part in this last conference, and well we should, for we are more vulnerable in our trade relations than we may think. Discussion at the conference covered removal of restrictions, convertibility of the pound sterling, the dollar gap, raising the price of gold, etc. The solving of these problems is the first step toward freeing the trade of the empire and inaugurating a great period of commonwealth development. In fact, these are the vital steps that must be carried out promptly. Quack remedies are simply tinkling brass and sounding cymbals.

Now let us take these problems one by one. The pound sterling was the great money of the world for nearly a century. It was the

reserve currency of almost all nations. The question might well be asked, "Can the pound be restored to its former prestige?" I am sure it can be, for we have the resources to do it, and the handicaps that are holding it back are man-made and artificial. England, by her system of trading and investing, made sterling great in the old days right up to the first World War, but the tremendous loss of wealth which the United Kingdom suffered during the two World Wars put the pound on the rocks—and there it is, surrounded by restrictions, whereas the only cure for its present condition is freedom. For over sixty years before the first World War England was the dominant creditor country of the world. London was the chief financial centre and final clearing house for trade balances. The system operated by the United Kingdom worked smoothly, for it kept nations in balance. First, England not only stood for free trade in commodities, but she also stood for free trade in national currencies. In those days England was willing to take annual imports which were double the value of her exports. Half her imports were in payment for her exports, and the other half were in payment of interest on loans for shipping, banking and insurance services.

During that period the United Kingdom had each year a surplus for foreign investment, which is estimated at a value of around a half billion a year, and this totalled up to around six billion pounds, or thirty billion of dollars. In the meantime, of course, about ten billions of these loans had been repudiated, which amount was really a gift to other nations. This is how England closed the gap in the early part of this century: by imports and reinvesting her trade surplus. But the two wars, as we know, weakened the United Kingdom financially to such a great extent that the United States became the world creditor nation and the dominant financial power, and for some time now it has been the responsibility of America to keep the trade of the free world in balance, just as it was England's responsibility to keep her trade with the world in balance when she was the dominant power.

It is as true as the sun rises that debtor nations can only pay creditor nations with the goods and services they produce; and if such things as they produce are not received by the creditor nations, there results a constant balance-of-payment crisis, with all the economic trouble that ensues. Now the excess of exports by the United States over imports has been the cause of the dollar gap. While it is true that our great neighbour has done a great deal to alleviate the situation by all the generous grants—military and economic aid—which she has made to Europe and other countries, it has been a more or less unsatisfactory or make-shift system, and we go from one crisis to another in trying to balance international accounts. This is very unsettling to the economic stability and independence of other nations, and consequently creates much tension and ill will. Quite a portion of the dollars which the United States tried to put into circulation abroad during the last three years did not find their way into the trade channels, and this must be discouraging to our great neighbour. Several nations of the free world took the American dollars and hoarded them as reserves, and Canada seems to be at the top of the list. About four billion U.S. dollars have been taken out of circulation and put into steel vaults by the following nations: Canada, around one billion dollars; Japan, 500 millions; Germany, the Netherlands and Indonesia, around 300 millions each; France, Egypt and Cuba, 200 millions each, and other nations smaller amounts. In the decline of the value of the American dollar we have I believe, lost over 100 million dollars of our reserves, and so it goes.

Now it might be asked what America can do about a trade balance between dollar areas and sterling areas, that is, to bridge the dollar gap and end these balance-of-payment crises. Well, we can render substantial temporary aid toward making the pound convertible and thus pave the way for dollar investments in the resources of the commonwealth. Investors are sensitive, and they are not going to invest their dollars in commonwealth enterprises when they cannot get back returns on their investment in their own currency. This can only be brought about by making the pound free and convertible. Also, a convertible pound would mean the ultimate death knell of trade restrictions. After the pound is freed, we in America should be prepared to invest our trade surplus in the economic development of other parts of the commonwealth, NATO countries and the free world. Foreign trade and investment are dominant factors which determine the level of our living standards.

Look at the opportunity we have for investment, for instance, in our West Indies. Canada has no tropical province, and our people are spending tens of millions in the southern States every winter. If the West Indies had enough facilities, such as hotels, playgrounds, etc., a great many of these millions could be diverted and spent there; also, many more Americans would be attracted to these islands, especially if the rackets were kept out. We should strive for economic union with the West Indies. They can be made

far larger customers than they are at present. Canada should set an example by including sterling in its national reserves. The pound is convertible now in the sterling area, i.e., the Malayas, South Africa, New Zealand, Australia, the West Indies, etc., and I believe the time is coming before long when it will be convertible in the dollar area. We must work to that end, for there is no use fooling ourselves: the free world must pull together or pull apart; we cannot continue Tower-of-Babel style. Instead of forty different kinds of languages, there are forty different kinds of money.

Now I contend that future purchasing power in the empire is a sound reserve; also, investment in our commonwealth is no wild speculation—such investments have proven profitable indeed. If we believe in the future of our sister nations of the empire and want them as our close friends and neighbours in the free world, we must co-operate with them in their development and trade problems in the same way as England did with friendly nations during the last part of the nineteenth century and the first part of this century. We would be a long time losing $100 million in our investment in sterling or in the sterling area. Furthermore, if we take our surplus trade balance in sterling we can use a part of it to buy up our obligations on the London stock exchange. We still have nearly $2 billion of our securities in Europe, on which we are paying a service charge of around a million dollars a week, so we can repatriate a considerable portion with sterling and make a saving.

Again, we have lots of surplus food in this country. Would it not be better to take sterling for these surpluses which we can invest, rather than let these surplus foods lie around in warehouses at considerable overhead expense, or try to jam food down the throats of our own people by the subsidy method? Subsidies do us no good as a people, for we simply subsidize one business to the detriment of another—we do not increase the consumption of food, and why should we? Sterling does not deteriorate with time or cost anything to carry, whereas food does.

We certainly do a good job in sending munitions abroad. I notice a defence department report states that Canada has shipped military stores, ammunition and other armaments worth $264 million to North Atlantic Treaty Organization countries. I agree with Dr. Keenleyside and the former Agriculture Minister of Ontario, Mr. Kennedy, that we are strong on munitions for poor nations and weak on food. Empty bellies certainly appreciate food as much as guns; besides, we have a surplus of food and would get sterling for a good part of this surplus if we wanted to, whereas we do not have a surplus of munitions, unless we manufacture them at the taxpayers' expense. It is unquestionably a good thing for security purposes that we are in NATO, and we must pull our load; but we are told the ratio of our aid is $100 for munitions to $1 for food, etc.

Now it is just as bad not to harvest a crop that is offered to us by nature in this country as it is to plough a crop under. Poor economic conditions in any country stimulate communism. The seeds of communism always find fertile ground where there are hungry people. One of the greatest things that the wealthier nations can do to fight communism is to help raise the standard of living of the poorer nations. Take Italy, for instance. It is one nation in Europe where communism has been making some headway recently. I noticed that the United Nations gave aid to the children of Italy to the extent of $16 million; and while we have shipped to that country $85 million worth of munitions, I have no record of our having helped it out with food.

Knowing what I do about world trade, I cannot emphasize too strongly that first and foremost we must work toward the establishment throughout the empire of a convertible currency; and as stated, my opinion, after deep study, is that North America should give all-out co-operation to bring about the re-establishment of the pound sterling, for it means more than we realize to the free world.

For instance, across the border there are forty-eight little nations trading amongst themselves, doing a vast trade beyond one's imagination. The total income of the United States last year, as I recall it, was $325 billion; and there was practically no unemployment amongst their 63 million working people. And that country gave away some $7 billion or $8 billion to foreign aid.

Dealing with trade in the United States, you would never hear of Texas or Hawaii being unable to ship goods to Maine, some thousands of miles away, because of bookkeeping or exchange difficulties. Or take the Russian sphere of influence in trade—the idea of the provinces on the Black Sea being unable to ship goods to Moscow on account of exchange difficulties is unheard of. Now we can see what disadvantages there are in the British Empire, when we have places to which one can hardly ship goods across on a ferry without running into exchange difficulties or the difficulties of nonconvertibility. Surely we can solve this problem, for right here in the empire we have the brawn and the brains to solve it if we get together, put our hand to the plough and do not look back.

A great deal of thought is being given by the nations belonging to NATO and other democracies of the free world to trade, exchange and other economic problems. A considerable amount of spadework has been done toward taking the shackles off trade between the nations of the free world, but so far the major portion of the talks and negotiations has been carried out by respective government departments which deal with international commercial relations. But these negotiations have now reached a higher level, as is witnessed by the coming visit from England to the United States next month of the Chancellor of the Exchequer, Richard Butler, and the Foreign Secretary, Anthony Eden, to discuss trade and economic relations of the sterling area with John Foster Dulles, Secretary of State for the United States, and George M. Humphrey, Secretary of the Treasury.

Here in Canada we are greatly interested in the expansion of our foreign trade, as of course are other nations who belong to NATO, as well as the rest of the free world. The question is: how can greater freedom be brought about? "Trade, not aid" is now a headline of the press in many free world countries. Constructive suggestions have been made—to do such things as lower tariffs, ease customs regulations, cut out import quotas, free the pound sterling, raise the price of gold, increase investments by the dollar countries in productive industry in the commonwealth countries and NATO nations, etc. These suggestions are being made as a means to closing the dollar gap and placing the trade of the free world on a stable and balanced basis. In Canada a great interest is being shown by various organizations and the press in these trade problems. Boards of trade, individuals and many business institutions which are familiar with the North Atlantic pact—especially article 2, which deals with economic relations—want to be heard; and it seems to me that a committee of this honourable body would be the best forum to conduct hearings and receive representations.

I feel sure that having delegations of interested Canadians, and possibly representatives from other parts of the commonwealth and other NATO nations, come before a committee of this honourable body and express their views with regard to the trade problems of the free world, will prove of great benefit; and valuable information placed before us will serve as a foundation for further constructive proceedings. I trust that before the committee completes its hearings it will be able to make some valuable suggestions or recommendations which will help us to find ways and means for carrying out article 2 of the North Atlantic pact; and suggestions also toward a solution of the trade problems of the whole free world.

In connection with the North Atlantic pact we must remember that the sections dealing with mutual aid and economic collaboration are as solemn and binding as the clauses that deal with military aid, and they should be implemented concurrently. We have gone a long way with regard to military aid; and now, it seems to me, the time is past due when inquiry should be made as to how the former clauses can be carried out. I believe that a committee of this honourable house can make a worthy contribution towards this end.

Hon. W. D. Euler: Honourable members, in seconding the motion of the senator from Southern New Brunswick (Hon. Mr. McLean), I should like to compliment him both on his resolution and on the informative nature of his address. It is not my purpose, today at least, to follow him in his profound exposition and examination of the economic and financial difficulties of the sterling area. To speak frankly, perhaps one of my reasons for this is that at the moment I do not feel quite qualified to do so.

My friend made some reference to the North Atlantic Treaty Organization. I think it is true that many people have the impression that practically the only purpose of NATO is to unite the North Atlantic countries for purposes of defence. There is a great deal more to the treaty than that. My remarks, which will be general in their nature, will have to do almost entirely with the obligations which Canada, as a member of the North Atlantic Treaty Organization, has assumed.

In general, if no individual country can successfully defend itself or effectively carry on a war unless its internal economy, industrial and other, is sound, it is obvious that international military co-operation, to be efficient, must be supplemented by co-operative international trade relations. This resolution, as I understand it, is designed to promote that object.

I have one other reason for supporting my friend's motion. About two years ago the Senate, with hardly a dissenting voice, passed a resolution favouring the calling of a meeting of the Atlantic countries to explore the possibilities of an Atlantic, or what is sometimes called a federal, union, presumably a union somewhat similar to the federation of the states of the United States or of the provinces of Canada. If that degree of co-operation or collaboration in the fields of defence and of international trade were

achieved, it would be a real forward step towards the goal of Atlantic union and, in my opinion, a powerful factor, in the maintenance of world peace.

I am very happy to second the motion.

Hon. John T. Haig: Honourable members, I am a bit of a pessimist. However, let me begin by congratulating the honourable member from Southern New Brunswick (Hon. Mr. McLean) on his very able presentation of this motion; I would add that I can readily understand the ideas which, in this connection, occupy the mind of the honourable member from Waterloo (Hon. Mr. Euler). Day by day one reads in the newspapers and magazines, echoing the conclusions of the conference which met in London last December, that all that is necessary to re-establish world trade is to make sterling convertible. But I have never heard anybody, including my honourable friend who spoke this afternoon, tell us how sterling can be made convertible. My honourable friend said we could promote trade by cutting down the barriers, erected through customs regulations, against business. Bitter complaint is made that these restrictions bar the entrance of our goods to the United States. Lying on the Table at this moment is a protest by our government to the United States government against restrictions on the admission of our dairy products. Regulations are imposed by the American authorities, and away goes our business. Presumably as a result of the recent conference of commonwealth Prime Ministers, the British Chancellor and the President of the Board of Trade are reported to be about to visit the United States. Incidentally, much of the proceedings of the commonwealth conference do not seem to have been divulged to the public. I think there is too great a tendency to withhold information for fear of letting Russia know what we are doing. But the British ministers can be visiting Washington with only one object—to make the pound sterling convertible. What means to this end can they possibly suggest? Either one of two things. One is, to lower United States tariffs on manufactured goods from the sterling area to enable those countries successfully to compete for business. From all that I have gathered from reports of interviews and speeches by members of the Senate and the House of Representatives, I do not believe that that course will be adopted. The only other means of correcting the present situation is for the United States to loan large sums of money to nations which are short of dollar currency.

Hon. Mr. Euler: They have been doing that.

Hon. Mr. Haig: Yes. But what they have done is not enough. The French government have stated that France cannot carry on unless she is granted additional subsidies of seven or eight hundred million dollars. Britain has announced that her full co-operation in international defence must be delayed, although she has been promised between now and the end of the year another $400 million in addition to advances for military purposes. How can the United States—or Canada, which in this respect has much the same problem as the Americans—meet this situation? We are poorer. We have only got a national production of about $2 billion.

Hon. Mr. Euler: $23 billion.

Hon. Mr. Haig: I meant to say $23 billion. At any rate, it is one-fifteenth of what the United States have. To some degree we are in the same boat as they are. What brings money into Canada today? Why are United States interests investing hundreds of millions of dollars in our country? They know that our laws will protect their investments and that they will be able to take out their earned profits after income tax deductions. What happened to the hundreds of millions of pounds the British invested in Persia and Iran? Look at what is going on in the Middle East and in India. India is short of food, particularly meat, yet cattle by the hundreds are allowed to run unattended up and down the country. The people in those countries do not realize that if they want the Western nations to invest money within their boundaries they will have to offer some protection for the investments. How much money would have been invested in Western Canada had oil not been found in Alberta, and had the Aberhart theories been carried out? Even at that it was difficult at one time for the province to sell bonds, and they eventually fell pretty low when dividends were not paid. It is true that when oil was found in Alberta, thanks to the old provincial Liberal government of 1896—and the same is true of the government in Manitoba—the patent rights on oil were held up and kept in the crown. Because of this action these governments came into the money.

Sterling areas cannot expect that foreign investments will be made in them except through force on the part of foreign governments. The ordinary person would not invest his money. Would you? If I came forward and said, "I want you to put a bond issue on India to build an irrigation scheme," would you do it? You might if I offered you 100 per cent profit. Would you invest money in Iran, Egypt, Ceylon, Malaya or Indonesia? Not on your life. Where are the ships—worth about $12 million—that the Chinese

took from us? The ships whistled "Toot, toot" and away they went.

People preach that in order to get trade we must make money convertible. Well, you cannot make it convertible unless you are willing to underwrite the whole show. What happens when a banker lets his money out on an industry and the industry starts to go flat. As we were told in committee the other day, a fellow walks into a bank manager and asks, "Are you in the boot and shoe business?" and the banker says no. The fellow says to him, "Well, you are now," and he hands over his business to the bank. Well, when we make investments abroad we take similar risks.

I am as good a Britisher as anybody, but I want to make this statement. The theory has been alive in Great Britain for the last ten or twelve years that she can work forty hours a week and live as though she had the millions she had in former days. The honourable senator from Southern New Brunswick (Hon. Mr. McLean) told us that for over sixty years prior to the first World War half of England's imports were in payment for her exports. England has lost a great deal of her insurance and financial business and investments in other countries. It is true that the British fought two world wars and are deserving of our help. Nobody realizes that better than I do. But the cold fact of human nature is that people do not give money under such conditions as I have outlined. That is the truth of it.

Let me give the house an illustration. In 1951 the Woolworth Company in Britain made a gross profit of £14 million, but after income tax deductions it was able to show a profit of only £6 million. In other words, Britain took £8 million from the company. Canada's income tax laws are bad enough, but Britain's are a little worse. In 1952 the same company showed a gross profit of £16 million, but it paid £10 million income taxes. In fact, I believe the actual net profit was only £5$\frac{4}{10}$ million. So the net profit last year was smaller, although the company's over-all business amounted to £2 million more than in the year before. Britain cannot expect to attract foreign capital so long as that kind of thing lasts.

What happened to the hundreds of thousands of pounds which British people invested in Shanghai and other places? If I had stood up and said, "You people are making a mistake, because the government of China is not stable and therefore you should not invest your money there", I would have been hooted at.

What has been the experience of Americans? They are shrewd businessmen—they may not be any more shrewd than we are—and they are not going to invest in countries where they will be taxed to death or where they will lose their money as a result of revolution. And that is what investors face today in many countries.

I may cause some trouble or start a dispute, but I want to say one more thing. I should like to know why the British people are so bitter today at President Eisenhower because he said that the United States were going to cease shielding the Chinese mainland from a Nationalist invasion from Formosa. Why shouldn't the Americans take that course, if they wish? Who is carrying the load today in the Korean war? Nobody but the United States. Whose boys are dying in Korea? The great majority of United Nations casualties are Americans.

Hon. Mr. Baird: Who carried the load in 1914?

Hon. Mr. Haig: That is something that has gone by. That is the trouble. We are dealing with the present, not the past.

Hon. Mr. Baird: Yes, but we must not forget.

Hon. Mr. Haig: The situation has changed. I maintain that conversion of money will never take place unless one or two things happen. First of all, the people in the sterling area must realize that they have got to give security—not physical assets alone, but moral security as well—to ensure investors that they can take their earnings out. Unless this security is forthcoming, money will not be invested. The government can force it to be invested, but only for so long. I may say quite candidly that I do not believe the people of the United States will force their government to do such a thing. We may as well recognize these facts and not prate here to the effect that if we had some pounds sterling everything would be rosy. That is not true. Why did our Trade Minister go to South America to make trade deals? Sterling did not come into consideration.

I am willing that this subject be referred to committee, because I should like to ask representatives of the chambers of commerce and other organizations to tell us how we are going to solve this riddle. And I should like to ask a question of any one here: Would you, Mr. Senator, as the head of a corporation, invest its money in India, Ceylon or Pakistan today? I will bet my life that your answer would be no.

Canada, I believe, is the one country that can offer leadership to the countries of the world, including the United States and Great Britain. Though we are a small country, we

live very close to the United States, and we understand their problems and can explain them to the world.

I say all this with sadness in my heart, realizing the terrible struggles that certain countries are experiencing today. But at times I become very tired of listening to other countries trying to tell the United States what it should and should not do. Where in the world today can we find a more experienced man than the President of the United States—with the probable exception of Mr. Churchill—and one who is more anxious to rid the world of communism?

The honourable senator from Waterloo (Hon. Mr. Euler) has said we cannot win wars with a military machine unless it is backed up with good economic conditions at home. That is very true. Stalin's greatest hope is that our system will break down under heavy expenditures for defence purposes.

The honourable senator from Southern New Brunswick (Hon. Mr. McLean) said that we have given Italy something like $80 million worth of war material, but nothing for the people to eat. My bet is that the Italian uttered louder cheers for the countries which gave them $5 million worth of food, than for Canada which gave them $80 million worth of armaments.

It is not easy for a person to separate himself from his party, but what I have said today may not be supported by every member of the party to which I have the honour to belong. But so long as I remain in this house I must not fail to express clearly the views I hold. I say most emphatically that we must find a solution for the serious world trade problems facing us today.

I am willing to attend the proposed committee, and to help in its work in every way I can, but I shall want the witnesses who appear before it to tell me whether they would invest their money in certain countries. If they would not do so, then their evidence would not be worth a hoot.

Some Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, we have listened to some excellent speeches today. The address of the honourable leader opposite (Hon. Mr. Haig) was of his usual forceful type and contained much of value. I do not feel competent to discuss this vast problem this afternoon, without some further reflection on it, and with the permission of the house I move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill Z-3, an Act for the relief of Marguerite Irene Bastien Taschereau.

Bill A-4, an Act for the relief of William Gordon Quinn.

Bill B-4, an Act for the relief of Joseph Brennan.

Bill C-4, an Act for the relief of Henry Collingwood.

Bill D-4, an Act for the relief of Douglas Malcolm Stephen.

Bill E-4, an Act for the relief of Mary Lane Taylor.

Bill F-4, an Act for the relief of Stanley Gordon Fowler.

Bill G-4, an Act for the relief of Ethel Florence Flack Towne.

Bill H-4, an Act for the relief of Mary Katherine Randell Clarke.

Bill I-4, an Act for the relief of Ralph Wellington Goodyear.

Bill J-4, an Act for the relief of Donalda Gagnon Fontaine.

Bill K-4, an Act for the relief of Marie Sylvaine Alain Dahlstrom.

Bill L-4, an Act for the relief of Ruth Schwartz Cohen.

Bill M-4, an Act for the relief of Annie Mislovitch Cohen.

Bill N-4, an Act for the relief of Minnie Miki Simon Werkzeig, otherwise known as Minnie Miki Simon Werk.

Bill O-4, an Act for the relief of Antonio Proietti.

Bill P-4, an Act for the relief of Ida Hier Blant.

Bill Q-4, an Act for the relief of Hilda Irene Roddis Galbraith.

Bill R-4, an Act for the relief of Ivy Helen Jean Morton Starke.

Bill S-4, an Act for the relief of Barney Flegal.

Bill T-4, an Act for the relief of Marie Renee Emond Walker.

Bill U-4, an Act for the relief of Edwin George Chafe.

Bill V-4, an Act for the relief of Phyllis Violet Perlson Wright.

Bill W-4, an Act for the relief of Margaret Eadie Kerr Britton.

Bill X-4, an Act for the relief of George Robert Stirling Henry.

Bill Y-4, an Act for the relief of Margaret Elizabeth Thelma Webb Crothers.

Bill Z-4, an Act for the relief of Pauline Liliane Baron Brumby.

Bill A-5, an Act for the relief of Madeleine Blain Cousineau.

Bill B-5, an Act for the relief of Angelina Maria Di Battista Gill.

Bill C-5, an Act for the relief of Charles Snoade Hilder.

The motion was agreed to, and the bills were read the third time, and passed, on division.

TRADE MARKS BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill R-3, an Act relating to trade marks and unfair competition.

He said: Honourable senators, this bill proposes a new Trade Marks Act for Canada, to replace the existing act, known as the Unfair Competition Act, 1932. In order to get some appreciation of the study, effort and research involved in the preparation of the bill now before us, I think I should indicate briefly the nature and extent of the work of the special committee which studied the subject.

It should first be noted that this bill was introduced during the past session, but was not proceeded with at that time. After its introduction a fairly wide and satisfactory distribution of copies of it was made among persons and organizations who might be interested. As a result, submissions were made, which, even since the introduction of the bill last year, have brought about some changes, though not substantial, in the present bill.

I should like to point out the work done by the committee that studied this question. The committee was set up in 1947, under certain terms of reference, which included the making of a preliminary study of the suggestions that had already been received in relation to a revision of the Unfair Competition Act. The committee was asked to secure further advice from organizations and individuals who might appear to be interested in this question. It was then asked to advise and report upon what arrangements could be made for the drafting of a new statute, and to recommend methods to be followed in the drafting, or if deemed advisable to prepare the proper draft statute for study.

In the course of carrying out those terms of reference the committee sought the advice of interested persons and organizations, not only in Canada but elsewhere in the world, particularly in the United States and the United Kingdom. It prepared and sent out a questionnaire based on the present law—the Unfair Competition Act—which had been the subject matter of court interpretation, and on submissions which individuals and interested bodies had from time to time made with a view to getting some revision of that act.

No limitation was put upon the right of those persons to whom the questionnaire was sent, to submit any additional recommendations or comments which they wished to make generally in relation to the present act, as to changes which they thought might be beneficial.

As well there was a shorter form of questionnaire prepared for general distribution to the membership of the Canadian Manufacturers' Association. The Canadian Chamber of Commerce distributed copies of the more comprehensive questionnaire among all its member chambers and boards of trade across Canada. The Association of Canadian Advertisers in Toronto, I should point out, distributed a very substantial number of copies of this latter questionnaire. This questionnaire was also reprinted in full in *The Canadian Bar Review*, and in *Ontario Weekly Notes*, a publication issued by the Law Society of Upper Canada which contains decisions of cases in the courts of Ontario. Notice of the activities of the committee appeared in the *Journal* of the Patent Office Society of the United States, and there were references to its work and objects in the daily press of Canada.

I emphasize these things to indicate that this committee, which was set up in 1947, proceeded by methodical and careful planning to sample public opinion, through various organizations that would be interested, in Canada and other important parts of the world. And it is as a result of all this that the present bill comes before us. I suggest, therefore, we can assume that not only has a great deal of thought and reflection gone into the preparation of the bill, but that, where departures occur from the provisions and the bases of trade mark law in the present act, those changes have not been made hurriedly nor without regard to the many representations supporting them, and full consideration of any representations opposing such changes. Having made that preliminary statement, I will now briefly direct your attention to the registration provisions. I am not going to read them; I am not even going to summarize them. I will merely refer you to them and, if you read them, you will acquire familiarity with the procedure. The registration sections of the present bill are: section 2, paragraphs (f) and (t); sections 12 to 14 inclusive, 16 to 18 inclusive, 31, and 36 to 39 inclusive. These may be called the formal administrative and procedural sections, prescribing the manner in which to proceed to register a trade mark

and the various steps that must be taken, the notices which must be given, and the rights acquired at various stages along the way until the trade mark is either granted or refused.

One of the big problems for consideration was the definition of "trade mark" itself. As originally defined in the Unfair Competition Act, 1932, and as interpreted subsequently by the courts, it was felt by those who dealt with this situation as a matter of regular business that it put them in a difficult position.

First I will read the definition in the Unfair Competition Act:

2 (m) "Trade mark" means a symbol which has become adapted to distinguish particular wares falling within a general category from other wares falling within the same category, . . .

Having regard to that definition, the Supreme Court has held that a symbol, meaning a trade mark, a word mark or a design mark, that is not adapted to distinguish in the sense of being both distinctive in fact and inherently adapted to distinguish, must not only be refused registration, but cannot even be regarded as a trade mark for any purpose. That approach to the definition—and I agree that section 2 (m) certainly was designed to bear such an interpretation—meant that, in so far as trade marks have become trade marks in fact, by use to such an extent that whereas in the first instance the word may have been a common word, by its continued use in relation to particular goods of a particular person, it has acquired a secondary meaning, under the Unfair Competition Act, having regard to the definition I read and the interpretation placed on it by the courts, it was not possible to apply and obtain registration under the registration provisions of the present act. There was in the act a procedure under which one could go to the Exchequer Court and have a hearing—possibly a long hearing—in order to support the claim that this particular word had been so used that it had acquired this secondary meaning, and therefore was a trade mark in fact; but notwithstanding, there was the definition, and the decision by the courts that a trade mark which qualifies as a trade mark in fact, having acquired a secondary meaning, is not a trade mark for any purpose. That is one of the problems the committee had to consider.

Further, under the present trade mark law it was not possible to assign a trade mark without passing the good will that went with the wares with which the trade mark was associated; and there was no provision for the licensing of the use of the trade mark. In other words, its use was confined to the holder of the trade mark in relation to the goods and wares of such holder.

In all these various respects the committee, after full study of the pertinent law in other countries, particularly the United Kingdom and the United States, felt that our concept of trade mark law in practice should be made more up to date, or shall we say streamlined, so that the objects which I have mentioned would be permissible in terms provided by statute. Having regard to all these ends which they sought to accomplish, it became necessary to re-write the definition of a trade mark; and while, upon reading it as it now stands, it seems very simple indeed, in fact it took some considerable time before the committee could finally resolve the viewpoints of the various interests concerned. By section 2, paragraph (t), of the bill,—

"trade mark" means
(i) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,

As I have said, the wording is simple, and I think the definition is easy to understand. Then, "trade mark" means—

(ii) a certification mark,
(iii) a distinguishing guise, or
(iv) a proposed trade mark;

In this way the definition is broadened, and covers the purpose for which a trade mark is intended; that is, it is a mark used by a person for the purpose of distinguishing wares, services, etc., of his from those of others.

Of course, once you embark on a change of definition, other things must follow.

I had intended, if this bill had been reached at an earlier date, to deal at some length with its provisions. Time has somewhat mellowed the urge within me to give an exhaustive exposition of trade mark law. The way I originally put it was that I really had not the time to be brief, and therefore if you had been exposed to an explanation of this bill on Tuesday evening it might have been a reasonably lengthy one, and somewhat involved as well. I do not think I would have preached any heresy, but I may have taken a far greater length of time to explain the bill than I propose to take today. Since then my urge has dimmed a little, and I now feel I should tell this body simply the bare essentials of the bill, where the changes have occurred, and leave it to the committee members in their study of the sections to ferret out all the reasons for these changes.

My explanation may not completely satisfy a trade mark attorney, but I am not speaking to trade mark lawyers. I am simply attempting an explanation that will give honourable

senators some general understanding of the purpose of the bill before it is sent to committee.

Hon. Mr. Roebuck: May I ask the honourable gentleman a question about something he has already said? I understand the new definition of a trade mark includes a "distinguishing guise". Does that mean that wrappers may be used as trade marks? That is new, is it not?

Hon. Mr. Hayden: No. A distinguishing guise is defined under the Unfair Competition Act.

Hon. Mr. Roebuck: Not as a trade mark.

Hon. Mr. Hayden: Oh, yes. A distinguishing guise refers to a particular or unique or individual method, for instance, of packaging wares so that people seeing that individuality in packaging or wrapping will say, "Oh, we know the source of those goods". Under the proposed bill such a distinguishing guise may be registered as a trade mark, but the rights which a person acquires by virtue of such a trade mark for a distinguishing guise are not so broad that he would be entitled to prohibit anyone else from getting the benefit of any utilitarian feature that might be in that particular distinguishing guise. You could not copy the distinguishing guise, but if you saw any utilitarian virtue that you could adapt to your own method you would be free to make use of it even though another person has acquired a trade mark for the distinguishing guise.

Hon. Mr. Roebuck: Where do you find that?

Hon. Mr. Hayden: The form of it is new. It is not completely new law, for there are distinguishing guises under the present law. May I give that reference when I come to it?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Howden: The remarks of the honourable member from Toronto (Hon. Mr. Hayden) suggest the question whether the same trade mark could be used by two diverse or diverging interests.

Hon. Mr. Hayden: No. That raises several questions, and I think I can answer them and still keep the sequence of my remarks. In the bill there are provisions for the assigning of trade marks and for the controlling of the licensing of trade marks. At the same time there is also a specific provision invalidating a trade mark if two diverse interests purport to hold it. In other words, there can only be one owner of a trade mark.

Hon. Mr. Howden: I understand; that is clear.

Hon. Mr. Hayden: If a person assigns a trade mark he cannot then assert the benefit at the same time that the assignee is exercising the benefit of it. If you have controlled licensing, the person who holds the licensing benefit under a certification mark, for instance, must operate within the conditions and limitations of the licence. A trade mark cannot continue to be valid if two persons assert ownership and purport to hold the same trade mark.

Hon. Mr. Howden: Thank you.

Hon. Mr. Roebuck: The great difficulty that has developed in modern commerce with respect to trade marks is that Americans so often have subsidiary companies in this country, which have attempted to use the trade marks of the parent company. This means an assignment of the use of the trade marks. I understand that if the bill passes, a trade mark may be used in the United States by the parent company and in Canada by the subsidiary company. Am I right?

Hon. Mr. Hayden: The honourable senator will understand that I am not answering in the capacity of an expert in the law of trade marks, but I think that at the present time the owner of a trade mark in Canada may enjoy the benefit of that trade mark himself, or if any other person acquires the trade mark he must also acquire the goodwill of the business in connection with that trade mark.

Hon. Mr. Roebuck: That is the present law.

Hon. Mr. Hayden: Yes. That means that if I had a trade mark in relation to the sale of air-conditioning units, for example, and I made an agreement with some person to manufacture and sell these units in Canada, under the present law, in order not to jeopardize the trade mark and also to permit me to use it, I would have to assign to him the goodwill in relation to the production of those goods.

Hon. Mr. Roebuck: You would have to cease making the goods yourself?

Hon. Mr. Hayden: Yes; but the reverse situation would occur if the person whom I had set up to do these operations ceased by default or by termination of the agreement to produce the goods, for the benefit of the trade mark and the goodwill would then return to me as the original owner. In those circumstances the person whom I had set up to do the business would be shut out of the right to carry on not only in that business, but in any similar business, because of having turned back the goodwill as well as the trade mark. Under the proposed legislation an assignment of a trade mark can be made without assigning the goodwill. In other words, the person who is manufacturing may

continue to manufacture, and the benefit of the trade mark may be passed on to another person who is doing the marketing operation. I do not know whether that answers my honourable friend's question or not.

Hon. Mr. Roebuck: It seems very, very involved. At the present time there may be a trade mark applying to goods which you manufacture or which you sell—that is, you may have it as the manufacturer or as a vendor.

Hon. Mr. Hayden: That is right.

Hon. Mr. Roebuck: And at the present moment you cannot separate those two functions, so as to allow the trade mark used by No. 1, in the manufacturing operation, to be used at the same time by No. 2, in the sale of the goods. Do I understand that the new bill corrects that situation, and allows both persons to use the trade mark in different capacities?

Hon. Mr. Hayden: No.

Hon. Mr. Roebuck: Or in different localities?

Hon. Mr. Hayden: No.

Hon. Mr. Roebuck: Then I take it the old principle that a trade mark must be annexed to goods and cannot be separated from them—or, to use the old legal phrase, "cannot be assigned in gross"—still stands, notwithstanding this bill?

Hon. Mr. Hayden: Subject to this limitation that, should the present bill become law, if I enjoy a trade mark I may be able to pass the benefit of that trade mark on to some person who is going to market the goods, while I continue to do the manufacturing. In other words, I do not have to pass on the goodwill of the business in the manufacture of the articles, in order to retain a valid trade mark. Under the bill there can be only one owner at a time, but the trade mark can follow the goods. For instance, I may manufacture the goods while the sale of them is in the hands of some other person—it could be a subsidiary company or an independent agent.

In my attempt to answer the questions of honourable senators as they have been asked, I have disturbed the order in which I had intended to present the various provisions of the bill. As I return to the subject matter, I will try not to retrace my steps. I shall now enumerate the respects in which the bill differs from the present law.

Under the present law we may have a word mark and a design mark. As a result, a serious situation has developed. I, for instance, may have a trade mark in relation to my wares which might inherently lie in the totality of the word and design. That is to say, a trade mark may have been not in the word or words used, or in the design, but in the totality of the combination of the two; therein may lie my trade mark. Under the present law I would have to make some kind of division, and register my trade mark in respect of the word mark and in respect of the design mark.

The bill now before us would do away with that, shall I say, artificial division which exists in dividing the combination of words and design which form one trade mark. If the bill becomes law, one will be required to register only the words and design, provided of course it qualifies as a trade mark in respect of the thing which it is used to distinguish.

Hon. Mr. Roebuck: The word mark will have gone?

Hon. Mr. Hayden: The word mark as such will have gone, yes. It is now to be a trade mark—it may be words, or it may be designs, or it may rest in the totality of both words and designs.

I should call the attention of the house to the fact that under the new bill, trade mark is extended to include services. I would refer again to paragraph (t) of section 2, which provides for the inclusion of services. It is on the basis that a person who performs services should be able to label them by some individual mark which distinguishes them. The word "services" has been added to "wares" in defining trade marks.

Hon. Mr. Baird: Would that include such a mark as "Blue Cross"?

Hon. Mr. Hayden: My honourable friend has raised a question with which I intended to deal in a few moments. Would he allow me to defer my answer until I come to it?

Hon. Mr. Roebuck: Are we going to have trade marks for haircuts?

Hon. Mr. Hayden: I have always thought we had, though I do not know how one would register such a trade mark. I do not know whether anyone possesses such ingenuity as to be able to describe by words a distinctive haircut.

Hon. Mr. Roebuck: What then is included in "services"? I do not quite grasp it.

Hon. Mr. McDonald: Would it include hospital services?

Hon. Mr. Hayden: I shall come to that in a moment.

In the present-day commercial life many people are engaged in rendering services not only in respect of goods, but over wider

areas in the form of business enterprises, quite unrelated to the manufacture or distribution of wares. An example that readily comes to my mind in the first class is that relating to dry cleaning of garments, preshrinking and processing textiles and that sort of thing; and, in the second class, various forms of entertainment, such as radio, orchestra, television and stage performances. The committee in its report said those who desired to do so should be able to employ a trade mark to distinguish services provided by them from similar services provided by other people, and to be in a position to protect their trade mark rights.

Hon. Mr. Roebuck: On what would they put their trade mark?

Hon. Mr. Hayden: They could put it on the program, if they are performers, or on the billing; in advertising, they could use their mark as a symbol of distinctiveness. In that way when one sees a mark of a certain performer, one might say "They are back here again". And whether they were good or bad would be the factor deciding whether one would go to see them.

I should also point out that the word "wares" has been expanded to include printed publications. Heretofore one could not register the title of a newspaper—though it depends on what the title is. Under the bill, the expanded definition of wares includes printed publications, as to which one may register a trade mark.

I come now to the question asked by the honourable senator from St. John's (Hon. Mr. Baird) regarding the use of "Blue Cross". The present act sets out a number of clauses which indicate prohibited marks—marks to which no one can claim the use of a trade mark. Prominent among those would be the name of the Royal Family, the Red Cross and other names of that kind. Sections 9 and 10 of the bill enumerate the prohibitions under the present law and enlarge upon them. One has only to look at section 9 to see that it parallels the list in the present law, and also enlarges upon it. For instance, you will see in paragraph (m) of section 9 (1) that the use of the words "United Nations" is prohibited. That is something added, and that would be in the class of prohibited trade marks.

My honourable friend has raised a question as to "Blue Cross". It may be that section 10 of the bill would prohibit use of the term "Blue Cross" in connection with services which have become identified with the use of those words. The provision is as follows:

> Where any mark has by ordinary and *bona fide* commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place of origin or date of production of any wares or services, no person shall adopt it as a trade mark in association with such wares or services or others of the same general class or use it in a way likely to mislead, nor shall any person so adopt or so use any mark so nearly resembling such mark as to be likely to be mistaken therefor.

It may very well be—but that is a matter, I take it, in the first instance for decision by those who look after the interests of the Blue Cross organization—that this organization will not have sufficient protection under the new section, and that there should be some more specific reference.

Hon. Mr. Barbour: I would like to ask a question about that. I have received a telegram from Dr. J. A. McMillan, of Charlottetown, president of the Board of the Maritime Hospitals Service Association. There are in Canada five Blue Cross organizations; one each in Alberta, Manitoba, Ontario, Quebec and the Maritime Provinces, and Newfoundland; and they operate under the trade mark. The telegram states that they have "permission from the American Hospital Association to use the Blue Cross symbol and insignia so long as required high standards for approval are met". I wonder whether the new enactment would interfere with the set-up of the Blue Cross in Canada?

Hon. Mr. Hayden: My honourable friend has received a telegram, and I suppose other senators who have spoken to me have had communications on this matter. In my capacity as chairman of the committee which may possibly consider this bill I also have had communications from officers of the Blue Cross; and the simple answer I have given them is that the committee, when it convenes to consider the bill will be only too anxious to hear representations by persons who have a real interest to put forward and feel they have something of merit which should be protected. As I have pointed out, it is for them to decide whether section 10 will afford them adequate protection. If it does not, it will be up to the committee, after having heard the departmental officers, to decide whether there should be some more specific protection.

As regards what can be registered as a trade mark, section 26 of the Unfair Competition Act provides that—

> a word mark shall be registrable if it
> (a) does not contain more than thirty letters and/or numerals divided into not more than four groups.

As a result of the questionnaires that were sent out, and after full consideration, the committee felt that a trade mark should not be more or less of a trade mark, and as such entitled to registration, because it had less

or more than thirty letters. It is true that brevity may be a sign of virtue in trade mark advertising—as no doubt it may be in explaining trade mark bills—but there is no reason for an arbitrary limitation on the number of letters that should be permitted; and therefore, in section 12 of the bill, dealing with registrable trade marks, certain changes have been made. For instance, the reference, to which I have just alluded, in section 26 of the act, to the length of word marks, has been deleted.

Under the present law the name of a person, firm or corporation is not a subject-matter of registration as a trade mark. That limitation was thought to be improper; that there might be, and undoubtedly are, cases where the name of the firm has become so identified with the ware that it has acquired a meaning which is registrable as a trade mark. It might be a symbol distinguishing the goods from any other goods. So that limitation has been discarded.

Some change has been made in relation to personal names and surnames, which, under certain circumstances, upon compliance with certain conditions, may be registered. All these changes will be found in section 12 of the bill, which combines sections 26 and 27 of the existing trade mark law.

Hon. Mr. Roebuck: Section 9 of the act, regarding the registration of names, provides that a man may register his own name so long as he does not use it for purposes of deception. Has that provision been retained?

Hon. Mr. Hayden: Whether it is carried over precisely into the new bill I cannot say, because I have not made an examination of it from that point of view. Under the present law there are very special limitations on the registration of personal names and surnames and the distinctive use of such in relation to any particular wares. By section 12 of the present bill these restrictions have been modified.

There are also provisions with respect to registration of what are called *prima facie* unregistrable trade marks. These relate to cases where the words in the first instance may have been common words, which could not be said to have any distinctive meaning in relation to particular wares, but continued use has given them a secondary meaning. And there is now a provision under which these symbols, which *prima facie* would be unregistrable because they do not satisfy the test of the trade mark definition, may be registered if it can be demonstrated that they have acquired this secondary meaning, and if the appropriate provisions for registration are included.

Also, in the present bill provisions will be found regarding the amount of protection to be accorded to trade marks. I do not know whether I can make this matter clear in a few words; but up to the present time the concept of trade mark protection has been that, if I register a trade mark in relation to certain wares, like "Kodak" in relation to cameras, and if some person picks up that word and uses it in relation to some unrelated product, the law, if strictly applied, would not prevent the use of the word in relation to this unrelated product.

The law has moved ahead in other countries, the idea being that trade mark protection should be broader than it is. It is felt that it should not be confined to a narrow range. At present if I have a trade mark "Kodak" on cameras, nobody else can use it on cameras. But there could be confusion with respect to the use of certain well-known trade marks in a limited field through their use on other and unrelated products. The public might think that a trade mark is so well known that it is a guarantee of the source. Therefore, the proposal is to broaden the extent of protection so that, even though a trade mark may have application to certain wares and services, if it is continued for a certain length of time, its holder may in certain circumstances prevent its use when it can be shown that it is leading to a confusion as to the source of the goods; and in these circumstances the owners of the trade mark could prevent its use on unrelated lines.

Another provision in the bill deals with what is called "opposition proceedings" at the stage when an application is made to register. This is new.

There are also provisions in relation to transferring and assigning trade mark rights, and also for controlling the licensing of trade marks.

Hon. Mr. Roebuck: Would it be necessary to give public notice in some way of an application for a trade mark?

Hon. Mr. Hayden: Yes; and that is why I made reference to these sections in the bill. They provide for notices and for hearings where opposition can be asserted. The opposition has a chance, therefore, to present its case and be heard. Under the present procedure, if I desire to get a trade mark I make application and fill in the necessary forms that are provided by the trade marks office. They examine the application and check their register to ascertain whether anything has already been registered which in their opinion, might result in some confusion. But under the present law there is no notice to the public nor an opportunity for opposition in that sense. Usually the way

opposition has to be asserted is by taking proceedings to have a trade mark invalidated if you do not think it has been properly granted.

Hon. Mr. Kinley: Has the period been changed?

Hon. Mr. Hayden: No. I should point out that under the present law there has been no provision for the removal of trade marks from the register unless an order for expungement is obtained from the court. There are provisions in this bill for the removal of unused trade marks from the register under certain circumstances.

Hon. Mr. Reid: How long does a trade mark last?

Hon. Mr. Hayden: Fifteen years.

Hon. Mr. Roebuck: But it may be renewed.

Hon. Mr. Hayden: Yes, it may be renewed. I think the honourable senator from New Westminster (Hon. Mr. Reid) refers to the original period of the trade mark?

Hon. Mr. Reid. Yes.

Hon. Mr. McDonald: Can a trade mark be transferred for value received?

Hon. Mr. Hayden: Yes. There are transferring and licensing provisions, and I assume that if a person holding a trade mark makes an agreement for transfer he will make it for a consideration.

Honourable senators, I have very hastily and sketchily given an outline of the subject-matter of this bill but it has taken more time than I thought. As the Senate will be examining the bill in detail in committee, I did not want to indulge in a lecture on trade mark law at this time. The chairman of the committee which studied this bill, and departmental officials, will be available in committee to answer the questions of honourable senators. A searching inquiry of this legislation can be made at that time. The changes which are proposed by the bill seem to rest on a solid foundation, because they represent an assimilation of the views expressed to the members of the committee which studied this matter in great detail. If the bill passes, our trade mark law will be brought more into line, not only in its scope and effect, but in its terminology and procedure, with the trade mark law of other important countries of the world. It makes it easier for people operating in the international field of trade marks when some uniformity in procedure and terminology has been achieved.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: I have two questions of a general nature that I should like to ask the honourable senator from Toronto (Hon. Mr. Hayden). How many countries are parties to the convention? Is there anything in the act allowing a country not a party to the convention to register a trade mark in Canada and yet not give the same protection to trade marks in that non-convention country?

Hon. Mr. Hayden: My friend has asked me a question dealing with a branch which I cannot profess to say I know very much about. I think he has in mind the effect of the convention in relation to trade marks. I cannot answer him, beyond saying that the purpose of the convention is to bind the signatory countries to provide certain interchange or reciprocal accommodations in their trade mark law. A country which is not a party to that convention would be in the same position as any individual in that country. In other words, we say: "Here are the provisions of our trade mark law with respect to registration, and this is what you must do in order to qualify for a trade mark in Canada". As I understand the law, we cannot say to one country that because it is a signatory to the convention it is entitled to take advantage of certain privileges contained in the act which another country that is not a signatory to the convention is not entitled to. While the signatory countries to the convention have agreed to do certain things among themselves, the moment the legislation before us is put on the statute books it becomes the law of the land and is available to anyone.

The Hon. the Speaker: Honourable senators, the question is on the motion—

Hon. Mr. Roebuck: Just before the question is put, I should like to compliment the gentleman who has explained this bill, even though compliments are paid to him so frequently.

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: Before the question is put, I should like to add that this proposed legislation is indicative of a process that has been going on for a long time in countries where trade marks and the law of trade marks have gradually developed. The law of patents has been going on in the opposite direction, and is much less important today than it was fifty or a hundred years ago. At that time a man with bright ideas could always get a patent, and frequently could sell or develop it. Today, industry has grown to the point where a mere individual no longer counts. Take, for instance, the automobiles. I can remember the time when everyone was his own motor mechanic and worked on his car. But the car of today is far beyond the

attention of an individual. Any improvement that one might make has already been made and is not patentable.

Hon. Mr. Reid: The less one knows about a car the better.

Hon. Mr. Roebuck: Probably my friend is right.

Such inventions as the airplane are far beyond the scope of the individual. Patent law with regard to aircraft applies now only to great companies. Or, for instance, take the newest of developments, atomic energy: as to that, the individual is completely out of the picture. Patent law still applies there, but is usable only by the experts employed by big business. Patent law today is, therefore, much less interesting to the general public than it once was.

On the other hand, a counter-growth has taken place with regard to trade marks. One of the early examples of trade marks was the stamp which the cutler placed on the steel wares of England. The sword maker, for instance, was required to put his mark on his product; that mark was not for the purpose of securing his trade in swords, but to indicate to the public his responsibility in standing behind his goods. The public has always had a certain interest in trade marks in that regard; and while courts have never adjudicated on the rights of the public, they nevertheless have had in the back of their minds the fact that a trade mark is an indication to a member of the consuming public that the maker or vendor of the goods has a responsibility with regard to them.

The matter of property rights in the manufacturer or vendor developed only gradually; but with the expansion of trade and its attendant complications, and with the modern methods of merchandising and advertising, the importance of the trade mark as distinguishing or identifying a product of either a manufacturer or a vendor has become more and more important.

Advertising today is scarcely to be mentioned in the same breath with advertising a hundred years ago. And with the growth of advertising, the importance of trade marks has also grown.

This bill, I observe, sweeps away to a considerable extent many of the restrictions of the past. The ability to assign trade marks is a good thing, because it is in keeping with modern times and meets present-day complications. The whole act, and all the common law now in force with regard to trade marks, will be markedly modified by this bill. Under its provisions one will not be able to assign a trade mark unless, as the sponsor of the bill has said, one assigns at the same time the goodwill of the business producing the goods so marked.

The provisions of the present act in this respect have been very restrictive and difficult to comply with, particularly as they affect subsidiary companies in Canada, whose parent companies are in the United States. Further, untold complications have arisen as the result of the separation between the ownership of the business and the ownership of the trade mark. That, I believe, is being taken care of by the bill.

The provisions of this measure indicate considerable improvement and are most welcome. I compliment the committee who had to do with the preparation of the bill and its final drafting for presentation to us. I did not study the measure carefully prior to hearing the explanation today, relying on the honourable senator from Toronto (Hon. Mr. Hayden) to give his usual lucid explanation of a complicated piece of legislation. Perhaps it is not a good thing to rely on another to do the necessary studying of a measure such as this.

I shall welcome an opportunity to learn more about this measure when it reaches the committee. Again I say its passage will render a great service to the public.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hayden: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. Cairine R. Wilson moved the second reading of Bill Y-3, an Act respecting a certain patent and patent application of Florence F. Loudon.

She said: Honourable senators, the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) has just said that patents are not as important as they once were. However, I think in this case the patent is at least very important to the inventor. As a woman, I may be presumed to know more than I do about the device which is the subject-matter of this bill. Perhaps, therefore, the house will permit me to read the petition on which the bill is based.

The petition of the undersigned, Florence F. Loudon, a citizen of Canada, residing at 34 Rosemount avenue, in the city of Toronto, province of Ontario, Dominion of Canada, humbly sheweth:

That on the 31st day of May, 1945, your petitioner filed an application in the patent office under serial number 527,454 for a patent in respect of her invention entitled "Means for Supporting Curtains and Drapes".

That, through no fault of your petitioner, the said application was considered by the patent office to have become completely abandoned through failure to prosecute the same in due time after action taken thereon by an examiner on the 8th day of July, 1947.

That your petitioner was informed of the above mentioned fact in November, 1949, and was advised that the only course open to her was to file a new application in place of the said application serial number 527,454.

That at the time of such advice the subject of possible previous public use of the said invention in Canada was not raised with your petitioner, and she was unaware that it had any significance in relation to the filing of such a new application.

That such new application was filed on the 27th day of February, 1950, and patent number 474,716 was granted thereon on the 26th day of June, 1951.

That the said invention was in public use in Canada in the year 1946, with the result that the said patent number 474,716 is not valid having regard to the provisions of the Patent Act, 1935."

As the information is largely of a technical nature, if the bill receives second reading I would move that it be referred to committee, where more detailed explanations may be given.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mrs. Wilson: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until Monday, February 16, at 8 p.m.

APPENDIX A

DEPARTMENT OF EXTERNAL AFFAIRS

FEBRUARY 11, 1953

Text of note presented by the Canadian Embassy in Washington to the State Department concerning the continuation and extension of United States restrictions on the import of dairy products.

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the Canadian embassy's notes of August 27, 1951, and of January 17, 1952, regarding the restrictions imposed upon imports of fats, oils and dairy products under section 104 of the defence production act of 1951.

The Secretary of State will be aware that these import restrictions were considered at the sixth and seventh sessions of the contracting parties to the general agreement on tariffs and trade and that resolutions were adopted recognizing these measures to be contrary to the provisions of the agreement.

On the occasion of the announcement on December 30, 1952, of further import restrictions, relating to dried milk products, the Canadian government re-examined the situation resulting from these restrictions. On the basis of this review the Canadian government would again express its serious concern at this infringement of international agreements to which the governments of the United States and of Canada are parties. The Government of Canada wishes to call the attention of the Government of the United States to the effects of these measures not only on trade between the United States and Canada but also on the broad commercial policy interests of the two governments.

The Government of Canada considers that such departures from accepted principles of commercial policy by the leading trading nation can hardly fail to weaken the force of those principles and to damage seriously the development of world trade on a constructive basis.

Both Canada and the United States, recognizing the weakening effect of continued reliance on import restrictions on economies of friendly countries, have frequently encouraged them to seek solutions to their balance of payment difficulties through increasing exports rather than curtailing imports. Actions by the United States government such as that represented by these import restrictions tend to undermine the confidence of overseas deficit countries in their ability to approach a balance by increasing their dollar earnings. These measures may in consequence have the effect of discouraging attempts which might be made by such countries, in the face of great difficulties, to change the general direction of national policies away from reliance on discriminatory import restrictions as methods of achieving international balance.

The Government of Canada, accordingly, takes this opportunity to urge once more that the import restrictions imposed under section 104 of the Defence Production Act of 1951 be removed as soon as possible.

THE SENATE

Monday, February 16, 1953

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

Prayers and routine proceedings.

CANADIAN CITIZENSHIP BILL

FIRST READING

Hon. Mr. Robertson presented Bill Q-5, an Act to amend the Canadian Citizenship Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Wednesday next.

CANADIAN VESSEL CONSTRUCTION ASSISTANCE BILL

SECOND READING

Hon. John J. Kinley moved the second reading of Bill 19, an Act to amend the Canadian Vessel Construction Assistance Act.

He said: Honourable senators, the purpose of this bill, which comes to us from the Commons, is to amend the Canadian Vessel Construction Assistance Act, of 1949. In that act are various provisions for assisting in the building and operation of ships; and by this bill it is sought to amend only one section, namely section 7. Before I deal with the amendment it may be well for me to say what that section contains.

By section 7 of the act ship owners are permitted each year to transfer to reserve accounts a limited amount of tax-free money. The purpose of the section is to enable an owner to accumulate sufficient funds to meet certain extraordinary expenses which he has to incur periodically in connection with the special surveys or inspections of his ships. A special survey must be made either every four or every five years, depending upon whether the survey is for purposes of insurance under the rules of a classification society or for purposes of safety under the Canada Shipping Act.

It has been considered necessary to amend the section in order to guard against a loss of revenue through leaving tax-free reserves in the hands of ship owners for indefinite periods of time. Accordingly, the present amendment provides machinery for periodically recapturing or rendering taxable such of these reserves as are not or cannot be used for the purpose for which they were intended; as, for instance, in cases where the amounts set aside exceeded the cost of survey, or where a ship is lost or sold at some time during one of these four or five-year cycles. The amendment now before the house requires all reserves to be brought into profit and loss account in the year in which the survey was completed or in which the ship was lost or sold.

It should be observed that under the amendment the reserve account periodically becomes self-liquidating. If, on the other hand, the ship is lost or sold, the reserves must thereupon be brought into profit and loss account; if, on the other hand, nothing happens to the ship and the survey is held in due course, the reserve is brought into profit and loss account in the form of a credit and the costs of the survey are entered in the same account by way of offsetting debit.

The principle of the bill is clear; it seems to me that it is fair; and I think we all agree with it. This is really a committee bill, being one of detail, and it was discussed almost entirely in Committee of the Whole in the other house. The purpose of the bill is to amend section 7 of the Act, which enables shipowners to make deductions for income tax purposes under certain circumstances.

Although the principle is clear as to the recapture of income tax on unused reserves, the method of recapture might be questioned. The amendment requires all reserves to be brought into profit and loss accounts in the year in which the survey is completed or in which the ship is lost or sold. These reserves are built up by setting aside each year an amount to be used at the end of a four-year period in order to have the ship refitted or repaired. If the money is not used then, it is taxed as income in one year. It can be seen that to an individual this might be harmful, but it does not make any difference to a company because a company pays a tax of 20 per cent on income up to $10,000, and a tax running to a maximum of 45 per cent on income over that amount. If a ship owner, an individual, has a reserve of this kind and it is all charged for income tax in the one year, this places him in a higher bracket, and it was contended by some members of another place that this is unfair. Unfortunately, I shall be away when the Senate committee deals with this bill, but I think that this is a point that the committee could take into consideration.

Hon. John T. Haig: Honourable senators, as one who comes from the Prairie provinces, where there are no ships, I have found it difficult to follow the remarks of the honourable gentleman who has just explained the

bill (Hon. Mr. Kinley). He comes from a shipping province and is familiar with the language of the Shipping Act; I am not. I may say that an honourable gentleman who represents Vancouver in the other house told me that he himself could not understand the language of the bill. I sometimes think that I am a pretty good lawyer, but I do not say so around this building, for I may be wrong. Anyway, I could not understand the bill, so I took the trouble of asking Mr. MacNeill, the Law Clerk of the Senate, to put its purpose into plain English for me.

As I understand it, a ship owner is allowed to set aside a certain amount as a reserve for expenses incurred by reason of quadrennial or other special surveys in the years between those surveys. Let us say that a ship owner writes off $10,000 in each of the years 1949, 1950 and 1951. Then in 1952 a survey is made. Incidentally, I thought a ship survey would be similar to a land survey, and that one would go and look at a ship, see what damage has been done to it, and so on. But Mr. MacNeill tells me it means this: a ship must go into dry dock and be hoisted up; a complete inspection must take place, and necessary repairs have to be made; all the substance which attaches itself to the bottom of a ship must be cleaned off and the bottom repainted.

Hon. Mr. McKeen: That is done every year.

Hon. Mr. Haig: In the survey under the Shipping Act the engines, as well as the other parts of the ship, such as her furnishings and tackle, are inspected. Over the four-year period the ship owner has been allowed to set aside $10,000 per year as a reserve for this contingency. In the fourth year a survey is made at a cost of perhaps $30,000; and in that year the amounts held in reserve must be brought back into his accounts and shown as income. The purpose of the bill is to include the reserve so set aside in computing the taxpayer's income for the taxation year in which the survey is completed or in which the vessel is sold, lost or destroyed, or where the circumstances are such that the survey will not likely be completed.

It had previously been suggested to me that I should oppose this bill, but the information I received from Mr. MacNeill satisfied me that the measure was a reasonable one and should be passed. I have made this explanation in order that honourable senators may better understand the purpose of the bill.

Hon. Mr. McKeen: Honourable senators, I do not think my honourable friend the leader of the opposition (Hon. Mr. Haig) will mind if I correct an erroneous impression which I think he left with the house. The fact is that ships cannot be run for four years without being taken into dry dock and painted.

Hon. Mr. Haig: I know that.

Hon. Mr. McKeen: These overhauls are done regularly every year. The four-year survey that my honourable friend has been talking about is for the purpose of bringing the ship up to class in Lloyd's, or to some other standard.

Hon. Mr. Haig: I think I understand what has to be done every four years.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Kinley moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill E-5, an Act for the relief of Rolph Julian La France.

Bill F-5, an Act for the relief of Jack Gold.

Bill G-5, an Act for the relief of Hazel Margaret MacRury Jordan.

Bill H-5, an Act for the relief of Anne Agnes Costigan Entwistle.

Bill I-5, an Act for the relief of Rachel Sturman Spirer.

Bill J-5, an Act for the relief of Agnes Kathleen Small Finlayson.

Bill K-5, an Act for the relief of Pearl Irene Balogh Katona.

Bill L-5, an Act for the relief of Zoe Audrey Birch Butler.

Bill M-5, an Act for the relief of Bessie Mewhirter Mitchell Cameron.

Bill N-5, an Act for the relief of Elsie Smith Gray.

Bill O-5, an Act for the relief of Rita Lowsky Blatt.

Bill P-5, an Act for the relief of Anna Shulemson Heymann.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, I move the second reading now.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

INTERNATIONAL TRADE

MOTION—DEBATE CONTINUED

The Senate resumed from Thursday, February 12, the adjourned debate on the motion of Hon. Mr. McLean that the Standing Committee on Canadian Trade Relations be empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world.

Hon. T. A. Crerar: Honourable senators, with the unanimous consent of the house I should like to suggest a change in the order of the speakers in this debate.

The order for resumption of the debate stands in my name. However, our colleagues from St. John's West (Hon. Mr. Pratt) and Queens-Lunenburg (Hon. Mr. Kinley), find it impossible to be in the chamber during the next several days, and would like to participate in the debate tonight. Therefore, with the consent of the house, I shall make way for them, and after they have spoken I should like to adjourn the debate until tomorrow afternoon.

Some Hon. Senators: Agreed!

Hon. Calvert C. Pratt: Honourable senators, I am indebted to the honourable senator for Churchill (Hon. Mr. Crerar) for the courtesy of giving me this opportunity of speaking this evening to the resolution relating to international trade.

I feel it is well worth while at this time to have our attention directed towards the difficult problem of world trade, which vitally affects not only our own people but the people of every part of the world. The more thought that is given to it, not only in the parliaments of the nations but in groups of whatever nature, and by individuals, the nearer do we get to an understanding of the difficulties and a discovery of helpful remedies.

One could not but be impressed with the earnestness that the mover of the resolution (Hon. Mr. McLean) displayed in his speech. And if the Senate's study of the problem fails to lead to a solution of all the difficulties, it may at least bring the public of Canada closer to the issues that are involved.

It must be borne in mind that the complexities of the problem are such as to call for expert handling and continuous negotiations. To understand the whole problem is beyond the comprehension of most people. Even financial and foreign relations wizards—if there are such beings—must necessarily fall short of knowing all that is involved.

I, myself, am very conscious of my inadequacy to deal fully with the question; and indeed I think most people have a similar feeling of inadequacy in this field.

Woven into the fibre of the question of international trade relations are not only the difficulties arising from scores of different currencies, but there are also varying degrees of national feeling, ambitions and diversity of local interests. Many currencies have values which are unstable even in the countries of their origin, and still more unstable in their relation to foreign money. Tied in also with the freedom of exchanges and their relative values is the trading position of each and every country; and national policies have to be taken into account. These policies are influenced by import restrictions and tariffs for the protection of home industries, and of living standards, and by many other considerations vital to each community. Tariffs and restrictions of one kind and another in world trading are predominant factors in influencing the fluctuating value of money: in fact, such fluctuations are tied in with human nature itself.

The world—or, I should say, the free world, as we term it, is struggling unsteadily towards a common objective of freer trade. Every country wants it, but the cost and degree of sacrifice needed to attain it varies with each one.

The honourable member who introduced the motion referred to the time of England's greatness as the free trading nation of the world, when her currency was the standard of exchange. Her decline from those great days was not brought on voluntarily. Partly, indeed very materially, it is attributable to the cost of two world wars. But in any event she would have had to face up to world-wide threats implicit in rising national tariffs and other protective restrictions. In such a world atmosphere she was forced to abandon the great example of free-trading and liberal outlook. It is in this changed world we live today, and improvement will not be brought about by wishful thinking, but only by a step-by-step reconciliation of interests.

This step-by-step effort is now being made, and I am glad that Canada, so far from lagging behind in this important field of endeavour, is fully participating in world movements to reconcile conflicting interests. But it is hard to envisage any overt action or policy of which one can say "Here is the remedy, let us apply it." Effort must be constant and continuous towards a reconciliation of interests and of the public mind, not only in Canada, but in all parts of the world. People have to be prepared for a degree of

sacrifice and a modification of short-term national interests in order to bring about permanent recovery. This is a slow process, but basically sound progress can be made in no other way.

Among the various organizations working towards this common aim is GATT,—the organization striving for General Agreement on Tariffs and Trade—which meets yearly. This constitutes a great step forward. It is true that, viewing it from the angle of any particular country, and certainly from the point of view of Canadian interest, progress has been far short of what we would wish. However, some progress is evident from the very fact that representatives of thirty-four countries, embracing all the British nations and indeed all the European countries outside of the Iron Curtain, except Portugal and Spain, meet yearly to discuss and bargain. Hundreds and hundreds of concessions have been made, although major restrictions still exist. The Commonwealth Conference recently held in London, which endeavoured to reconcile many conflicting interests and to bring forward a common policy for advancement is, we hope, destined to reveal another step forward. The point I want to make is that continuous and constand effort to bring people together, so that each one may understand the other's difficulties, is essential. Not only the leaders of countries, but the peoples themselves, have to realize that a degree of sacrifice and a broad view of world problems is necessary for the benefit of all. This is a difficult goal to reach. We find it so here in Canada. When prices fall there is a clamour for this form of protection and for that form of restriction, and pressure to apply restrictions of various kinds, and if, in an enlightened country such as this, national policy may be influenced by demands for government intervention by way of trade barriers, it is easy to see the great difficulties of coping with these problems the world over.

No country is in a better position than Canada to take a lead in bringing about a reconciliation of these conflicting interests with a view to putting world trade on a sounder basis. The mover of the resolution made a very true statement when he said: "It is as true as the sun rises that debtor nations can only pay creditor nations with the goods and services they produce". At the same time he stated in effect that Canada should accept sterling in payment for goods sent to the sterling area. Surely this as a matter of general practice would put the sterling-dollar account still more out of balance and relegate to the more distant future the policy that debtor nations should pay creditor nations with the goods they produce. After all, if we accept sterling which cannot be used, the public of Canada must be paid for these goods either by government loans or more taxes. Rigidity of policy, however good, may not always be helpful, and perhaps there may be special cases of emergency or need or obligation that would call for acceptance of sterling for goods. In the broader application as suggested, however, it could be highly dangerous. Also, reference was made to two billions of our securities being held in Europe. This corresponds somewhat with the amount of British capital invested in Canada, and I presume is what the honourable senator referred to when he said that we are paying a service charge of $1,000,000 a week. But our payment of that charge in dollars does just that much to assist in establishing the equilibrium which is so much sought for in order to further promote trade, and it seems to me that there is no sound reason for increasing the unbalance by suspending these payments. As the mover suggested, improvement can come about only through the exchange of goods and services.

The mover made a strong plea for convertibility of sterling. Everyone, and none more so than the United Kingdom, wants it free. That will do more than anything to make trade revolve: without it, there will always be frustration. There again a basis must be laid for freer exchange of goods on all sides by tariff adjustment and removal of restrictions; and the sacrifices necessary for the common good can only come about through the widest possible publicity of mutual needs. The resolution before the Senate will perhaps in some measure assist in that respect.

To free sterling prematurely, however, without an adequate basis will do more harm than good. Prematurely freeing it will bankrupt England by greatly reducing the value of the pound or, indeed, by making it valueless.

The building up of reserves is one of the measures of stability of exchange between countries. Contrary to what the mover has said, the maintenance of reserves is not hoarding. My understanding is that a reserve —as for example, Canada's reserve of American dollars, to which reference has been made—is just the stabilizing factor in day-by-day transactions. It operates just as does a personal bank account, with funds passing in and out. If you have no funds in your account you cannot draw a cheque, and without a measure of sound credit your cheque is dishonoured.

I am not trying to present a treatise on foreign exchange. I do feel, however, that

in dealing with this motion we need to have our thinking clarified, and I have attempted to outline certain basic factors which must be kept in mind.

We all remember the premature freeing of sterling about four years ago. I know that in my province of Newfoundland it worked admirably for a very short while, then suddenly because of the weak foundation of unbalanced trade there was a run on the pound and convertibility ceased. The salted codfish industry, the industry which has the largest number of wage earners and producers in Newfoundland, has through the centuries had its operations geared to European trade. The chief buyers on the continent, Portugal, Spain, Italy and Greece, paid for the fish in sterling. Brazil and other areas also paid in sterling. This sterling was earned by those countries through their trading with Great Britain and the sterling area. To most of them American dollars are not readily available, and some markets, because of our not being able to use their sterling, had completely closed the door to further trade. This had brought about a near catastrophe to the industry.

While it may not bear directly on the purpose and aims of the resolution, I should like to present for your consideration Newfoundland's special case in its foreign trading, particularly in the salted fish industry. For many years Newfoundland came under British trade agreements and British currency clearing arrangements with our European customer countries. In other words, the Newfoundland product was regarded as British. Since confederation, that has been changed completely. Newfoundland is in an unique position in that respect, different from the other provinces of Canada, which in the course of years have grown together and whose economy has been adopted to that of one another. It is of vital consequence to Newfoundland that in negotiations between the governments of Canada and the United Kingdom special provision be made for facilitating the marketing of this particular product. It is the oldest export product of Canada, and the government of Canada should keep this unique problem of Newfoundland in mind, and press for special facilities for that industry in its relation with the European countries. The fishing population of Newfoundland is in danger of being badly depleted, and once we lose our producers the fish will remain in the ocean instead of supplying food to the nations of the world as it formerly did.

It is of interest to note, and the fish trade of Canada I am sure is grateful for the fact, that the Right Honourable Mr. Howe, on his recent good will tour, presented to the presidents of the southern republics where fish is imported, a trophy of a fisherman in his fishing suit and holding a fish over his shoulder. That was a thoughtful act on the part of the minister.

We all recognize, of course, that the exporters of every province have suffered from a dislocation of trade. Newfoundland is more vulnerable than any other province, because of its dependence on limited products its complete reliance on exports, and also because it has practically no market in the other provinces of Canada.

In reference to Canada's foreign trade generally, there is no one answer to this perplexing problem. Certainly the answer is not taking sterling and freezing it, since this does not attack the basic causes of the trouble.

It is true that Canada is pressing steadily on many fronts in its attempts to assist in the restoration of free trade. I have already mentioned the general agreement on tariffs and trade, under which world tariff barriers have been substantially reduced. Canadian efforts have also been revealed through a loan for trade amounting to well over $1 billion which Canada made to the United Kingdom in 1946. There is also the trade liberalization scheme in the British West Indies, the token import plan in the United Kingdom, Canada's participation in the World Bank, and the International Monetary Fund, as well as the Anglo-Canadian continuing committee on trade. These are progressive steps, and while a complete solution has not been reached the policy is constructive and in the right direction. These all work to a useful pattern, but I should like to emphasize that, because of the complexity of the problem, very careful consideration should be given to formulating a policy that will have its roots in really fundamental measures and not in merely temporary relief.

Some Hon. Senators: Hear, hear.

Hon. John J. Kinley: Honourable senators, first of all I should like to thank the honourable gentleman from Churchill (Hon. Mr. Crerar) for yielding to me the right to take part in this debate tonight. I should not have spoken this evening were it not that I am leaving tomorrow for the United States, where I shall spend a few days, and I did want to make a few remarks on the important subject raised by the resolution.

I should like to congratulate the honourable gentleman from Southern New Brunswick (Hon. Mr. McLean), the mover of the resolution. He has had practical experience in world trade and also in finance. The committee will no doubt be given the benefit of the wide knowledge that he has gained from this experience.

The resolution is a timely and salutary one, which I have no doubt will result in a lot of facts being brought to light. In my opinion it is fortunate that such a resolution is to be considered by a committee of the Senate. When I was a member of another place I always had high regard for the calibre of Senate committees. I felt they were composed of practical men with long experience in business and public life, who came to this house because of their qualifications to advise the government on important matters and to review legislation. I look forward to the meetings of this committee with interest for I am sure that a great deal of help will come from them.

The success of a country in world trade depends on two fundamental things: first, its natural resources and their intelligent development; and secondly, its industrial and economic life. Those things, it seems to me, are most essential contributions to trade.

Foreign trade is in a class by itself, and the test as to whether a country will succeed is its ability to be efficient enough to meet competition. Lack of efficiency prohibits a country from entering the markets of the world.

In spite of the complex and disturbed world of today, Canada seems to be doing her part well. Canadian people may well be proud of their industrial development and export trade. In the current movement to expand export trade on an international basis, we are well out in the forefront. Our achievements thus far are to be commended.

But many other nations of the world are having great difficulties in finance and trade; and we are concerned that nobody has yet produced a formula which is a complete remedy in the circumstances. In order that we may properly analyze the trade picture, we should reduce it to its simplest factors. In mentioning the danger of getting into the realm of something one does not quite understand, I am reminded that the governor of the Bank of England once said that finance had got into the realm of mystery, and even he did not understand it. On the question of foreign trade, I think it is our job, in the light of our experience, to reduce the subject to its simplest form.

If Canada is to take her proper place in meeting world needs today, she must have greater immigration. Foreign trade, after all, is simply the buying and selling of goods and services on an international basis. That being so, is it not obvious that we should bring more people into our country, feed them here and let them produce here? The greater our population, the greater our internal trade and general prosperity.

The honourable senator from Southern New Brunswick (Hon. Mr. McLean) said that while the United States were exporting only five per cent or six per cent of their total production, Canada, in order to keep trade in balance, had to export some twenty-five per cent of her total. It must be remembered that five per cent of the United States total is greater than twenty-five per cent of the Canadian total. The United States, with their population of 150 million, consume and produce much more than we do, and have an internal economy which, on a percentage basis is nearly self-sustaining.

In my opinion, the question of immigration is a most important one. With a large population, we would be in a better position to sell our goods to other countries, because we could buy more from them to meet the needs of our own people. By way of a long-term policy, Canada can derive great benefits from immigration.

One might say that Great Britain, despite her large population, still has difficulty in carrying on world trade. It should be pointed out that a balanced trade requires that a country be able to supply goods for its own needs. Britain has never been able to feed her own people and supply them with the many things they require.

Further, stability of world trade requires stability of governments. The history of England tells us that she not only loaned money to the world, but she was a producer for the world; she built railways and public works in Canada and in the United States, in India and in Asia. Her investments in each case were moderately secure, and when a country did not pay up, there was a demonstration of force which indicated to it the advisability of paying its bills. That situation does not exist today. Indeed, the great world organization, the United Nations, rather interferes with the collection of debts. England developed Iran and made some money out of her investments there. Why should she not continue to benefit from them? Fifty years ago England's interests in Iran would have been secure; but they are not secure today. A solution to such a problem might be a world court which would require nations to pay, through somewhat the same procedure as is used for making and realizing on claims in the lower courts of our land. Without confidence there can be no business, and international stability impossible unless nations are ready to honour their obligations.

It was stressed that the pound sterling should be made convertible. Well, all of us would like to see convertibility, but who can convert the pound That is a problem for

Britain. If today free convertibility were established it is probable that the pound would depreciate another 20 per cent and the commercial fabric of Britain would be further imperilled. At this time is is impossible for Britain to free the pound. It was only after long consideration that the Canadian dollar was left to find its own level, and in our case things turned out very well. But the freeing of national currency is practicable only when a nation is in a position industrially and financially to stand the strain, and at the present time Britain is very far from being in that position. Last year, when I was on my way from Norway to England, a man offered to exchange my Norwegian money for the British equivalent, and as a result I obtained £12. When I arrived in England I was asked at Customs how much sterling currency I had, and I told the official I had £12. He said, "You are allowed to bring in only £10, and we are expected to enforce the rule strictly. However, I was permitted to take it along. But when I left England I was not allowed to take out more than £5. When a country imposes controls as rigidly as that, one can realize how difficult a position it is in. There is no doubt about Britain's position, nor as to the brave fight they are making to get over the hill. At one time they largely controlled the world's trade and exchange, but successive wars have drained them of their money and compelled them to surrender or otherwise lose a great part of their overseas investments. Today they find it very difficult to balance their national budget.

Much the same conditions obtain all over Europe. Money values change almost overnight, and as one goes from one country to another, money changers supply you with the then value of the currencies which you are exchanging, while the Customs people impose limits on how much you can take in and how much you can bring out. Today, I believe, the French franc is worth only one-third of a cent; the Belgian franc is in a slightly better position; Dutch currency is fairly stable, German currency is better, and the stability of the Scandinavian countries is reflected in the relatively high value of their currencies. With these experiences in mind, it occurred to me that, financially speaking, a United States of Europe would be a valuable achievement, because their fiscal position would be helped by the combined strength of the member states. As we know, there is now an agreement which permits free trade in steel, coal, and other products, with a view to more economical marketing. I think that is the best news of the kind we have heard for a long time. It will develop their strength and enable them to overcome other barriers between them. At the present time, it seems to me, the money of one European country is practically useless in another.

On this continent we are in the fortunate position of having only two nations occupying half a hemisphere. Go from coast to coast in Canada, and you get the same money. Or visit the United States, and currency presents very little difficulty. But outside North America one major difficulty is the instability of governments. An American can invest money in Canada without misgivings, because he has a good assurance of security and very little difficulty about exchange. But what incentive can there be to invest money even in Britain? Excellent as is her reputation for security, money earned cannot be taken out of the country, even by her own citizens. In general, the situation in the world today is such that it is hard to justify foreign investment: so many factors combine to create instability. It is fortunate for us in Canada that we have great stability in government.

The honourable senator who moved the resolution insisted, as a reason why he thought trade restrictions should be removed, that they are man-made and that therefore there is nothing sacred about them. I am ready to agree with him, but the trouble is that all regulations are man-made and no other kind can be imagined. The Almighty, it seems, does not noticeably interfere with trade. And these restrictions, it seems to me, are more difficult to remove than some people imagine. My honourable friend said that one must take into account human nature, and national pride, and remember that the policies of states which are trying to improve their position may not coincide with our own. While in a free country trade is largely the affair of individual citizens, in European countries it is controlled by governments. Our practices in this respect, I think, are preferable, because, as the President of the United States recently reminded us, the best government is that which governs the least. Certainly most Canadian business men will agree with that.

To my mind the only way to correct the unbalanced trade situation is for creditor nations to invest abroad and to lower their tariffs. The tariff of the United States is built largely on the economy of protection. They do not take kindly to the free importation of any other than primary products; and even as regards some of these, our experience in Canada has not been altogether fortunate. We like to see a low tariff but it is always very difficult to obtain.

Industry has many functions to perform in any country. First of all, it must maintain employment. You had better not talk about free trade if you cannot keep your people employed. No free trade policy will stand up against unemployment anywhere. Actually, there is no such thing as free trade in the world today. I for one certainly believe in freer trade. I think that the problem of trade today should be considered not a political one, but rather an economic one, that can be solved only by scientific research and international good will.

Last year I travelled to Europe on an Italian ship, and I remarked to some Italians on the way, "Well, America has sent the people in Italy a lot of things". But I gathered from their remarks that they did not like the Americans too well, so I asked them what the trouble was. They replied, "Well, they have sent us over boots and shoes and clothing, but we have men who are out of work and we would rather see them producing these goods". So it is not always helpful to send goods to a country whose people could be employed in manufacturing them. Almost everywhere in Europe you get the idea that the kind of aid the people are getting from America is not always welcome. They maintain they would sooner have their own people employed in producing goods of the kind sent to them. After all, employment is what is needed, for when you have employment you can provide your own goods and services.

We have talked a great deal about the rate of exchange. At the present time we enjoy a premium of from 2 to 3 per cent on exchange between Canadian and American dollars. This sort of thing is good sometimes, but at other times not so good. When your money is at a premium it has the same effect as lowering your tariff, and this proves advantageous to other countries with whom you are trading. When the Canadian dollar was at a discount of 5 per cent with the American dollar, the fishing interests in Nova Scotia could make a good profit on the turnover of their fish; but now that the American dollar is at a discount of 3 per cent they find it difficult time to realize any kind of a profit. Therefore, it is not always wise to have your money at a premium. In this case it is good for Canada at large, because our total purchases in the States are greater than our exports to them. In other words, if our dollar is worth more than theirs it works to our advantage when we import from them, but when we export it is a different matter. My idea for a good economy between Canada and the United States would be to have these countries travel along together as closely as possible. If this could be done, I think everybody would be happy and satisfied. I am convinced that we should strive towards this end in our trade relations with the great country to the south.

The honourable senator from St. John's West (Hon. Mr. Pratt) spoke about salted fish. Canada exports a great deal of salted fish, particularly to the West Indies. The West Indies dollar was so low that trade was not profitable there, and they eventually considered salted fish to be an essential product and subsidized the industry. That is why we are able to export salt fish to the West Indies. Our trade with Cuba has been more advantageous, because it pays us in American dollars. That is why we have courted trade with that country.

The impression I gained from travelling a little in Europe was that Canada and the United States, because of having such a high standard of living and paying such high prices and wages for goods and services, are going to price themselves out of the world market. If you travel to Germany today you will find that that country is doing exceedingly well and has a growing foreign trade. In many cases she is able to undersell manufacturers on this side of the world. For instance, in the export of hardware to South America, Germany has every advantage because she can produce more cheaply than we can in North America. We must not forget that world trade is a highly competitive field. Canada and the United States are in danger of losing world markets to Japan as well as to Germany.

The United States have kept to the forefront of world trade because of their economic strength, scientific progress and wonderful technique for mass production. Just look at one American product, Coca-Cola. This soft drink is sold all over Europe, where the organization for its sale is tremendous. Many American products are sold all over the world, and I am convinced that the armed forces of the United States have served as great agents for the promotion of their goods, which have been carried into almost every foreign country. America, however, is apt to lose much of its huge world trade if it continues to pay such high prices and wages for goods and services. We in Canada have been worried about our trade situation for years. I remember when Canadians used to say, "Look at the amount of iron and oil we purchase from the Americans. Oh, if we only had iron ore and some of Rockefeller's oil." The lack of these resources seriously affected the economy of Canada at one time, but now we have our own oil fields and are able to export this product to the United

States. We will soon have iron, too, and will be able to export some of this product to our American friends. Canada is in a splendid position to maintain its purchasing power, to keep its money at a high standard and thus command respect on all the markets of the world.

People sometimes speak lightly of money. But it should be remembered that money is the economic lifeblood of a country; that while a man may leave this world, his money stays.

Hon. Mr. Hugessen: Some of it does.

Hon. Mr. Beaubien: The government takes it.

Hon. Mr. Kinley: Still it goes for the economic benefit of the country; and sound money is a good and salutary thing for a country like Canada.

The development of oil production will no doubt bring more investments to this country, and will help to maintain the Canadian dollar at a high level. We would not want to see it go too high, but it is comforting to know that our money, take it almost wherever we will, has value. That is a privilege not enjoyed by the people of every country.

The Right Honourable Mr. Howe has just returned from a trip to South America, where he was attempting to obtain markets for Canada. I believe he made a splendid effort, and I hope that his mission will bring results. The West Indies, by reason of their proximity to Canada, would seem to offer a ready market for us, but they are required by currency regulations to buy in the British markets. We in the maritimes feel that there should be a free opportunity for trade with the West Indies. My honourable friend said that an attempt was being made to open that market to Canada, but it does not seem to have got very far. Canada, with her surplus, and following the example of Great Britain in earlier days, could very well help to develop the West Indies. In that way we could find safe investments for our money on this side of the Atlantic, as well as finding a market for much of our goods.

It has often been said that this continent, for trade purposes, should be divided north and south instead of east and west. We do not need to make that division when we have the West Indies so close at hand.

Hon. Mr. McKeen: Come out west.

Hon. Mr. Kinley: The West Indies and parts of South America are capable of supplying us with the goods we require from tropical countries, and it seems to me we should do everything we can to cultivate trade with them. If Canada is to lend money, I think she should give consideration to the capital needs of the West Indies.

The lowering of tariffs would be helpful to trade. However, we cannot forget that the United States, the great consuming country of the world, controls world trade today, and unless tariff barriers are lowered and goods from Britain and other countries are allowed to be sold in the United States, American dollars will remain hard to get and foreign trade will be curtailed.

The honourable leader of the opposition (Hon. Mr. Haig) spoke about trade with Korea. I would almost go along with him in his observations. Although I am not speaking advisedly as to what should be done to bring the Korean war to an end, it seems to me that the President of the United States is justified in doing what he thinks will hasten a settlement of the differences over there. I am strongly of the opinion that any country which has soldiers fighting in the East today should not be trading with China. After all, there is only one railway from Russia to China, and if China could not get goods from other nations of the world it would soon find itself in a difficult position. I believe that we should be most careful not to interfere with what the President of the United States is attempting to do to bring confusion to our enemies over there. The problem is a delicate one, and I am sure we do not completely understand it.

In conclusion, I return to my earlier subject of immigration, in which I am most interested. My people, on my mother's side, came from Hanover some two hundred years ago. They were sent here by the British government, and for some years were maintained by it. I am happy to say that through the centuries they have become self-supporting, independent, and progressive citizens of this country.

I was interested the other day to hear the honourable senator from Margaree Forks (Hon. Mr. MacLennan) claim for the Scots a close connection with the British Crown. I am reminded that Louis, Prince of Lunenburg, from Hanover, became George I of England, and that the reigning family of England today are descendants of King George I. There are therefore no people in Canada closer to the Crown than the people of Lunenburg county, which this year celebrates its two hundredth anniversary.

Some Hon. Senators: Hear, hear.

Hon. Mr. Kinley: We feel that the Crown is the symbol of our strength, and in this

coronation year we join together to wish the monarch continued health and prosperity. We hope, too, that Great Britain will once again take the place to which we feel she is entitled in the commercial world; and we want to do our part to help her do so.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: With the consent of the house, I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

68112—18½

THE SENATE

Tuesday, February 17, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STATISTICS BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Banking and Commerce on Bill S-3, an Act to amend The Statistics Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the bill S-3, intituled "An Act to amend the Statistics Act", have in obedience to the order of reference of February 11, 1953, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Lambert: Next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Banking and Commerce on Bill V-3, an Act to incorporate Canadian Reinsurance Company.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the bill V-3, intituled "An Act to incorporate Canadian Reinsurance Company", have in obedience to the order of reference of February 10, 1953, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: Next sitting.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill E-5, an Act for the relief of Rolph Julian La France.

Bill F-5, an Act for the relief of Jack Gold.

Bill G-5, an Act for the relief of Hazel Margaret MacRury Jordan.

Bill H-5, an Act for the relief of Anne Agnes Costigan Entwistle.

Bill I-5, an Act for the relief of Rachel Sturman Spirer.

Bill J-5, an Act for the relief of Agnes Kathleen Small Finlayson.

Bill K-5, an Act for the relief of Pearl Irene Balogh Katona.

Bill L-5, an Act for the relief of Zoe Audrey Birch Butler.

Bill M-5, an Act for the relief of Bessie Mewhirter Mitchell Cameron.

Bill N-5, an Act for the relief of Elsie Smith Gray.

Bill O-5, an Act for the relief of Rita Lowsky Blatt.

Bill P-5, an Act for the relief of Anna Shulemson Heymann.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PRIVATE BILL

SECOND READING

Hon. Thomas Wood moved the second reading of Bill D-5, an Act to incorporate Canadian Pipelines Limited.

He said: Honourable senators, I should like to give a brief review of this bill to incorporate Canadian Pipelines Limited. As the bill indicates, the head office of the company is to be at the city of Regina, in the province of Saskatchewan. The company may establish other offices and agencies elsewhere, within or without Canada, if deemed necessary.

The petitioners for this incorporation are: Mr. George Herbert Barr, solicitor; Mr. William Purdon Cumming, solicitor; Mr. Robert Milliken Barr, solicitor; Mr. Archibald Turner Brown, managing director, and Mr. Frank Benjamin Poutney, investment dealer —all from the city of Regina—together with such other persons as may become shareholders in the company. Incidentally, I may say I am very pleased that this company proposes to have its head office in Regina.

As the bill indicates, it is the present intention of the company to transport natural gas from Alberta across Saskatchewan and Manitoba. The company proposes to build this line initially to Winnipeg. It is, of course, impossible to say now whether in the future the company's operations may extend to other parts of Canada. This will depend upon the availability of sufficient supplies of gas, prospective markets, and other considerations which cannot be foreseen at the present time. New fields of gas are being discovered in Ontario, and others may be found which, along with some gas coming in from the

United States, might make difficult the building of a line that could compete with the conditions that exist in eastern Canada at the present time.

The company may also form branch lines to supply prairie communities other than those already mentioned in the bill.

Large quantities of gas have been found in southern and eastern Alberta, as well as in the west-central portions of Saskatchewan. It would seem now that, in all probability, gas will be made available to residents of Saskatchewan and Manitoba at a substantial saving, as it is now to the residents of Alberta.

In addition to the men named in the petition, others interested in the company will be: Mr. John MacAulay, Q.C., barrister, Winnipeg; Mr. Gordon Smith, Winnipeg, who is prominent in the grain and oil business of western Canada; Mr. Charles F. Burns, financier, Toronto; Dominion Securities of Canada, Toronto; Kidder Peabody & Company, investment bankers, New York; White Weld & Company investment bankers, New York; and Fish Engineering Company, Houston, Texas, who will be in charge of technical development.

Hon. Mr. Reid: May I ask the honourable gentleman whether this company, if granted a charter, will have the right to build a pipe line both east and west?

Hon. Mr. Wood: I think that in the forepart of my brief I gave the answer to my honourable friend's question.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Wood: Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill R-5, an Act for the relief of Cecile Lea Sauve Rheaume.

Bill S-5, an Act for the relief of George Frederick Shaw.

Bill T-5, an Act for the relief of John Arthur Dorsay.

Bill U-5, an Act for the relief of Dorothy Green Wainer.

Bill V-5, an Act for the relief of Mildred Isabel Lunan Aspell.

Bill W-5, an Act for the relief of Minnie Martz Kurtzman.

Bill X-5, an Act for the relief of Elizabeth Smaga Melnitzky.

Bill Y-5, an Act for the relief of Alexander Hillcoat.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, I move the second readings now.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

INTERNATIONAL TRADE

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. McLean that the Standing Committee on Canadian Trade Relations be empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world.

Hon. T. A. Crerar: Honourable senators, the resolution which has been moved by our colleague from Southern New Brunswick (Hon. Mr. McLean), merits the careful attention of this house. We are indeed indebted to him for having brought this important matter before the house in the way in which he did.

A close examination of the motion before us reveals that it contains several suggestions. First:

> That the Standing Committee on Canadian Trade Relations be empowered to inquire into and report on—
>
> 1. What, in their opinion, might be the most practical steps to further implement article 2 of the North Atlantic Treaty whereby the signatories to that document agreed that—"They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them".

The North Atlantic Treaty has two aspects. There is, of course, the military side. But the signatory countries, realizing that their defence strength rests not alone on military establishments but is intimately bound up with their economic welfare, have added this clause to the agreement.

The resolution also suggests that we should examine any project for developing economic collaboration, specifically between the countries who are signatories to the treaty, and how such project can be co-ordinated with the trade policies of other countries of the free world. That also is important.

In the third place, it is suggested that we examine whether and to what extent it is possible to reach an understanding that would give the economic collaboration the same period of life as is provided for in respect of the military relationships; that is, twenty years.

It is altogether a good thing that a committee of this house should examine into these questions and hear what evidence it can secure as to the merits and the practicability of the proposal set forth in the motion to which I have just referred.

This matter of an expansion of trade is of peculiar significance to Canada. Participating in the North Atlantic Treaty are fourteen countries—including Greece and Turkey, which gave their adherence within the past year—with a very considerable aggregate of population and trade. Certainly it is worth while to see whether anything can be done to increase trade between all these partners associated for the specific purpose of their joint defence. I suggest that, of these fourteen nations, not one is more vitally interested in the subject-matter of the motion than is Canada. In the calendar year 1952 our total exports exceeded $4,350 millions and constituted about 20 per cent of our gross national production. If one contemplates for a moment what would have been our situation had this volume of exports been cut in half, one can readily realize its significance. A shrinkage to that degree would have caused widespread unemployment all over the country. For that reason alone it is of the first importance that we do everything we can to maintain and extend our foreign trade.

What are the exports we provide for the world? As every honourable senator knows, they are many and varied. One item of great significance, and of peculiar interest to honourable members from Western Canada, is wheat. On this matter the report of the Canadian Wheat Board for the crop year ended July 31 last gives some very interesting data. For instance, in the crop year August 1, 1951 to July 31, 1952 Canadian wheat, and flour, the product of wheat—was sold in sixty-eight countries. Of these, twenty are in Europe, twelve in Asia, sixteen in the Central American and Caribbean area, nine in South America, ten in Africa; and in addition there is the United States. The total quantity of wheat exported to these countries in the period I have named exceeds 357 million bushels. The very wide distribution of our markets in this one commodity, is evidence of the importance of international trade to Canada. In the same period Canada exported, mainly to European, United States and Japanese buyers, more than 70 million bushels of barley. As regards other exports, I understand that 90 per cent of our production of paper goes to the United States. Canadian pulp products are sent to markets all over the world; and, as our colleague from New Westminster (Hon. Mr. Reid) is well aware, our sales of timber are no less widely diffused. The same statement applies to our output of base metals. In short, Canada is a great and almost unlimited storehouse of raw materials, and on our ability to find markets for them depends the extent to which we can import. In turn, the degree to which we import is a very important factor in the maintenance of our standing of living.

There are certain difficulties in the way of trade today, which the honourable gentleman from Southern New Brunswick (Hon. Mr. McLean) referred to when speaking to his motion. Unquestionably, these difficulties are the result of the last Great War, which upset the economic balance everywhere in the world—although even before that time signs of difficulties were commencing to arise in the realm of international trade. It is curious how nations, like individuals, resort to all sorts of schemes to improve their economic position. After the war we had quota and exchange regulations and all the paraphernalia of controls in a very widespread fashion. Fortunately for Canada, and I think very wisely, we have eliminated practically all of these controls. Just offhand I cannot recall one that we still retain.

The position of Great Britain and of the whole sterling area is very different. Britain's position is difficult, partially because of reasons entirely beyond her control, and partially for reasons over which she might have a considerable measure of control. Britain was the great free trade country of the nineteenth century. She traded all over the world and wisely left the profits of her trade as investments in other countries. By the end of the nineteenth century her investments abroad were paying her a very large yearly income, to which we in Canada contributed our share. Furthermore, in the nineteenth century the United States made heavy borrowings of capital from Britain, as did South American countries. Indeed, British capital was being invested all over the world, and the earnings of that capital,

plus the earnings from steamships, insurance and banking exchange, provided Britain with a great deal of the substance that she used to pay for her imports of food and raw materials.

Two world wars completely upset Britain's economy. She has found it necessary in large measure to dispose of her overseas investments in order that she might more effectively prosecute these wars. In the early years of the last war she mobilized her North American securities, both in Canada and in the United States, and sold large quantities of them to Canadian and American buyers, to get the dollars with which to buy essential materials for prosecuting the war. That left her without the income of those investments for the future. They were gone. I think, too, Britain's problem has been aggravated by the uncertainties of the period since the end of the war. I am not giving my own opinion on this, but the opinion of very responsible British students and publications. There can be little doubt that Britain's great adventure into the welfare state disturbed her economy. One can understand that the war weariness of Britain's people after five years of a conflict of terrific intensity left them in a let-down state.

I do not for the moment imagine that there is any quick or easy solution to this problem of convertibility, the problem of making the money of the sterling area, the pound, easily and readily convertible with the American and Canadian dollar. It may be a long time before that can be done fully and freely as was the case before the first World War, or even between the two World Wars. Suggestions have been put forth that this might be accomplished by Canada and the United States making very large dollar loans to the International Monetary Fund, and by the Fund using these dollars to assist the sterling area in maintaining their imports. That would simply be lending money to your customer to buy your own goods, and in the end there would inevitably be trouble and difficulty over that. So, I repeat that in my judgment there is no easy solution to this problem of convertibility, but that does not debar us from giving the fullest consideration and study to it. It could well be, of course, that my judgment is entirely wrong. I hope it is. At any rate, we propose under this motion to examine and inquire into that business, and I think it is very important that we do so.

The next point to which I should like to refer is our trade with the United States. By far the greater volume of our import and export trade is with that country. Sometimes I get impatient with expressions of opinion one hears in Canada to the effect that our trade with the United States is growing too large, and that it is feared this trade may be upset. I do not think there is any fair warrant for that assumption. Those who talk in that fashion—and there are some not a great distance from where I am speaking now—have not fully realized all the factors involved in this. It is said that the United States is uncertain in its tariff policies, that it is unpredictable, and that no one will ever know what may happen from one year to another. The record does not bear that out. It is said that the United States is subject to pressure groups. I grant that this is so, for we have all read about lobbies at Washington pressing for legislative favours in one way or another. And I am bound to say that this sort of thing is not entirely unknown in our own country. I recall that a few years ago we had a very animated discussion on the question of whether we should have margarine in Canada.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: I recall further that pressure was exerted—some of it right in this chamber—against the proposal that margarine should be manufactured and sold. Also, in the textile field we have witnessed the actions of pressure groups who imagine that the breath of more competition would be disastrous to their welfare. More recently we have seen evidence of pressure in another, though somewhat smaller area—

Hon. Mr. Beaubien: But sweeter.

Hon. Mr. Crerar: —where people who call themselves sugar beet growers are demanding of the government the damming back of imports of Cuban sugar. The people who hold such views have no imagination and no sense of humour. If they would take an objective look at themselves they would realize that. But they propose that at least 14 million sugar consumers in Canada should agree to pay a higher price for sugar in order that a few hundred sugar beet growers in this or that community could more certainly operate at a profit. That proposition is completely absurd. When we talk about pressure groups in Washington, let us not forget that occasionally there is a mote in our own eye in the form of pressure groups in Canada.

The record of our trade relations with the United States—and I shall deal with it very briefly—does not warrant the fears expressed in certain places as to what may happen if we trade too freely with our neighbours to the south. It is well within the memory of at least some members of this honourable house that in 1911—forty-two years ago—Canada negotiated a reciprocity arrangement for the free exchange of natural

products with the United States. When the question was submitted to the arbitrament of an election, the people of Canada refused to accept it; but that offer to Canada remained on the statute books of the United States for about ten years, until in 1922 the famous Fordney-McCumber tariff—

Hon. Mr. Ross: Infamous.

Hon. Mr. Crerar: —was introduced in the United States. At that time Congress rescinded the offer of reciprocal trade with Canada, and the United States embarked upon a program of high tariffs.

In the United States the period from 1922 until the early thirties was unquestionably a period of both economic and political isolationism. The ideal of a league of nations, sponsored by their notable president of that day, Woodrow Wilson, was rejected, and with the foolish notion that politically and economically they could live within themselves, they washed their hands of Europe and the rest of the world.

Not satisfied with the Fordney-McCumber tariff, the United States took a further step in the wrong direction by introducing, in 1930, the Hawley-Smoot tariff, which erected even higher tariff barriers. The policy of isolation, which continued for a period of ten years, resulted in one of the worst depressions that country has ever known. When, in 1932, a new government came into power, it set about to redress the balance.

I should perhaps have said earlier that after the Democratic party came into power, early in 1913, the American tariff policy was set by the Underwood tariff, which as I recall in large measure reduced the duty on nearly all imports. It may be said that in the main the Democratic party has been the low tariff party of the United States. The Republicans were in office from 1921 until 1932. Early in 1933 the Democrats came back into power and within a few years reciprocal trade agreements were developed by Secretary of State Hull. These have been extended and expanded over the years since that time.

The conference held in Ottawa in 1932 led to the plan for the development of a trading area within the British Commonwealth of Nations by a system of preferential duties. We then thought—at least some people thought—that our trade problems had been solved. As a matter of fact, the late Lord Bennett—then the Right Honourable R. B. Bennett, Prime Minister of Canada—was negotiating with the United States for a reciprocal trade arrangement when he went out of office in 1935. That to me is an illustration that while we may imagine we can control the currents of events, their compulsion sometimes overwhelms us.

I return for a moment to the reciprocal trade agreements negotiated by the United States. No one in this country will deny that the trade agreements which Canada made with the United States, first in the autumn of 1935 and renewed three years later, and the arrangements which exist under the Geneva system, have been of immense value to the Canadian people.

There was a good deal of misgiving in some Canadian quarters when at the recent United States elections the Republican party was returned to office. Many felt that this would mean a revival of the old protectionist system. However, that has not come about, and I venture to say that it is unlikely to come about. One of the most significant features of President Eisenhower's State of the Union message to Congress was the emphasis placed on the need for renewal of the reciprocal trade agreements which expire this year. Unquestionably the president will ask Congress to renew these agreements. Already he has urged the importance of a revision of American customs regulations. Not only the United States, but Canada and probably other countries, have discovered that there are more ways of making it difficult to import goods than by putting on duties of varying percentages. The customs regulations of the United States are due for an overhauling; and it is significant and of some interest to us that the president has recommended this as one of the things for congress to attend to. What will result is as impossible to predict as are the contents of the budget which will be introduced in another place this week. But beyond doubt the Republican party contains strongly progressive elements both in the sphere of international politics and of international trade; and as for their opponents, traditionally the Southern Democrats are in favour of low tariffs. I for one shall be rather disappointed if President Eisenhower does not get his way in this matter.

There is another aspect of this question as far as the United States are concerned. I said earlier that policies often are subject to the compulsion of events. At the end of last December the population of the United States, as estimated by its census bureau, was 157 millions. At the present rate of growth it will have increased eight years hence, that is by 1960, to 175 millions; and by 1970, eighteen years from now, if the rate of growth is maintained, it will be over 200 millions. In the same period our population, of course, will also increase. But surely no Canadian, be he

in public or in private life, will deny the importance to us of a market of 160 million people, right at our doors in a few years time. This rapid growth in the United States population is one of the most significant factors in relation to Canada's future. For today the United States are increasingly dependent upon other countries for many of the things required to maintain the American standard of living. I have already made mention of our sales of barley. The United States also provides a large market for our livestock, for quite a range of our agricultural products, and for many of our base metals, including aluminum, copper, lead, and zinc.

Our American friends are learning, perhaps the hard way—though they can learn pretty quickly when they set their minds to it—that for a country to continue to export it must also import. That axiom is as true today as it ever was, and it is becoming more widely recognized. One sees it reflected in the unanimous declaration a few months ago of the Detroit Chamber of Commerce, which, after making a study of international trade, demanded complete elimination of tariffs. If that strikes one as going very far, it is certain that it reflects the belief of their membership that substantial reductions should be made; and their arguments were based on the solid ground that a nation cannot sell unless it is prepared to buy. The United States Chamber of Commerce has taken somewhat the same attitude, and leading newspapers, both Democratic and Republican, are on record to the same effect. Upon his recent visit to the United States that grand old man, Winston Churchill, voiced the standpoint of the British people when he said, "We want trade, not aid". So, in spite of pressure groups here and there, one can see a steadily increasing realization of the fundamental factors which underlie economic life in the United States, as everywhere else. Our policy should be to work as fully as possible along these lines with the United States.

This resolution touches only indirectly on what may be termed external affairs. I venture here a suggestion, for which I hope I may have some support in the house, that it would be a good thing if we could have this session a full-dress debate on our foreign policies. Unquestionably the world today is passing through a period of tension. I am not an alarmist, but I doubt whether for the past several years the strains and stresses in the relations of Great Britain and some other Commonwealth countries with the United States have been greater than they are at this moment. This sort of thing could have disastrous consequences; and surely there is enough wisdom and tolerance in the western countries to avoid playing into the hands of Russia.

I regret some of the criticism which has been directed against President Eisenhower for his declaration with regard to Formosa. I want to make it very clear to this house that I am not among the critics. On the contrary, I believe the president had ample justification for the step he took. The criticism amuses me, because some of the very people who are making it criticized the policy of President Truman in 1950, after the outbreak of the Korean war, when he said that the 7th fleet would patrol Formosa waters and prevent Chiang Kai-shek from making any attack on the Chinese mainland. At that time President Truman's policy was denounced, as likely to lead to war with China, by the same individuals who today are denouncing President Eisenhower's move as likely now to bring about war with that country. Well, I for one do not think that in the present tense struggle throughout the world we are going to be successful anywhere by adopting any kind of a policy that smacks of appeasement of the communist powers.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I am not for war. War would be a devastating, terrible thing to happen to the world; but I am opposed to exhibitions of weakness and division which play into the hands of the dictators in the Kremlin. We need to keep our courage and our resolution strong, and above all we need to bring as near home to the Canadian people as we can the fact that the vital issue is freedom for the world. Today the world is divided into two sections: those who adhere to what we call the democratic system, people who believe that freedom is fundamental to the happiness of mankind and to the progress of civilization; and, on the other hand, the dark forces of tyranny that will subjugate the individual and make him a mere cypher in the cog of a state machine. These people are unquestionably planning—and not with short-range plans either—to force their system upon the world. In the face of this we need to be clear in our purpose, resolute in our faith, and strong in the conviction that we are on the side of right, moderate and fair always to those who work with us. If we are, then I think we can help to reach a solution of not only the political difficulties throughout the world, but of all the economic problems which this motion sets out so very well.

Some Hon. Senators: Hear, hear.

Hon. Wishart McL. Robertson: Honourable senators, I should like to add a few observations to the debate on this resolution. First of all, I would point out that for the last year or two I have more or less had to dissuade the mover, the honourable gentleman from Southern New Brunswick (Hon. Mr. McLean), the Chairman of the Standing Committee on Canadian Trade Relations, from proposing a study of how best to encourage trade between the free nations of the world, a subject which I know is very close to his heart. He desired to move this resolution early in 1952, and again just prior to the Christmas recess of the present session, but on both occasions I had to request him to postpone action because of the legislative program then before the Senate. It is hardly necessary for me to remind the house what a great contribution various Senate committees have made in recent years by their inquiries into public questions, such as taxes, finance, and so on. It has never been for me to say whether these inquiries should or should not be carried out, but I have always endeavoured to keep our work reasonably within the capacity of our clerical staffs. While I had to dissuade my honourable colleague from proceeding with his motion in the past, I now welcome the opportunity to facilitate his inquiry because, aside from any other reason, there is no subject in which I am more keenly interested than international trade.

Honourable senators, I need hardly refer to the importance of the question of trade between nations. This is not a new subject by any means, for it has been discussed back and forth during at least one hundred years. The existence of trade or the lack of it has had a profound effect upon the fortunes of nations and peoples. For instance, I am sure that any inquiry into this subject would bring forth reasonable arguments that World War II itself may have had its very genesis in the question of trade relations. Indeed, Stalin himself has said in public that the trade question will be the cause of the next world war. So it is a subject of tremendous importance and, since practically nobody opposes it in the abstract, it is a wonder to me that a greater degree of success has never been attained in solving the problems connected with it. I suppose that the support for greater international trade in the abstract comes from an unconscious feeling that it would increase the prosperity of individual countries, because they would be able to sell their goods more easily. But, as the honourable gentleman from Churchill (Hon. Mr. Crerar) has pointed out, trade is a two-way street, and if you are going to export to a country you must also import from it. This is where things have broken down in the past. Many have preached the benefits of competition, but have immediately made every effort to avoid it.

A great deal has been written about this subject in the abstract, but one of the articles that have impressed me most was written by Arnold Toynbee, perhaps the world's foremost living philosopher and historian. Reviewing the present world events in the light of world history, he makes this compelling statement:

> The western nations, all told, are only a small minority, not much more than one-fifth of the human race.
>
> These nations are still indulging in the extravagance of trying to live in watertight compartments, each sealed off from the rest by migration restrictions, by tariffs and quotas limiting the movements of goods and by exchange restrictions limiting the movement of money.
>
> Our western community today is spending about three-quarters of its political energies and depriving itself of about half of its potential economic resources in desperately struggling to go on keeping up these internal barriers that have now become not only useless but perilous for us . . . We cannot afford any longer to keep up any internal barriers, inside our western world, that are found to be handicapping us in our joint defence and therefore to be endangering the survival of our common values.

As was said by the sponsor of the resolution (Hon. Mr. McLean), and repeated by the senator from Queens-Lunenburg (Hon. Mr. Kinley), Canada's trade today is buoyant, and there is hope against hope that that buoyancy will be maintained. While I do not want to interject a pessimistic note, some highly competent but less optimistic authorities share the view expressed by the honourable senator from Churchill (Hon. Mr. Crerar), that the gradual rise of our trade barometer has been the result of a gradual reduction of trade barriers, coincidental with abnormal demands for materials required for purposes of war, whether hot or cold.

Recently there was sent to me a most interesting article written by Dr. Clair Wilcox, the first United States chairman of the trade delegation to London in 1946. He has served on trade delegations in Geneva and is recognized as an authority in his field. In a speech delivered as recently as last December he divided his remarks on trade into three divisions, namely, where we are now, where we should be, and where we are likely to go. I shall attempt to summarize briefly his observations.

Dr. Wilcox pointed out that the trade position of the United States has been attained, and the reduction of tariffs has been achieved, through thirty-three GATT agreements, and some eleven pre-GATT agreements; and that as a result of all that, the Hawley-Smoot tariff has on the average been cut in half.

On this question, said Dr. Wilcox, "duties have been sharply cut but the cuts have never been enacted into the law". Changes in tariff regulations are embodied in trade agreements, under special powers given to the President.

Dr. Wilcox went on to say that there had not been any particular enthusiasm for GATT. "GATT", said he, "can be levelled by a single blow." He showed how in recent months and years, despite the Democratic administration, the advantages of the trade agreements have been steadily whittled down. And he called attention to the fact that the United States Congress wrote into the Trade Agreements Extension Act of 1951 the following words:

> The enactment of this Act shall not be construed to determine or indicate the approval or disapproval of the Executive Agreement known as the General Agreement on Tariffs and Trade.

Dr. Wilcox commented:

> The GATT thus lives on sufferance, as welcome as a bastard child.
>
> If the Trade Agreements Act were to expire, no more negotiations could be undertaken, but past agreements would survive until denounced. If GATT were to be denounced, the American tariff would immediately rise, on the average, by 40 per cent. And if the pre-GATT and non-GATT agreements were also abandoned, the tariff would be doubled, returning to the rates of Hawley-Smoot. This is how we stand today. Where do we go from here?

Then, in discussing what should be done, he made this significant statement:

> Instead of being isolated and exposed to attack, trade policy should be handled in the context of foreign economic policy as a whole.

In the light of the pre-election speeches of President Eisenhower, Dr. Wilcox feels that the new administration, like the Truman administration, will favour freer trade relations. Bearing in mind what Congress did even when controlled by the Democrats, he is not too optimistic about the new Republican controlled houses. He pointed out that the Republican program of 1952 pledged the party, "to safeguard our domestic enterprise and the pay-rolls of our workers against unfair import competitions". Obviously, Dr. Wilcox expects a battle between the new administration and Congress. He said, "of all the fights that lie ahead, this promises to be the toughest one."

Honourable senators, the feeling that while some progress has been made in this important field, we have also slipped back, is borne out by the words of Mr. Graham Towers in the annual report of the Bank of Canada for the year 1952. At page 11 of that report, Mr. Towers says:

> More than seven years have now passed since the end of the war and it must be acknowledged that the world is still far from the goals of currency convertibility and non-discrimination; indeed, restrictions on trade and payments are in many cases more rather than less severe than they were some years ago.

That, honourable senators, is in a general way the position in which we find ourselves. If some way is not found to materially increase multilateral trade between the nations of the free world, we are surely in for stormy times.

I wish now to refer specifically to the resolution, and in this connection to cite a a remark of Dr. Wilcox, that "instead of being isolated and exposed to attack, trade policy should be handled in the context of foreign economic policy as a whole." I shall not deal in detail with the resolution. My honourable friend from Churchill (Hon. Mr. Crerar) has done so, and has directed attention to the significance of NATO in combining our economic policies with our military obligations. The reasoning which supports this principle is very simple. Rightly or wrongly, Canada has committed itself in this direction to an extent which a few years ago would have been thought impossible. The same is true of the United States. Imagine what the reaction of Congress would have been a decade or more ago to a proposal to surrender almost entirely the nation's exclusive right to declare war—for that is the effect of the solemn agreement that an attack upon any one of fourteen countries will be deemed to be an attack upon the United States. There is, I believe, some sort of escape clause to the effect that if one country is attacked, the legislatures of the member states shall meet and determine the extent of the assistance to be given to it. But, in the light of the existing situation, with the combined forces of NATO in Europe headed by an American general, the proviso is so unrealistic that it might as well have been struck out.

Almost as astonishing is the change of attitude in this country. My active interest in or knowledge of politics is not so extensive as that of some honourable senators, but I can remember the time, not long ago, when, in spite of Canada's membership in the Commonwealth, one of the tenets of the party of which I was a member, under the leadership of Mr. Mackenzie King, was that we were not automatically at war when Britain was at war; that although the logic of events might draw us very quickly into the conflict, we retained our right of decision. But under the impact of a world crisis more perilous than we have ever known, involving, perhaps, the whole future of mankind, the legislatures of both Canada and the United States, with hardly a dissenting voice, have waived the right upon which formerly

they were so insistent. No thought of partisanship affected their decision. So in this connection the remarks of Dr. Wilcox which I have quoted, and the observations of my honourable friend relating to a broader foreign policy, are, to say the least, intriguing, and they should stimulate thinking along this line.

Of course this is not the first attempt at a regional economic program. The honourable senator from Churchill (Hon. Mr. Crerar) has referred to the proposed agreement between Canada and the United States; there were also the Ottawa agreements; and more recently we have watched the organization of Benelux in continental Europe. This latter was certainly brought about "in the context of foreign economic policy as a whole", and it is one of the most striking events in the recent history of continental Europe. About a week ago the governments of France and Germany committed themselves to absolute trade in coal and other products, an agreement affecting a joint population of some 155 millions. I believe that next April the agreement will extend to steel and its products, and consideration is being given to similar treatment with respect to medical supplies and transportation facilities. How long, one wonders, but for the danger to which France is exposed, would it have taken to overcome the inborn protectionism of powerful elements there, as elsewhere?

Some opposition may be raised to undertakings such as those contemplated by the resolution, on the ground that, as they affect primarily and specifically the fourteen countries which are signatories of NATO, they are too exclusive. Honourable senators will recall that Canada and the United Kingdom are the only units of the commonwealth that are members of NATO. Incorporated in the resolution is the suggestion that the project should be co-ordinated with the trade policies of other countries, but the primary consideration is greater trade between NATO countries. One has already heard it predicted that NATO may supplant the United Nations. Personally, I do not think it will. I again refer to Arnold Toynbee, who, alluding to the relationship of NATO to the United Nations, states:

> The United Nations is not, in fact, a political community: it is a political forum, in which questions can be debated and opinions aired but in which no act of government can be performed. Yet we cannot do without this forum, however successful the development of NATO may be, so long as the United Nations remains the closest approach the United States and the Soviet Union can make to one another; for to meet—and even to quarrel—in a forum is far better than never to meet at all.

This statement may be considered in connection with the fact that the framers of NATO, in the opening clause of the charter, refer to it as a part of U.N., not as superseding it. This relationship of NATO and U.N. is one which the president of the United States evidently believes is likely to continue, and not as in any way detrimental to the United Nations. As I read his inaugural speech, he looks forward to other organizations, a development of NATO elsewhere. Clause 7 of his speech states:

> Appreciating that economic need, military security and political wisdom combine to suggest regional groupings of free peoples, we hope, within the framework of the United Nations, to help strengthen such special bonds the world over. The nature of these ties must vary with the different problems of different areas.

I do not know specifically what this means, but the president presumably is taking into account that the NATO program for the Middle East embraces a defence force which is expected to operate from the frontiers of Turkey to India, or perhaps Pakistan, and ultimately a defence pact extending from India to Japan. NATO, comprising the free peoples of the West, may be enlarged into an undertaking by the free peoples of the East to defend themselves from absorption, in whole or in part, by a common enemy. Thereby the free peoples of the East may agree that, with help, they will defend themselves against becoming potential Koreas in whole or in part.

To my way of thinking this is a most logical development. But there is one difference. While it is possible to have around the perimeter of the communist world a Middle East grouping, a Far East grouping and NATO, for a long time to come the NATO countries would be expected, because of their economic strength, to look after the military and economic requirements of these two regional groupings as well as their own. In my opinion it would require every bit of economic strength that the NATO countries could muster to carry out such a scheme. So it seems to me that a pretty wide and comprehensive program will be involved if we are to approach this problem on any basis of co-ordinating, without being too restrictive, the various trade and economic policies of the countries concerned.

I do not wish to discourage the mover and seconder of this resolution, but I doubt whether our committee will have sufficient time to deal with this important subject before parliament prorogues early in May. For one thing, I think the witnesses appearing before the committee would require a longer time than that to prepare their evidence. I do not say this, however, to deter the mover and seconder from proceeding with the inquiry, for I doubt whether a more important or basic question has ever

come before the Senate. Indeed, I want to commend these honourable gentlemen for having brought this subject to our attention.

Some hon. Senators: Hear, hear.

Hon. Mr. Robertson: Trade negotiations are being carried out. Honourable senators will recall that the prime ministers of the commonwealth met fairly recently in London. In a short time Mr. Eden and Mr. Butler of Great Britain will be visiting the United States to discuss trade matters with the government of that country. Their slogan "Trade, not aid" is very expressive, and I am sure they will be endeavouring to establish multilateral trade on as permanent a basis as possible. Despite the fact that the Canadian and American governments favour, as did the Truman administration, the increasing of multilateral trade between the nations of the free world, there are always strong forces opposed to the idea. Strong forces were opposed to it in the last two or three years, a period during which we experienced unexampled prosperity, and common sense tells us that as competition increases—and it is bound to increase—the latent forces which have been opposed to these things in the western world in the past will be even more strongly opposed to them in the future. It seems to me that in approaching this question it might be wise to ascertain whether, to use the words of Dr. Wilcox, our trade policy should not be handled in the context of foreign economic policy as a whole instead of being isolated and exposed to attack.

I should like to make a few remarks as to what the impact on the Canadian economic life would likely be if the objective of my honourable friends were achieved. Those parts of Canada where industry is based on natural products, in the primary or secondary form, would stand to gain tremendously. I am thinking, for example of the area which extends from Manitoba to the West Coast, the St. Lawrence basin, the Maritimes and Newfoundland. Markets, however, are the primary requirements for trade and we know what happens when we lose them. That the economy in those parts of the country would benefit, can be taken for granted. There is, however, another segment of the economy of Canada, and a very important one, located principally in the basin of the St. Lawrence. It is that type of industry which might be referred to as a secondary industry, or a Canadian industry that has been chiefly built-up behind a protective tariff. In this industry there are some branches of American firms and some British.

I think that all the natural resources people would contemplate a permanent and steady reduction of tariffs with considerable pleasant anticipation. My view is that these strategically located primary industries, enjoying the advantage of cheap power and so on, would gain more than they would lose in getting a reciprocal American market; but I am not an expert in these matters, and I really do not know.

I would point out that in the implement business, Canada and the United States have carried on a trade back and forth without any kind of tariff restrictions. Here, of course, the business done by each country in the other has been about equal. In other words, Americans have bought as much equipment and machinery from us as we have bought from them. This might be another basis for agreement, and the committee might well examine into this aspect of the question.

I am not really in a position to comment on Newfoundland, and I would rather leave its particular problem to members from that province. The honourable senator from St. John's West (Hon. Mr. Pratt), for example, who took part in this debate last night, is much better qualified than I am to speak about Newfoundland's trade problems. Broad and long, I would think that being part and parcel of a much larger trading area would be very beneficial to the province.

In conclusion, I should like to say a few words on behalf of the maritime provinces, from which I come. It is most interesting to speculate on how the economy of the maritimes would be affected if the objects of the resolution were attained. The result would be a change in Canada from a primary market of 14 million people to a trading area populated by 350 million people, embracing all the NATO countries.

We in the maritime provinces, regardless of the benefits which were conferred upon us by Confederation, have felt, rightly or wrongly, that our geographical position placed us on the fringe of the markets of Canada. True, compensations for that geographical disadvantage have been secured by way of reductions in freight rates, subventions on coal, and other means. But the events of recent years, such as the constantly increasing freight rates, plus the trend away from the use of coal as a fuel, have to a great extent retarded the maritime provinces from both a manufacturng and a trading standpoint. While some of the traffic which flows back and forth across Canada passes through our ports, nevertheless the position in which we find ourselves is not a happy one.

I can remember being prepared, when a young man, to join a party for the repeal of my province from Confederation. I am,

of course, glad now that some of the first speeches I made in that vein were not recorded for posterity. But the present picture could be completely changed by the extension of our trading area from the west coast of Canada to the Iron Curtain countries in the east, to include approximately 350 million people. What effect such a move would have on the economy of the maritime provinces, I do not know, but certainly it would remove those provinces from the fringe of the market to its centre.

It is a well known fact that the maritime provinces do not have the quantity of hydro-electric power which exists in the valley of the St. Lawrence River or in the province of British Columbia. On the other hand, a friend of mine who is an authority on the subject recently gave me some figures on the potential value of coal on tidal waters for the production of power. I emphasize the fact that I am speaking only of its potentiality. My information is that the coal mines of the Atlantic are potenially capable of producing more power than the combined output of Shipshaw at Arvida, Kitimat in British Columbia, at full development, and Niagara Falls.

Hon. Mr. Euler: What about the Passamaquoddy?

Hon. Mr. Reid: What quantity of power is to be produced?

Hon. Mr. Robertson: My information is to the effect that maritime coal is capable of being converted into more power than the combined output of the three power plants I have referred to.

Hon. Mr. Roebuck: How long could the production be kept up?

Hon. Mr. Robertson: I am informed by my scientist friend that Nova Scotia's present annual production of six million tons of coal could be converted into twice as much electrical energy as is now produced by Shipshaw, and one and two-thirds the volume to be produced by Kitimat at its full development. As to the time factor, which my honourable friend asked about, the estimate is that these figures would apply over a period of 300 years. By way of further calculation, if the present output of coal were doubled to 12 million tons a year, twice the output of power that I have indicated could be produced over a period of 150 years. I am sure it does not worry the youthful members of this chamber to know that this huge volume of power could be maintained over a period of only 150 years. Obviously, by that time coal will have been replaced by atomic energy. I have attempted to point out to my honourable friends the impact that such changes as proposed by this resolution might have upon the economy of such a small portion of Canada as the maritime provinces. That area has a strategic position, a source of unlimited power, and close proximity to large deposits of iron ore; and it is blessed with a highly intelligent people who could take advantage of great opportunities if—and I emphasize that little word "if"—we have markets for our goods.

Some Hon. Senators: Hear, hear.

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

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 18, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Miscellaneous Private Bills on Bill T-3, an Act to incorporate the Evangelical Lutheran Synod of Western Canada.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill T-3, intituled: "An Act to incorporate the Evangelical Lutheran Synod of Western Canada", have in obedience to the order of reference of 10th February, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Vien: Honourable senators, this morning the Standing Committee on Miscellaneous Private Bills unanimously approved this bill and three or four others, all equally non-contentious, which I understand are to be reported back to the Senate at this sitting. Each of them was given second reading here without opposition. As honourable senators know, the time allowed for private bills in the other house is very limited. Therefore, I would suggest that we give these measures third reading today, so that they may be made available promptly to that house for its consideration.

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Miscellaneous and Private Bills on Bill X-3, an Act to incorporate the Callow Veterans' and Invalids' Welfare League.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred Bill X-3, intituled: "An Act to incorporate The Callow Veterans' and Invalids' Welfare League," have in obedience to the order of reference of February 11, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Isnor: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Miscellaneous and Private Bills on Bill Q-3, an Act to incorporate the Apostolic Trustees of the Friars Minor or Franciscans of Western Canada.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill Q-3, intituled: "An Act to incorporate The Apostolic Trustees of the Friars Minor or Franciscans of Western Canada", have in obedience to the order of reference of February 10, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Blais: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented and moved concurrence in the report of the Standing Committee on Miscellaneous and Private Bills on Bill W-3, an Act respecting the Apostolic Trustees of the Friars Minor or Franciscans.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill W-3, intituled: "An Act respecting The Apostolic Trustees of the Friars Minor or Franciscans", have in obedience to the order of reference of February 10, 1953, examined the said bill and now beg leave to report the same with the following amendment:

1. Page 2, lines 7 to 11: delete clause 3 and substitute the following:

"3. The said Act is further amended by adding thereto immediately after section fifteen, the following section:

"16. The following provisions of Part I of The Companies Act shall apply *mutatis mutandis* to the Corporation, namely, subsection 1 of section 14, except paragraphs T and U, and section 20."

Hon. Mr. Haig: Honourable senators, as I had the honour of being on the committee, and as some honourable members may not understand the meaning of the amendment, perhaps I may offer a brief explanation. As drafted, clause 16 provided that the Companies Act should apply to the corporation. We thought that it would be better to insert more specifically what powers the promoters wanted, and the committee's amendment limits considerably the scope of the clause as drawn. In that respect this bill and Bill Q-3, introduced by the honourable senator from St. Albert (Hon. Mr. Blais), are complementary.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Vien: With leave, now. I so move.

The motion was agreed to, and the bill as amended was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Miscellaneous Private Bills on Bill U-3, an Act respecting the Detroit and Windsor Subway Company.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill U-3, intituled "An Act respecting the Detroit and Windsor Subway Company", have in obedience to the order of reference of February 10, 1953, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Lambert: With leave, I move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

FIRST READING

Hon. Mr. Crerar presented Bill Z-5, an Act to incorporate Canadian Disaster Relief Fund, Inc.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Crerar: Wednesday next.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, before the Orders of the Day are proceeded with, I may say that after a few minutes I expect to be absent from the house until next Tuesday's sitting. It is a matter of regret to me that I shall have to miss hearing any addresses that may be made in that interval. I have asked the honourable gentleman from Ottawa (Hon. Mr. Lambert) to lead the house in my absence. The question as to when the Senate will resume next week after the week-end adjournment will be a matter for him and the Senate to decide; but in view of the large amount of committee work for next week, and the possibility of some legislation coming to us from the House of Commons within a day or so, I would strongly urge that the Senate reassemble on Monday night. I feel we shall need all the time ahead of us in order to deal with the legislative program.

STATISTICS BILL

THIRD READING

Hon. Mr. Lambert moved the third reading of Bill S-3, an Act to amend the Statistics Act.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. Vien moved the third reading of V-3, an Act to incorporate Canadian Reinsurance Company.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill R-5, an Act for the relief of Cecile Lea Sauve Rheaume.

Bill S-5, an Act for the relief of George Frederick Shaw.

Bill T-5, an Act for the relief of John Arthur Dorsay.

Bill U-5, an Act for the relief of Dorothy Green Wainer.

Bill V-5, an Act for the relief of Mildred Isabel Lunan Aspell.

Bill W-5, an Act for the relief of Minnie Martz Kurtzman.

Bill X-5, an Act for the relief of Elizabeth Smaga Melnitzsky.

Bill Y-5, an Act for the relief of Alexander Hillcoat.

The motion was agreed to, and the bills were read the third time, and passed, on division.

INTERNATIONAL TRADE

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. McLean that the Standing Committee on Canadian Trade Relations be empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world.

Hon. F. W. Gershaw: Honourable senators, I am venturing to take part in this debate, to express what might be called a few amateur views on trade, and to tell something of the activities of an industry in the district whence I come.

We all realize that exchange of goods among the nations is of very great importance. In fact, it has been stated that our hopes for peace and prosperity are bound up with our trade relations. Judging from resolutions that have been passed and speeches that have been made, it seems evident that throughout the world there are still unnecessary trade barriers to the exchange of goods, which otherwise would be a mutually profitable business for the countries and individuals participating. However, it would seem that a new spirit is alive, for this subject is now being viewed from a more reasonable standpoint. The whole question of economic nationalism, which had such a bad effect in years gone by—which indeed, possibly had something to do with bringing on the great depression—is being challenged in many places.

It is quite evident that Canada has prospered in recent years. Her prosperity is partly due to the discoveries of oil, uranium, iron ore and so on; but in part it is due also to freedom from the crippling effects of rigid controls and embargoes.

We still have tariffs, and some of them seem to be extremely high. But today the question of trade between nations is being approached from what might be called a scientific standpoint. It is being dealt with by international agreements which take into account, first, the intrinsic value of the industry that is being discussed and, secondly, the inalienable right of the people of a free country to get their necessities at the lowest possible cost. As has been said so many times, trade is the very life blood of a country, and we in Canada are particularly dependent for our prosperity upon external trade. Three out of every eight people employed in this country are employed in connection with its external trade; so if we restrict the export of our products to other countries we not only reduce our standard of living but we lengthen the lines of the unemployed.

What the future has in store for us no one knows, but coming events cast their shadows before them to some extent. Peoples and nations do not change much, and history has a way of repeating itself. Policies and principles that have stood the test of time, that have been tried and proven in the light of knowledge gained, should not be discarded hastily and without full consideration. The golden age lies onward, not behind. The pathway through the past has led us up; the pathway in the future will lead us up, and higher.

Two world-wide wars, the like of which have never been seen before, have had a shattering effect on our economy. They have hampered our progress toward our distant goal. Yet the governmental policies of recent years have given us a standard of living as comfortable as has ever been attained by any country at any stage of world history. True, commodity prices at present are high, but most people have more money for the purchase of goods than they ever had before. Also most Canadian industries and financial institutions have prospered. Taxes are admittedly high, but the people of Canada should rejoice to know that our national debt has recently been reduced by $2¼ billion. Besides, we have in Canada social security measures, the like of which the world has never before seen in operation. They have gone a long way to distribute the country's wealth more evenly, and to banish poverty and want from all classes of our citizens.

I should like to thank the sponsor of this resolution for having brought the subject of trade before the Senate. In his remarks he said that the agricultural interests should be heard from. As the subject of beet sugar

has already been mentioned in the debate, I should like to take this opportunity of making a few remarks about it.

It may be called to mind that in 1857, or nearly one hundred years ago, Captain Palliser, on behalf of the British government, explored what is now the prairie provinces. He marked out an area, roughly triangular in shape, which he considered unfit for cultivation. Experience over the years has shown that his judgment was not far wrong, for in eight out of every ten years since the country was opened up for homesteading the rainfall in that area has been deficient and the yield ruinously low. So desperate did the situation become, that a few years ago the government felt compelled to introduce the Prairie Farm Assistance Act, under which almost every farmer who had suffered a crop failure could receive the so-called "dry bonus", which was an amount up to $500, in lieu of the crop they lost. Approximately one-third of the money used for this purpose came from the farmers themselves by way of a 1 per cent levy on all grain marketed, and the remaining two-thirds from the treasury of Canada.

Also there was placed on the statute books the Prairie Farm Rehabilitation Act, under which about 50,000 dug-outs and small irrigation reservoirs have been constructed. In this operation the dominion government has supplied the engineering advice and paid part of the construction costs. At the present time about half a million acres in that area are under irrigation, and work is going ahead rapidly, with the co-operation of the federal and provincial governments, to bring under the ditch an additional three-quarters of a million acres.

Wheat is the best crop in the dried-out areas. But where water can be applied artificially to the land, independently of the rainfall, such crops as fruits, vegetables, alfalfa and, particularly, sugar beets, have a prominent place. The growing of these crops leads to the opening up of canning factories, deep freeze plants and plants for the processing of sugar beets. As the population of the district increases, the existing plants are enlarged and more plants are established.

Sugar beets can be grown very successfully in the area to which I refer. It is most inspiring to watch the process: great quantities of beets are washed and scrubbed in water, and eventually end up in the form of pure white granulated sugar. That sugar is just as wholesome and of the same formula as granulated sugar produced from cane. Production of sugar beets in this area, where there is a considerable amount of sunshine and where water is made available artificially, averages about twelve tons per acre. Because of the large amount of sunshine the sugar content of the beets is about 17 per cent, which is considered extremely high.

The sugar beet crop is not only a cash crop, but it is a sure crop. Wheat may be destroyed by rust. Other grains may fall victim to some pest, such as the sawfly; potatoes are often affected by blight; but the sugar beet will withstand all such pests and diseases, as well as a large amount of hail and frost. And because of its by-products, the sugar beet may be regarded as a double crop. The by-products from an acre of sugar beets, for the purpose of feeding livestock are equal to the total production from an acre of corn.

Perhaps I should give some detail on this matter of the by-products of sugar beets. The beet top is sliced off, and with the leafy part there is removed a small amount of the beet itself. For feeding purposes one pound of beet tops is considered as valuable as half a pound of grain. There is also the pulp, which can be dried and stored indefinitely. As feed for milking cows, it will increase the flow of milk; and feeders gain more rapidly in weight on it than they do on other types of food. A further by-product is molasses. It is not considered profitable to extract sugar from the beet beyond a certain point, and the remaining beet juice is available in the form of molasses.

On the average, a ton of beets will produce about eighty pounds of molasses; or, if one is so inclined, he can convert a ton of beets into about four gallons of alcohol. And small rootlets are used as feed for swine. With all these by-products, the sugar beet crop can quite properly be regarded as a double crop.

The sugar beet is valuable as a rotation crop; it can be followed by a cereal crop, which will then yield 80 per cent more than it otherwise would. As a rule, the cereal crop is followed by alfalfa, and then by another crop of sugar beets.

The growing of beets provides more tonnage for the railways. Further, as I have said, it is a sure crop, and of a type which will keep young people at home on the farm. It provides a new market for building material and certain kinds of machinery. A further point to be made in favour of this crop, is that people who grow beets are not obliged to live on an isolated and lonely homestead, but may reside in a populated area where they can enjoy the benefits of community life and have a good supply of the protective foods.

I should like to pay tribute to the men who have invested their money in costly beet-sugar factories, their control of which they regard as a public trust. Specially trained experts are engaged to look after the cultural methods, and their aim is to enrich the soil and maintain its fertility for the use of generations to come. The factory owners enter into contracts with the growers early in the season, make an initial payment, and allow the growers to participate in the profits. In the past the owners and growers have faced serious difficulties in obtaining materials, labour and markets, but by their enterprise and continuing efforts they have solved these difficulties and have made a great contribution to the happiness of the people in that district. I would like to point out here that they have received a lot of help and good advice from our honourable colleague from Lethbridge (Hon. Mr. Buchanan). I would also pay a tribute to the government for the attention and help it has given to that branch of the agricultural industry, and I would press for its continuance, even in spite of some annoyances to which the government may have been subjected. The greatest tragedy of the recent decade out there was the destruction of the forests on the eastern slopes of the Rocky Mountains. The dominion and provincial governments, acting together, have so dealt with the problem that water from the mountain streams will flow down gradually from the area instead of descending in torrents and floods.

Refined sugar imported into Canada is taxed at $1.89 per hundred pounds—a duty of almost 25 per cent—and that impost is being maintained. The Minister of Trade and Commerce has just returned from a good will market-seeking expedition, and he has assured the people of the Maritimes—those little provinces down by the sea to whom we owe so much—that they can continue to get sugar from Cuba and enjoy the Cuban market for their fish, potatoes and other products. He has also stated that Cuban refined sugar will not come into the districts of Western Ontario where some of the factories are located, nor into the Prairie provinces. These things have been of very great value, and are much appreciated.

It may be, honourable senators, that I have wandered far afield. I can only hope that from the deliberations of the proposed committee there will emerge policies which will add to the sum-total of human happiness and welfare, and which, by fostering good will and mutual understanding, will go far to banish hatred amongst nations.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate I want at the outset to say that the subject-matter of the resolution concerns not only the other non-communistic free nations, but definitely affects this great country of ours. I am fully aware of the significance of the resolution as well as of the complexity of the problem, which, dealing as it does with the intricacies of foreign exchange and international trade, goes even far beyond the limits of discussion in this honourable chamber. The matter of foreign exchange is highly technical, and its ramifications can be understood only by a specialist. It is therefore with some feeling of humility that I approach the subject; not as an authority on currencies or finance, but as one who views the matter in its practical aspects, in the light of today's events.

I suppose, honourable senators, that if the world were operated under a system whereby each and every country lived to itself, we in Canada would still do better than most nations. But I have always contended, both on the public platform and in private, that the nations which have provided in the fullest degree this world's goods and luxuries for their citizens are those which have gone out to trade, and trade freely; while countries which have built barriers around themselves somewhat like the so-called Iron Curtain, do not enjoy as fully those gifts which God intended for them.

Let me at this point comment on some of the statements made by preceding speakers in this debate.

First of all, I would refer to the statement of the honourable senator from Churchill (Hon. Mr. Crerar) that the present unbalanced state of affairs is a result of World War II. To that remark I take exception. I believe that the Hawley-Smoot tariff of 1930 was the beginning of the conditions from which we are now suffering. It may be remembered also that at that time there was in Canada a Prime Minister who set out to match the Hawley-Smoot tariff, and to such effect that, according to my information, Canadian tariffs were raised in his administration to a higher level than at any time in the previous thirty years. The prevailing principle from 1930-35 was "do everything here", and I well remember that it was a hard doctrine to buck on a public platform, because it was easy to convince the idle shoemaker or the unemployed textile worker that if boots or clothes were made in this country everyone would be employed. I am not going to take up time to go further into that, for we all know what happened when 1935 came along. But other countries followed the example of the United States; and it will be remembered that, still later, other nations—of which Japan, for instance, was

one—started to deflate their currencies with a view to overleaping the high tariff walls. So, I repeat, the high tariffs of the thirties were a great factor in bringing about World War II, and it is not correct to say that the present crisis began with the war.

The honourable member from Churchill also spoke about the world being divided into two camps, with the free nations on one side, and those behind the Iron Curtain on the other. I wonder how many honourable senators have seriously pondered the fact that, aside from what is going on behind the Iron Curtain, a formidable world revolution is in progress. It is independent of Communism, or so-called Communism; it is a revolt against unnecessary misery.

Recently Mr. Gerard Filion, Editor of *Le Devoir,* of Montreal, attended the World Peace Conference in Peking. He has since published a series of articles which are well worth reading. I do not think he can be accused of sympathy with Communist Russia. I am not going to read extensively from these articles, but in confirmation of what I have said about the existence of a world revolution against unnecessary misery, may I remind honourable senators of what he says about the outlook on life of the Chinese whom he met.

He says:

> Socialism is an ideal to these under-fed peoples. It is part of the scheme of material progress. They don't want any part of the Western systems under which they have suffered. They are told that in the Soviet Union no man exploits another. They see that the Soviet Union has a higher standard of living than their own. That is enough for them, even if they are not Marxists; even if they are opposed to the atheistic and materialistic concepts of communism. They are attracted to it anyway by the promise it holds out of material security.
>
> Side by side with this admiration of socialism, which is sometimes fanatic and sometimes naïve, goes a hatred for the Western powers which are lumped together collectively as capitalist dictatorships. This hatred is intense.

His articles give us cause for thought, and I quote these statements to remind the house that in many countries there is an urge to have more of the good or necessary things of life. One could perhaps say that the world is divided into two groups; the "have" nations and the "have-not" nations. Fortunately, Canada is in the "have" group.

The honourable Senator from Queens-Lunenburg (Hon. Mr. Kinley) gave his views on immigration when taking part in this debate. This is always a good subject to talk about, but I entirely disagree with the idea entertained by many people who advocate an expanding immigration policy for Canada. They seem to think that the more people we have the happier and better off we shall be; but, though I am not against immigration, I do not think so. The people in the United States—some 157 millions of them—are no happier or better off than we are in Canada. In fact, many Americans would like to live as Canadians rather than as U.S. citizens.

The honourable gentleman from Queens-Lunenburg also spoke about the development of our natural resources. I should like to give a word of warning about the great resources which we hold in trust for ourselves and for our future generations. Within a period of some fifty years the United States have wasted a substantial part of their great heritage of natural resources. Where are they going to go for what they are beginning to lack? The great developments that are taking place in our Canadian northland are being sponsored to a great degree by American businessmen. I would urge the federal and provincial governments of this country to be very careful about how these great natural resources and reserves of ours are used. In my opinion there has been no greater example of the waste of natural resources than the waste which has taken place in the country to the south of us.

I come now to the speech made by the honourable leader of the government (Hon. Mr. Robertson). I am sorry he is not here, because I want to commend him for the contribution he made to this debate. I think his speech was just about one of the best I have listened to on this subject. He alluded to the Schuman plan which was put into effect in Europe, and which the Honourable Mr. Pearson recently mentioned in the House of Commons. I have read something about the Schuman plan, but I wonder how many other senators have done so. And how many people in Canada realize what the Schuman plan means to the economy of the countries concerned, and as well to the economies of other countries, including perhaps Canada? The leader also spoke about NATO, and the fact that the United States have handed over their right to decide war for the next twenty years. Well, so did Canada hand over this right. Canada will no longer have a say in this regard as long as she is a member of NATO.

The Schuman plan, which was proposed on May 9, 1950, involves France, West Germany, Belgium, Holland, Luxembourg, and Italy. Great Britain and the United States are not members of this group. When European businessmen speak of a free market they do not mean, as we would, an area in which every purchaser may seek business on any basis that satisfies a willing buyer and a willing seller, but rather one in which the price is identical for all. When a European businessman speaks of free enterprise he

means not only private initiative and responsibility, but the privilege of agreeing with his competitors on prices without government interference. It rather appears that today government planners know better or think they know better than those actually in an industry how the business should be conducted. The Schuman plan is so complicated that very few people really understand it. The people of Canada and the United States have not been alerted as to what the plan really means; they have not been told what result it may have in the future.

Now that Canada is committed to the defence of Western Europe it should be our purpose to examine all such matters in the light of how they may effect this country in the years ahead. After all, steel is not produced by government planners. The great steel industries of Canada, the United States, Great Britain and Germany were founded and built up by free enterprise as we know it. But the move of all governments today is towards socialism—I mean that all governments, including our own, are either consciously or otherwise moving towards socialism—with its inevitable regimentation and curtailment of freedom. As we are aware of this fact, it should, in my opinion, be made plain to the Canadian people. Under the Schuman plan the price of coal and steel will be regulated for its member-nations, as will the quantities that may be imported by any one of these countries. Once this plan goes into full effect I shall look for some trouble in trade for the free countries of the world. I thought that this afternoon I would give this warning to the Senate.

I come now to the speech made by the mover of the resolution (Hon. Mr. McLean). Whatever criticism I make of his speech will be made without rancour, but with candour. He said that payment for goods shipped from one country to another can only be made in one way: by goods and services. Anyone who has even made a cursory examination of these matters knows that there are two ways to make payment, namely, by goods and services, and by currency acceptable to the country from which the goods are bought.

I call to mind the days when I spoke about silver restoration. How out of focus those speeches look in the light of today's events! Those were the days of the gold standard. The present financial program of most countries, if not all, is to support the value of paper currency. It is well known that the United States today are carrying on deficit financing by the use of paper book-keeping or accounting. As long as the people have faith in that, it is as sound as any currency. Indeed, this paper I hold in my hand could be made legal tender, and if the people of the country had faith in it, it would then have value as money.

Realizing that the speeches being made on this resolution, and the proceedings which will later take place in committee, may well be circulated to other countries, I am disappointed to note that the sponsor of the resolution used the word "England" instead of "Great Britain". I make that observation in no critical sense; but, after all, there are a good many people in the United States who seem to have more faith in Great Britain than in England. Such people may interpret the use of the word "England" to mean England only, and no other country.

The sponsor of the resolution spoke in detail about sterling. Of course, Britain used sterling in the days of the gold standard. I call to mind events of, I think, 1928, when the Prime Minister of Great Britain said that if she ever went off the gold standard the world would collapse. Well, it has not collapsed, but I will admit that in so far as currencies are concerned, it is in a terrible mess.

I am wondering what the United States are going to do with their $22 billion worth of gold. One cannot blame some wild-eyed socialists for questioning a system under which men spend their lives digging gold out of the earth, transporting it 3,000 miles, and planting it in another hole in the earth. At the moment they can see no good in that process.

While I realize my suggestion might not be accepted, I believe it might be well for the United States to consider distributing the gold chips among the countries of the world. Despite all that we hear, gold still ranks as a precious metal and is not something to be easily overlooked or discounted.

The sponsor spoke of the position of the countries of the free world. I have dealt with that phase of the discussion in my reference to the article by Mr. Filion.

The meat of the resolution, it seems to me, will be its effect on the future policy and action of the United States, and perhaps on the trend of events in this country.

I should like to call the attention of honourable senators to an article by Sumner H. Slichter in the January issue of the *Atlantic*, and to read a few extracts which bear out and support what I have said. They have to do with the crux of the whole trouble involved in sterling exchange, principally as it affects the United States. Professor Slichter, in his article, says in part:

. . . Stalin's lengthy pronouncement on Russian policy in the magazine *Bolshevik* all indicate that

Russia is taking a new look at her policies and is about to make new efforts to divide the countries of the West.

These developments follow closely the acute foreign exchange crisis among many non-Communist countries in the first half of 1952. This crisis, the third foreign exchange crisis since the end of the Second World War, has caused the sterling area to lose half of its gold and dollar reserves; it has led Britain, France, India, Australia, South Africa; New Zealand, and other countries to make drastic cuts in their imports; it has caused the British Trade Union Congress to pass unanimously a resolution demanding expansion of trade with the Soviet Union and Communist China; it is forcing Britain and France to cut their defence outlays below the targets set at Lisbon last winter; and it is bringing about high-level talks between the British and Americans in Washington early this year on the fundamentals of world economic conditions.

The failure of the United States to provide an adequate economic foundation for its foreign policy has been due to the fact that the economic difficulties of the non-Communist world have been grievously underestimated. It was originally hoped that the post-war recovery of production would in a few years enable the principal countries to restore the convertibility of their currencies, and that generous aid from the United States for a few years (the Marshall Plan was for five years) would permit most countries to raise output to the needed levels. The United States has put more than $35 billion into foreign aid, and the output of Western Europe is more than 40 per cent above pre-war. There has also been a big increase in trade between countries, including a large rise in sales to the United States. And yet only very limited progress toward achieving the convertibility of most currencies has been made—as is indicated by the foreign exchange crisis of 1952.

A short time ago the United States placed an embargo against certain of Canada's agricultural products. I am sure, however, that if we had found ourselves in similar circumstances some definite action would have had to be taken in Canada. There are I believe, some twenty-eight agricultural items on which the United States government has placed a ceiling; and the government will buy ten of those items when the farmers are unable to sell them. Imagine what would happen in this country if the people of, say, British Columbia demanded to be allowed to import New Zealand butter at 25 cents a pound. Think of the protests that would descend on Ottawa from the dairy farmers in the central and eastern provinces.

This whole matter of trade is linked up not simply with customs and tariffs, but with regulations and subsidies, and God knows what else. Hence, at the outset I took the view that this resolution involved certain great problems.

In another part of Professor Slichter's article he has this further to say:

> The greatest single obstacle to American efforts to build a strong community of non-Communist countries has been the difficulty of these countries in selling to the United States . . . This possibility (of greater sales) is created by the so-called "escape clause," recently added to the trade agreements act. This clause authorizes the president to terminate concessions made in reciprocal trade agreements if the Tariff Commission finds that imports threaten serious injury to American producers.

Are we in Canada not facing a somewhat similar problem when we talk about imports? One has only to read the recent speech by the Minister of Trade and Commerce to learn of the pressure which certain interests have been trying to put on him in regard to the importation of sugar. I am just waiting to see what will happen when Japan begins to ship her goods into this country. It will be interesting to note what attitude will be taken by those who now talk loudly about free or freer trade. In my opinion we have a certain duty to perform; and while we are looking at other countries we had better take a second look at what we ourselves are doing. When one gets to the nub of the whole thing, it must be admitted that along with the great prosperity enjoyed by Canada, as well as the United States, there has come a degree of selfishness such as has never been witnessed before, and it will make itself felt wherever public men run for office: they will be told in no uncertain terms that if they do not oppose the bringing in of certain classes of goods they will find it more difficult to be re-elected.

Hon. Mr. Haig: Does my honourable friend remember what happened in 1930, when the government of the day tried to bring in butter from New Zealand?

Hon. Mr. Reid: Yes. I remember they "slipped out" on it.

Hon. Mr. Haig: That is why I am in this house.

Hon. Mr. Reid: We know there is an understanding between New Zealand and this country about the importation of certain commodities, including butter. There are other Canadian interests that would be greatly concerned if certain classes of goods were allowed into the country. I mention these things to remind honourable senators of the complexity of the problem. There is no easy solution, and the selfishness of particular groups will make itself felt once imports in any quantity come in from abroad. I have seen processions of lawyers and others arrive to warn that if cars were permitted to come in from the United States at a lower duty they would go out and help to defeat the government.

I do not know that I have much more to say. The United States occupy the top place in the free world today, and I have some fear that if a resolution of this kind is adopted it may have adverse effects on the result

of the talks which were recently concluded between Prime Minister Churchill and the President. Any change for the better, however, will be a slow task. Here is what a leading British statesman said only the other day:

R. A. Butler, Chancellor of the Exchequer, warned yesterday against expecting any immediate and spectacular results from his proposed visit to Washington and Ottawa next month.

I am not a member of the Standing Committee on Trade and Commerce, but I would suggest that the committee should be careful about the language it uses, because it may be interpreted as the voice of the government—which it is not. I would also ask the committee to give consideration to inviting the Right Honourable R. A. Butler to appear before it and explain the nature of the problem which confronts Great Britain, and what it means to that country. We already know in part what effect the loss of the British market has had upon groups of our own producers.

It would be unfair, I think, to end a speech of this kind without making a suggestion—

Hon. Mr. Euler: And a remedy—

Hon. Mr. Reid: Yes—what I think might be done. Thus far in this debate I have not heard much in the way of possible remedies. A great many words have been used in pointing out the seriousness of the situation, but little has been said about how to mend it. I read a press statement that Mr. Harold Wilson, on his return from Canada, told his British fellow-members of parliament that in this country there is widespread interest in the suggestion that some of our Canadian purchases should be paid for in sterling, and that any surplus which might develop should be held in the form of sterling balances on Canadian account in London. Mr. Wilson is a former Labour President of the British Board of Trade. In the trade plan which has been put forward, Canada and Britain would make a new deal based on agreement to keep the net balance of payments equal year by year. This in effect would help solve Britain's Canadian dollar scarcity problem and regain markets for goods which we appear to have lost. Canada could say to Britain, "We will accept your money in sterling for everything that you buy from us, such as lumber, salmon, apples, wheat, metals, and so forth." This money would be deposited by the individual buyers in the Bank of Canada account in London, and the Bank of Canada would pay the Canadian sellers of the goods in Canadian dollars.

The principle of this plan is similar to, if not the same as, that proposed by the late Franklin Roosevelt and the late Mr. Mackenzie King, and which, I understand, was suggested or incorporated in the Hyde Park agreement. It worked well enough between Canada and the United States, and if the proposed plan were put into operation it might work between Canada and Great Britain—and, what is more, perhaps tide us over the consequences of any slump in the United States. I do not doubt that this suggestion may be immediately assailed by financial critics and others who have made a study of such matters, but at any rate I have tried to propound a remedy of some kind. I shall go on to another. By the way, the honourable senator from Southern New Brunswick (Hon. Mr. McLean) was not entirely correct when he said that—

. . . we are surrounded with a multiplicity of all kinds of restrictions—embargoes, permits, licences, rationing, high tariffs, changing tariffs—and bulk buying by nations, amateur economic controllers, austerity, and inconvertible money . . . The free world cannot afford these antiquated artificial barriers.

I take objection to the word "antiquated", because most of the devices he mentioned as having led to stoppages of trade and to economic headaches in Canada, Great Britain, the United States, and other countries, are quite recent inventions. I suggest we would do well to examine a little more closely our own economic and trading practices. We have got away from the old days when customs duties were imposed simply for revenue. There was a time, fifty or sixty years ago, when countries taxed imports as a means of providing necessary revenue. But when Canada, along with other states, started to develop, it began to change its fiscal system. Custom duties were applied for protective purposes, and we know that in many instances manufacturers added to the price of their goods the protection so afforded them, and of course the consumers paid. Recently I was looking over a list of products bought by Great Britain, and though it is far from my intention to criticize British buying policies, the committee might ponder this question. Last year we in British Columbia lost the British markets for our salmon. This was a serious blow, because at present the canners have in storage the largest stocks of salmon they have ever held. Britain claims that she has no dollars with which to buy our salmon, but I am wondering how she could spend half a million dollars to purchase Canadian whisky. I suppose it is "just one of those things". Incidentally, I thought whisky was one of Scotland's chief exports. And there are other interesting illustrations of dollar-spending by Britain.

Under our customs regulations we impose customs duties of 22 per cent plus 10 per cent against goods coming into this country from Great Britain which are not manufactured in Canada. It cannot be argued that such tariffs or duties have been established to protect any Canadian industry I thought we had got away from the practice of imposing customs duties on import commodities simply for revenue-making purposes. It is argued that if a Canadian industry requires a little protection, a duty is then imposed on imported articles similar to those manufactured by that industry. On looking over the list I was surprised at the number of articles we import from Britain which are not manufactured in Canada, on which we pay a duty of 22 per cent plus 10 per cent.

I think our committee should take these things under consideration and ask the appropriate officials what can be done to make trade between Canada and Great Britain a little easier and freer.

Hon. Mr. Euler: May I ask the senator a question?

Hon. Mr. Reid: Certainly.

Hon. Mr. Euler: I have no intention of embarrassing my friend, for I do not think I could embarrass him if I wanted to. As he went along I took it that he was criticizing Canadian tariffs, as well as those of other countries, and when he came towards the end of his speech I just stuck in one question, "Have you a remedy"? I was pretty sure my friend would suggest that the abolition of all tariffs and the introduction of free trade between the free countries of the world would settle the sterling problem. Am I right or wrong in assuming that this would be his main remedy? He did not say so.

Hon. Mr. Reid: I am glad that the honourable gentleman from Waterloo (Hon. Mr. Euler) has asked that question, because in my opinion all-out free traders are about as scarce as the dodo.

Hon. Mr. Roebuck: Some of us free traders are still left.

Hon. Mr. Reid: We took about fifty years to build up our present system, and it will take at least a hundred years before we can return to the old system of free trade.

Hon. Mr. Euler: Do you think free trade would cure it?

Hon. Mr. Reid: Free trade between all countries, yes. I realize, however, that after you carry on a system and it becomes firmly established, it is hard to turn back. Take, for instance, the welfare state of Great Britain. Many who have studied the present system in Britain have said that she cannot afford it, but we all know it is pretty difficult for any government to return to the old ways of doing things. That is why I have often stood up in my place and protested against certain legislation going through. Once you put something on the statute books it is difficult to take it off. The honourable senator from Waterloo asked me about free trade. It is nice to think of it, but a system of free trade will never return in our time unless some terriffic event—perhaps an atomic war—shakes up some countries. There is another remedy, however, and though it may be antiquated it is being used by at least seven countries at the present time. I refer to the barter system. I have here a list of countries that are doing business with communist China today. In one instance oil is being traded for rice. Many of the nations which attended the trade conference recently held at Moscow—and I think we should have been represented there—are now trading with both Russia and communist China. Great Britain as well as a half a dozen of the NATO countries are doing business with communist China, and I think it would prove disastrous if the United States were to start intercepting ships on the high seas. It is a well-known fact that during the war many countries, including Canada, the United States and Great Britain, actually sent goods to the enemy. So why are people greatly alarmed when they hear that countries of the free world are now trading with communist China?

I believe that the countries which trade freely will be able to enjoy the highest possible standard of living, but I am not as enthusiastic about the resolution before the house as are some members who have taken part in this debate.

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

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 19, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADIAN VESSEL CONSTRUCTION ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Banking and Commerce on Bill 19, an Act to amend the Canadian Vessel Construction Assistance Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 19, intituled: "An Act to amend The Canadian Vessel Construction Assistance Act", have in obedience to the order of reference of February 16, 1953, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: Next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Banking and Commerce on Bill Y-3, an Act respecting a certain patent and patent application of Florence F. Loudon.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill Y-3, intituled: "An Act respecting a certain patent and patent application of Florence F. Loudon", have in obedience to the order of reference of February 12, 1953, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: Next sitting.

PRIVATE BILLS

REFUND OF PARLIAMENTARY FEES

Hon. Mr. Aseltine: Honourable senators, with leave, I move:

That the parliamentary fees paid upon the Bill (T-3), intituled: "An Act to incorporate The Evangelical Lutheran Synod of Western Canada", be refunded to Messrs, Gowling, MacTavish & Co., Ottawa, solicitors for the petitioners, less printing and translation costs.

The motion was agreed to.

Hon. Mr. Isnor: Honourable senators, with leave of the Senate, I move:

That the parliamentary fees paid upon the Bill (X-3), intituled: "An Act to incorporate The Callow Veterans' and Invalids' Welfare League", be refunded to Messrs. McDonald, Joyal & Co., Ottawa, solicitors for the petitioners, less printing and translation costs.

The motion was agreed to.

Hon. Mr. Vien: Honourable senators, with leave of the Senate, I move:

That the parliamentary fees paid upon the Bill (Q-3), intituled: "An Act to incorporate The Apostolic Trustees of the Friars Minor or Franciscans of Western Canada", be refunded to Messrs. Duncan, Johnson & Co., Edmonton, Alberta, solicitors for the petitioners, less printing and translation costs.

The motion was agreed to.

Hon. Mr. Vien: Honourable senators, with leave of the Senate, I move:

That the parliamentary fees paid upon the Bill (W-3), intituled: "An Act respecting The Apostolic Trustees of the Friars Minor or Franciscans", be refunded to Mr. Lucien Roux, Q.C., Montreal, Quebec, solicitor for the petitioners, less printing and translation costs.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill A-6, an Act for the relief of Georgina Gibbons Bastien.

Bill B-6, an Act for the relief of Alice Martha Sharkey MacInnes.

Bill C-6, an Act for the relief of Gittel Gershonowitch Hammer.

Bill D-6, an Act for the relief of Frances Louise Devenish.

Bill E-6, an Act for the relief of Marguerite Evelyn Lucy Watts Paterson.

Bill F-6, an Act for the relief of Joseph Edouard Charles Pichette.

Bill G-6, an Act for the relief of Cecilia Rachel Baird.

Bill H-6, an Act for the relief of Verna Kirstine Dam Credico.

Bill I-6, an Act for the relief of Diane Parent Leblanc.

Bill J-6, an Act for the relief of Blima Blossom Wendy Weitzman Thompson.

Bill K-6, an Act for the relief of Joseph Edgar Roger Roland Bisaillon.

Bill L-6, an Act for the relief of Catherine Lois MacLeod McPhee.

Bill M-6, an Act for the relief of Dessie Fowler Taylor.

Bill No. 6, An Act for the relief of Florence Trudy Nugent Barnett.

Bill O-6, an Act for the relief of Gordon Dampierre Ross.

The bills were read the first time.

SECOND READINGS

Hon. Mr. Aseltine: Honourable senators, with leave, I move that these bills be now read the second time. The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. Aseltine: Honourable senators, if no one objects I should like to move that the bills be now read the third time.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CANADIAN CITIZENSHIP BILL

SECOND READING

Hon. Arthur W. Roebuck moved the second reading of Bill Q-5, an Act to amend the Canadian Citizenship Act.

He said: Honourable senators, I think I should ask for your indulgence while I attempt to explain this bill, for because of its legal entanglements it is rather difficult to follow. The difficulty lies in the legal machinery, and in parts of my explanation it may be found that the cogs clash or do not mesh. Actually, four different pieces of legislation are involved: the bill itself, together with the act it amends—the Citizenship Act—and the old Immigration Act, as well as the Immigration Act which was passed last session, and assented to in July, 1952.

It will be recalled that the Immigration Act of last session consolidated and substantially altered the Immigration Act of that time. The new law was to come into force by proclamation, and a considerable time ago the minister assured me that the proclamation would issue before January of this year. However, that has not been done yet. The reason given for the delay is, first that a completely new set of regulations must be drafted, and it seems that some unusual difficulty has been encountered in this regard; and secondly, it has been deemed desirable to bring in a co-ordinated citizenship bill, which we are to consider this afternoon. The plan is that a new Immigration Act and a new Canadian Citizenship Act will come into force at the same time. The desirability of having these two acts come into force at the one time is obvious. First, they are both to be administered by the Minister of Citizenship and Immigration, the Honourable Walter Harris; and secondly, both acts have largely to do with the same subject matter.

The bill before us is for the purpose of co-ordinating the Canadian Citizenship Act, in some important respects, with the Immigration Act, in order that the two may be administered without conflict by the same officials.

The substance of the decidedly complicated amendments in this bill centres about the question of domicile which, as honourable senators know, is essential to the acquiring of citizenship. It is obvious that there should not be two definitions of domicile in these parallel acts. Accordingly, I direct the attention of honourable senators to the new paragraph (bb) of clause 1 (1) of the bill, which reads as follows:

'Canadian domicile' means Canadian domicile as defined in the laws respecting immigration that are or were in force at the time the Canadian domicile of a person is relevant under this act.

Therefore, upon this bill becoming law, if one wishes to find the rules with regard to domicile, for the purposes of naturalization, one will turn not to the Canadian Citizenship Act, but rather to the Immigration Act. To learn whether a certain person was entitled to become a citizen some years ago, one would look at the old Immigration Act, but if the information applied to the period after 1947 the new act would be consulted.

If honourable senators care so to spend the necessary time they may read the full definition of "domicile" in the Immigration Act. The rules respecting domicile have not been changed much by the new Immigration Act, nor indeed are they much different from the common law rules. To secure domicile in a certain place, one must intend to continue to reside there; one's residence must not be of a temporary character.

Subclause 4 (mm) of clause 1 covers the acquisition of Canadian domicile, which means residence in Canada; or, in other words, a legal landing, for a period of five years. By reference to the Immigration Act, honourable senators will observe that the five-year period excludes time spent in jail, or while under an order for deportation, or when one is merely under a permit from the Immigration Department and has not been given permanent landing. The Immigration Act also sets out conditions under which a person may suffer loss of citizenship, one of these conditions being disloyalty to this country.

If honourable senators will turn now to clause 10, on page 8 of the bill, they will note these words:

38(1) Where any question arises under this Act as to whether

(a) any person was lawfully admitted to Canada for permanent residence; or

(b) any person has or had Canadian domicile, the minister shall decide the question and the decision of the minister is final and conclusive for the purposes of this act.

Honourable senators will also observe that the records of the Immigration Branch are to be *prima facie* evidence with regard to lawful admission to Canada and the granting of permanent landing. If, however, there is no record in the Immigration Branch, proof satisfactory to the minister must be given to him before he can favourably decide the question of domicile as affecting a prospective citizen. The same discretion is to be found in clause 18, on page 14 of the bill, namely, that when any doubt exists as to whether a person is or is not a Canadian citizen, the minister may, in his discretion, issue a certificate of citizenship.

If honourable senators will return to clause 1 of the bill, which I abandoned when I went to clause 18 to follow the thread of the changes, they will note that the word "issued" is added. A certificate of citizenship may be issued or granted under two conditions: the minister has the right to grant citizenship, but there are persons who are entitled to citizenship as of right, and, therefore, to a certificate as of right. So this bill makes for the first time this distinction: it gives the minister the right to grant; it gives the department authority to issue.

Hon. Mr. Euler: I can remember that some years ago, when a bill dealing with naturalization came up in the other house, the minister asked for authority to grant, of himself, naturalization.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Euler: My recollection is that the proposal was—perhaps quite properly—defeated. Does this bill seek to confer that authority?

Hon. Mr. Roebuck: In part, at least. It gives the minister in his discretion power to grant a certificate that a person is a citizen, and that is pretty close to the right to grant naturalization.

Hon. Mr. Euler: Is that to be done without going through the usual form of having the Mounted Police make an examination of the applicant, and the posting of the application in a court house or elsewhere for, I think, three months?

Hon. Mr. Aseltine: And examination by a judge.

Hon. Mr. Euler: And examination by a judge—yes.

Hon. Mr. Roebuck: I would think so, but I can assure the honourable senator that, in my judgment, the minister will not ordinarily use this power. Only in very special circumstances, when citizenship should be or may be granted, would he set aside the machinery by which citizenship ordinarily is obtained.

Hon. Mr. Euler: But he could.

Hon. Mr. Roebuck: Well, he could, in circumstances such as this: if somebody declares that he is a citizen, and there is doubt as to the grounds upon which he bases his claim, the minister, under the terms of the bill, could say "You have made out a case: you are a citizen, and here is your certificate".

Hon. Mr. Euler: That is a little different.

Hon. Mr. Lambert: Is not the feature which my honourable friend is explaining very similar to a provision enacted in 1931, when the late Honourable Mr. Cahan was Secretary of State? If I remember rightly, the naturalization act was amended at that time to permit the minister to make a declaration which would effect naturalization. I may be wrong, but the provisions seem to me very similar. I wonder if the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) could compare them?

Hon. Mr. Roebuck: I have not in mind the act of 1931, but something of the kind is found in the Immigration Act, which gives the minister the right to resolve doubts. But if this bill is passed the minister will, I believe, possess broader powers than he had before.

Hon. Mr. Reid: Under this clause would the minister have the right to grant citizenship to a person who has escaped from one of the Iron Curtain countries and landed in Canada, and for whom deportation might mean death?

Hon. Mr. Roebuck: The circumstances the honourable senator has mentioned might give the minister a reason for doing so. Certainly his actions will be based upon governmental and national policy. At the present time, people in Canada who are citizens of the old Germany and have property in East Germany are losing that property unless they happen to be citizens of some other country; and there have been cases—one has occurred in my own practice—of applications by German citizens for Canadian citizenship to enable them to avoid the loss of their property in East Germany as a consequence of having left that country, and by reason of the rapacity of the government of that particular state. I do not know what policy will be adopted in this respect, but it is one of the matters which may be considered in relation to the power to be conferred upon the minister to grant a certificate. One's imagination is not adequate to cover all the multitudinous

cases and classes of cases which may arise, and with which, as a matter of policy, the minister may wish to deal.

Turning to the next subject of these amendments: it has always been clear that a child of a natural-born Canadian citizen is a Canadian citizen, even though he be born abroad, but it has not been so clear in our legislation, or in the opinion of the officials who administer it, that the same principle applies in the case of Canadian citizens who have been naturalized. This bill removes all doubt on that question. It is now made clear that there is no distinction in that regard between citizens. Clause 2 of the bill repeats section 4 of the act and substitutes a new section 4, which provides, in subsection (1), (b), (iii):

A person born before the first day of January, 1947, is a natural-born Canadian citizen, if . . . his father

(iii) was, at the time of that person's birth, a person who had been granted, or his name included in, a certificate of naturalization.

There it is spelled out, and there will be no more confusion in that regard.

The clause which next follows will not be understood unless honourable gentlemen bear in mind that for many years British subjects have been coming to Canada, residing here for five years, and then considering themselves, without formality, Canadian citizens. This bill provides that the legal domicile of a British subject who has resided in Canada for twenty years prior to January 1, 1947, is presumed, and for the purposes of the bill he is considered a Canadian citizen. This, of course, is a rather notable amendment to the Citizenship Act. Sub-paragraph (iv) of subsection (1) (b) of new section 4 reads:

(iv) was a British subject who had his place of domicile in Canada for at least twenty years immediately before the first day of January, 1947, and was not, on that date, under order of deportation.

Hon. Mr. Howden: What is the significance of the date of January 1, 1947?

Hon. Mr. Roebuck: The new Canadian Citizenship Act came into force on that date.

If he were born abroad after the coming into force of the Citizenship Act, his father must register him within two years after the occurrence of the birth. The minister is given power to extend this time, but if in the future the father does not register the birth, the son will be deprived of Canadian citizenship unless he receives the indulgence of the minister.

The position of a person born abroad of Canadian citizens is interesting. I suppose all of us have known a child of Canadian citizens born abroad. In most countries he has a dual nationality. or two types of potential nationality: that of his father, which might be Canadian, and that of the land of his birth.

Hon. Mr. Euler: Does it not work both ways? For instance, if someone is born of United States parents in Canada can he not select whether he will be a United States citizen or a Canadian citizen?

Hon. Mr. Roebuck: I believe that is right. I think it is reciprocal. A United States citizen can claim Canadian citizenship or his own citizenship for his children who are born in Canada.

Hon. Mr. Howden: Is there any time limit on that?

Hon. Mr. Roebuck: That is what I am coming to. It is perfectly obvious that a condition of this kind cannot continue indefinitely to any age of the child. It has been my understanding that in the past the right to select one citizenship or the other continues until the individual concerned has performed some act, such as voting, which denotes a choice on his part.

Hon. Mr. Vien: Is there not a provision whereby a person, upon attaining the age of twenty-one, must make an election one way or the other within a certain period of time?

Hon. Mr. Euler: That is right.

Hon. Mr. Roebuck: That is being provided for in the bill before the house.

Hon. Mr. Euler: That has been the case all along.

Hon. Mr. Vien: I do not want to interrupt the honourable gentleman, but does he know where this provision is set out in the bill?

Hon. Mr. Roebuck: I refer my honourable friend to clauses 2 and 3 of the bill. If the subject is the child of a Canadian citizen whose citizenship and domicile is assumed because of twenty years' residence in Canada before the coming into force of the Act, he may retain his Canadian citizenship in either of two ways. First, he may return to Canada and establish domicile here within three years after attaining the age of twenty-one years; or if those three years have already gone by he may re-establish his Canadian domicile before January 1, 1954. Thus it can be seen that we are giving all such people a year of grace, or rather that portion of the year which will remain when this bill becomes law.

The second way by which such a person may retain Canadian citizenship is by filing a declaration of retention of Canadian citizenship after attaining the age of twenty-one

years and before January 1, 1954. If he is born after the commencement of the Act, the year of grace does not apply, of course. In those circumstances his father must have registered the child's birth within two years thereof, and the child must either file a declaration of retention of Canadian citizenship or, in the alternative, return to Canada and establish domicile, in either case within three years after attaining the age of twenty-one years.

This provision makes it very definite what is to be done in the troublesome situation where people of Canadian parentage are born abroad and desire to retain their Canadian citizenship.

Hon. Mr. Howden: As I understand the bill, it provides that up to 1947 children born outside this country of Canadian citizens may obtain Canadian citizenship. But if a parent has lived outside Canada for a period up to ten years, can his children be registered as Canadian citizens?

Hon. Mr. Roebuck: The actions of a parent after a child has been born have no effect on the citizenship of the child.

Hon. Mr. Howden: But the child does not have to be born in Canada to become a Canadian citizen?

Hon. Mr. Roebuck: No.

Hon. Mr. Howden: Then, how many years may a person live outside Canada and still have his children registered as Canadian citizens?

Hon. Mr. Roebuck: Perhaps I misunderstood my honourable friend's question. I thought he had reference to a father. If the father was born in Canada, he may live outside the country all the rest of his life, and that fact would have no effect on his citizenship.

Hon. Mr. Euler: I am reluctant to interrupt my friend again, but may I ask a question as to his use of the terms "British subject" and "Canadian citizenship"? Under our law a man may become a Canadian citizen?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Euler: Does that mean if he goes to any other part of the British commonwealth he is recognized as a citizen of that branch of the commonwealth?

Hon. Mr. Roebuck: This bill endeavours to deal with the very point that my honourable friend has raised. In former days there was no such thing as Canadian citizenship, but there was the status of a British subject. A man born in Canada was regarded as a British subject. According to the bill now before us, a British subject who has lived in Canada for twenty years prior to 1947—although he may not have observed any of the formalities, such as the securing of an immigration landing permit—is assumed to have established domicile and may now be given his Canadian citizenship. There may be border-line cases, which I am not at the moment prepared to discuss.

Hon. Mr. Euler: Is Canadian citizenship recognized in other parts of the commonwealth?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Euler: But heretofore it has not been recognized?

Hon. Mr. Roebuck: By the provisions of the Canadian Citizenship Act and of this bill a qualified person is given unqualified Canadian citizenship, and is made a British subject.

Hon. Mr. Euler: I recall an instance during the First World War when a man who was an enemy alien by birth, and naturalized in New Zealand, came to Canada and was interned.

Hon. Mr. Beaubien: That was in wartime. We did lots of foolish things then.

Hon. Mr. Roebuck: That may be the answer. The point I am trying to make is that a British subject who has long resided in Canada and who has not been impressed with the necessity of complying with the immigration regulations may now become a Canadian citizen. I thoroughly approve of this procedure. There is, however, a limitation as to time. Should an individual in the category to which I have referred be unable to obtain Canadian citizenship because he has allowed the three-year period and the date of January 1, 1954, to go by without action on his part, he may yet file a petition with the minister who, in his discretion, may issue a certificate of citizenship.

In my view, this bill would loosen up the regulations, and apply common sense and decency to the method of dealing with British subjects who in the past have not complied with the letter of the law.

Hon. Mr. Beaubien: May I ask the honourable gentleman just one question? If a Canadian citizen goes to Great Britain, New Zealand, or Australia, is he there recognized as a British subject?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Beaubien: Does he get any recognition at all?

Hon. Mr. Roebuck: He is unquestionably recognized. A certificate of Canadian citizenship is tantamount to a certificate as a British

subject. All Canadian citizens are British subjects. That is recognized abroad, as well as here.

Hon. Mr. Beaubien: Thank you.

Hon. Mr. Euler: I apologize for rising to interrupt my friend again.

Hon. Mr. Roebuck: No apology is necessary.

Hon. Mr. Euler: Would a citizen of Australia who enters Canada legally be regarded as a Canadian citizen and, after the proper period of residence, be allowed to vote?

Hon. Mr. Roebuck: After the proper period of residence, yes, if he is a British subject. A British subject who may not have become a Canadian citizen has the right to vote in Canada, provided he has the residential qualifications both in the country and in the constituency in which he votes.

Hon. Mr. McKeen: How many years does he need in order to qualify?

Hon. Mr. Euler: I think it is a year.

Hon. Mr. Roebuck: It is five years before he can establish domicile for Canadian citizenship. With regard to voting, I am getting out of my subject and beyond my depth.

Hon. Mr. Beaubien: You are doing fine.

Hon. Mr. Roebuck: My impression is that a British subject in Canada acquires the right to vote in a period less than five years.

Hon. Mr. Aseltine: It is one year.

Hon. Mr. Stambaugh: One year.

Hon. Mr. Roebuck: I think that is correct.

Clause 5 of the bill refers to Canadian citizens other than natural born Canadian citizens. A British subject who has been in Canada, after legal landing as an immigrant, for a term of five years before the commencement of this act, is considered to be a Canadian citizen without further formality. In this connection I direct the attention of honourable senators to paragraph (b) of the new section 9 (1) of the act. And under section 10 of the act, such a person as I have just mentioned may, after January, 1947, become a Canadian citizen upon application.

Honourable senators will observe a number of proposed changes as of January 1, 1947. These would not change the substance of the Canadian Citizenship Act. To make the legislation more understandable to the hurried reader, the words "the first day of January, 1947" have been substituted for the words "the commencement of this act".

Section 10 of the act covers applications for citizenship. I am not telling the house anything new when I say that one wishing to become a Canadian citizen must within one and not more than five years prior to the date of his application file a declaration of his intention to become a Canadian citizen. Under clause 6 of the bill the time for filing such a declaration is extended to six years before the application. That, of course, gives the chap who is applying a little longer period between the filing of his intention to apply and the filing of his application. Numbers of people have filed notice of intention immediately after arrival in Canada and have neglected to present their application within the following five years. They will now have six years in which to do so. There are other reasons. An applicant must have a Canadian domicile before he can be a citizen, and Canadian domicile requires five years' residence. The change allows him another year in which to file his application after he has achieved domicile.

Hon. Mr. Aseltine: Can an immigrant file notice of intention the minute he lands in Canada?

Hon. Mr. Roebuck: Yes, just as fast as he can get up to the office of the clerk of the court. That has been the rule, and it remains so. But, according to this bill, he must have resided in Canada for one year preceding his application for citizenship.

The bill also provides a further convenience. In the past both the application and the notice had to be filed with the clerk of the court of the division in which the applicant resided. In cities such as Toronto and Montreal, where the location of the clerk's office is well known, no difficulty arises, but there are remote places, such as the Yukon, where the same facilities do not obtain. This bill confers the right to file the notice and the application with the Registrar of Canadian Citizenship, who of course resides in Ottawa, and the clause is added—

"or such other manner as the regulations may prescribe".

I understand that what is intended by the insertion of this phrase is that under special circumstances persons who wish to do so may give notice of intention or make their application by mail. No regulation to this effect has yet been drawn, but the possibility of it is implicit in this section.

There is, I fancy, only one portion of the bill which could provoke controversy. The act as it stands requires that an applicant for citizenship shall have an adequate knowledge of French or English or that he shall have resided in Canada for twenty years prior to his application. The new paragraph (e) of subsection (1) of section 10 of the act adds the requirement that he shall apply before the first day of January, 1959. This means that

after that date an adequate knowledge of French or English will be mandatory.

Hon. Mr. MacLennan: Or Gaelic?

Hon. Mr. Roebuck: No, sir. Gaelic is not recognized.

Hon. Mr. Euler: What would be "adequate knowledge"?

Hon. Mr. Roebuck: The honourable gentleman can guess that as well as I can. Probably the applicant will be examined by a judge, whose decision as to whether the applicant's knowledge is adequate or inadequate will, in practice, presumably be final.

As I have said, I can see therein some possibility of controversy. We may hear from our friends who speak Gaelic, and probably from others who speak Polish, Italian and Ukrainian, and from other ethnic groups. I do not know. In this matter of language parliamentary enactments seldom accomplish much. A language, to become dominant, must do so on its own merits.

The next clause also raises doubts. The act gives power to the minister to grant a certificate to a minor child who has been lawfully admitted to Canada and is the offspring of a person who himself holds such a certificate issued before the birth of the child. To this provision, contained in section 10, subsection (5) of the Citizenship Act, the bill adds the requirement that where the child is fourteen years of age or over an adequate knowledge of French or English is essential. So that any child of a person holding a certificate must, upon its arrival in this country, wait for his certificate until he has learned the French or the English language.

By section 20 of the act, a naturalized Canadian citizen ceases to be a Canadian citizen if he resides out of Canada for six years. There are, of course, a number of exceptions, such as service abroad in the armed forces or in the public service of the dominion or a province, or residence abroad as the representative of a commercial or religious organization, or as the spouse or minor child of one of the classes mentioned, or of a natural-born Canadian citizen: these people never lose their nationality by living abroad. But the others will lose their Canadian nationality unless they present their certificate or passport to a representative of Canada in the locality in which they reside, and have it endorsed as extending the time limit. It will be observed that clause 8, appearing on page 6 of the bill, extends this period to ten consecutive years; and after the expiration of that time a person may still petition the minister for resumption of Canadian citizenship. That is good, for we do not want anybody to lose his citizenship in Canada without good cause.

Clause 10 of the bill amends section 38 of the act by giving the minister power to decide any question as to whether a person has been lawfully admitted, and so on. This deals with domicile and citizenship, and I have already covered it. This concludes my explanation of the provisions of the bill.

Honourable members, the bill itself is divided into three parts and so far I have confined my remarks to part I. By reading the first few paragraphs of part II of the bill it will be observed that the purpose of this part is that amendments similar to those I have explained shall be made in the new Revised Statutes of Canada, 1952, which are now on the press and are expected to be issued before the close of the current session. Any reference I could make to part II would be a mere repetition of what I have already said on part I.

Part III of the bill has reference to the coming into force of the Act. I do not need to bother much with this. If the Act is in force prior to the coming into force of the Revised Statutes of Canada, 1952, it will be repealed when the Revised Statutes come into force, so that we shall have only one Citizenship Act. Clause 22, the only clause in part III, is necessary in order to conform with the paragraph in the Revised Statutes of Canada which repeals this act.

Honourable senators, that is the bill in outline as clearly as I have been able to understand it and explain it. It is full of tanglefoot, because of the amount of machinery involved; nevertheless, in the main the legislation is good and I recommend its acceptance.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Roebuck: Honourable senators, I move that the bill be referred to the Standing Committee on Immigration and Labour.

The motion was agreed to

INTERNATIONAL TRADE

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. McLean that the Standing Committee on Canadian Trade Relations be empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world.

Hon. G. H. Ross: Honourable senators, Social Credit members of the House of Commons have recently been advocating high

tariffs. For example, they apparently think 14 million Canadians should pay more for their sugar through higher tariffs in order to benefit a few growers of sugar beets in Canada.

The most expensive luxury the civilized world has ever indulged in—one that has caused more distress, hunger, poverty and want than any other known—is high tariffs and other forms of trade restrictions.

Prior to the depression which set in in the early thirties, many foreign countries threatened to increase their tariffs. Some did make increases. However, the world's economists issued repeated warnings that increases in tariffs would plunge the world into a severe depression and stir up the danger of another world war.

At the World Economic Conference of 1927, 200 leading economists nominated by fifty governments agreed unanimously that the chief impediment to the growth of world prosperity was high tariffs. They vigorously opposed any raise in tariffs and strongly advocated lower tariffs.

When the Hawley-Smoot high tariff bill of 1930, which did so much to aggravate the depression in the early thirties, was before Congress, some 800 economists representing every university of standing in the United States joined in a protest to President Hoover against increasing the tariff. They pointed out that this would be disastrous to the United States and would provoke other countries to retaliate and perhaps bring on another world war.

Canada and the United States both disregarded the pleas of the economists. In Canada, the government of the day convened parliament in September, 1930, and blocked trade in every conceivable manner. The tariff was jumped up, fictitious values were imposed for tariff purposes, and dumping duties were freely resorted to. A currency exchange duty was collected from countries with money at a premium as well as from those with money at a discount, and steps were promptly taken to cancel 53 trade treaties.

Let me give you some illustrations of how high the tariff was raised and how it worked out in the case of wheat. Prior to 1930 Canada imported raw silk from Japan and sold her wheat. A shipment of taffeta that cost $43.60 had to pay a duty of $168.65. In some instances the trade restrictions imposed by Canada were as high as 700 per cent. Japan retaliated by raising her tariff on Canadian wheat to 33½ cents a bushel plus 50 per cent ad valorem duty. In the result Canada lost a market for wheat. Japan, rather than see her people starve to death, went to war and captured the extensive wheat fields of Manchukuo. On account of high tariffs, Italy was unable to buy wheat. She too went to war rather than see her people starve, and she captured the rich farmlands of Abyssinia. Tariffs always provoke illwill, and often lead to war.

So, too, we had been buying textiles from Great Britain and selling her wheat which entered Great Britain free of duty. Under the tariff imposed by Canada against Great Britain in 1930, Canada collected on the general run of goods used by the average family from 40 per cent to well over 100 per cent.

In 1932 free-trade Great Britain retaliated by building a tariff wall against the rest of the world and pegging the price of wheat grown in Great Britain at $1.30 a bushel. Other countries which had been buying our wheat also retaliated.

In 1931 Germany made it unlawful to use less than 60 per cent of domestic wheat in milling wheat in that country. Fifteen days later she required 97 per cent domestic wheat to be used in all milling. In 1934 she placed further restrictions on the importation of wheat. Substitutes and starvation lessened Germany's imports of wheat by 50 million bushels a year.

France retaliated in 1932 by increasing her tariff and placing other restrictions on the import of wheat, so that France's imports of wheat fell off by 35 million to 40 million bushels a year.

In 1932 Portugal retaliated by refusing to admit any imports of wheat into the country.

Canada's high tariff laws of 1930 almost ruined the farming industry. It drove the price of wheat down to less than 40 cents a bushel at Fort William—the lowest price wheat had reached in the last 400 years.

When the Liberals won the election in 1935, Prime Minister King took an early train to Washington. Within seventeen days after the election he was successful in working out a trade agreement under which the tariff on close to 1,000 items entering Canada was substantially reduced. Under the agreement the United States similarly slashed their tariff on Canadian products entering the United States. The tariff on Canadian cattle and many other farm products entering the United States was reduced by one-half.

Within one year after the 1935 election, similar trade treaties reducing tariffs were entered into with fifteen other countries. The fight to reduce tariffs by multilateral trade agreements has been carried on since 1935, spearheaded by Canada, Great Britain, the United States and France. By reducing

tariffs, and by other Liberal policies, the present government has pumped new life into our foreign trade.

It is by no accident that Canada has enjoyed its greatest prosperity under these trade agreements. Canadians know that the Liberal party lifted the country out of that terrible depression.

Hon. Mr. Aseltine: Do you really believe that?

Hon. Mr. Ross: And they know that the Liberal party has adopted measures to help farmers, working men, business men—to help us all to help ourselves.

Hon. Mr. Aseltine: The Liberal party had nothing to do with it at all.

Hon. Mr. Beaubien: Order!

Hon. Mr. Ross: The government is still working out further trade agreements. In 1947 representatives of a number of countries met at Geneva to discuss a reduction of tariffs.

Hon. Mr. Aseltine: Do you not think the war had a lot to do with the prosperity?

Hon. Mr. Ross: No, I do not.

Hon. Mr. Aseltine: It had everything to do with it.

Hon. Mr. Grant: Maybe that was the cause of the war.

Hon. Mr. Ross: I think the prosperity was due in a measure at least to action by the government.

In the year 1948 fifty-three nations, representing 90 per cent of the world's trade, signed a trade charter at Havana. In it they agreed to negotiate further for the reduction of trade barriers. In 1949 another trade conference was held at Annecy, in France, to reduce tariffs. The drive to reduce tariffs is still on.

No nation should be more concerned for the success of the campaign to lower tariffs than Canada, as our per capita trade is greater than that of any other nation in the world.

Hon. Mr. Horner: Why doesn't the government cut the duty on automobiles? If it did, then you could talk this free trade stuff.

Hon. Mr. Ross: If I had my way, the duty would come off a great many things.

In 1930 we stood fifth among the trading nations of the world. By 1933 the destructive trade restrictions had reduced us to the eleventh place. Our market vanished like mist before the rising sun.

An effective weapon of price reduction would be the removal of tariffs which hold the prices of many commodities up. Instead of the upward spiral of inflation, lower tariffs would introduce a downward spiral of prices finally affecting every kind of goods.

It would be a calamity to have a revival of high tariffs. It is unfortunate to have members of parliament advocating a policy that proved so ruinous in the early thirties. Tariffs should be further reduced, not raised.

Some Hon. Senators: Hear, hear.

Hon. W. A. Buchanan: Honourable senators, I am not rising to establish a monopoly in this debate on the part of the senators from Alberta. I had not intended to say anything at all, because I felt I could not contribute much to what had already been said. However, the debate has widened so much that it has left plenty of room for me to enter and express some opinions.

Before I deal with one or two matters which have already been mentioned in the debate—matters which I felt were not properly within the bounds of the resolution —I should like to say that during the early part of my long period in public life there was more talk about trade, the expansion of markets and the lowering of tariffs than there is today. As a matter of fact, I would not have been in public life had I not been an advocate of the expansion of markets and the lowering of tariffs. In 1911 I came to the House of Commons from Western Canada as a supporter of the reciprocity treaty, which unfortunately was not adopted.

In later years it has seemed to me that even our friends in the West are not thinking so much as they used to think about the lowering of tariffs and enlarging of markets, but are more concerned about approaching the government for subsidies and quotas—things that have no relation to what was asked for years ago.

The other day I was rather happy to read in one of the Ottawa papers an article in which a great industrialist advocated free trade. This will interest my friend from Waterloo (Hon. Mr. Euler), who made an observation on free trade during the course of this debate. Henry Ford II, a not-too-distant neighbour of my friend, came out openly in favour of free trade throughout the world. When I read the article I began to think that this discussion which started in the Senate of Canada was having some influence outside the Senate itself. At the same time I wondered if Henry Ford II, in his advocacy of free trade, would be any more successful than his grandfather was in 1915 in the attempt to have the soldiers of World War I out of the trenches before Christmas.

I am in sympathy with the views of Henry Ford II. In fact, I feel that in the great industrial city of Detroit there is more common sense than in all the other cities of the United States. The Detroit Chamber of Commerce, which must be a very influential organization expressed itself along somewhat the same lines as Mr. Ford did, though it probably did not go quite so far. The chamber showed that it was at least sympathetic to the reduction of tariffs, by expressing the opinion that the United States could not expect to prosper unless it opened its markets to other nations of the world, and that it could do so only by reducing tariffs. That view from one of the greatest, if not the greatest, industrial city in the United States has been repeated in statements which have come from other influential sources in that country.

We have heard also from important commercial and industrial organizations in Canada which, though perhaps not advocating free trade, have at least expressed approval of the idea that there must be a lowering of tariffs if our trade is to expand.

At the outset of my remarks I said that I did not feel I could add anything to the discussion on the resolution itself. I can, however, say that I am in favour of the purpose of the resolution: to have a committee of the Senate inquire into questions of international trade, and to ascertain if anything can be done towards achieving the aims of NATO with respect to economic measures. The Senate has, I think, through the years established itself as a body fully competent to carry on investigations into matters of great public importance.

As I said earlier, the debate has broadened out a good deal. I have been brought into it because I was mentioned yesterday by the senator from Medicine Hat (Hon. Mr. Gershaw) as having been helpful in promoting a certain industry. That industry was described by my friend from Churchill (Hon. Mr. Crerar) as a small one, and it was also referred to as being connected with a pressure group. Now, those of us who have been in public life know that there are pressure groups and what are called hold-up groups. A hold-up group is one that comes to you and says, "If you don't do this or that, we will throw you out of parliament." But when I recall the representations made by tobacco growers, by the fishermen of the Maritimes, the lumbermen of British Columbia, the grain trade of Winnipeg, or even the newspaper publishers of Canada, I would not describe these people as "pressure groups." If something is proposed for legislative enactment at Ottawa, or something is proposed which these people believe will interfere with their interests, they make representations to the government. You can call them "pressure groups" or whatever you like. Action of this kind cannot be avoided. It is proper for them to express their views.

Let me say this as to the sugar beet industry in Canada. I have not departed from my views in regard to freer trade and lower tariffs, but I know that the industry was established with assistance from the federal government. It is not the only industry which benefited in this way. The irrigated lands in the area where the industry operates were brought into being with grants from the federal and the provincial governments.

Hon. Mr. Horner: During wartime.

Hon. Mr. Buchanan: For long years it has been hammered into us by people from Eastern Canada that the West must get out of one-crop farming, get away from exclusive wheat-growing and into diversified farming. To succeed on an irrigated farm, diversification is essential. You cannot make money by growing only wheat or barley or oats. Consequently, farmers on irrigated land went into the raising of sugar beets. It is not a small industry: in the extreme southern part of Alberta, where I live, it affects a great many growers, and as the years go on it will affect more. Within a radius of twenty-five miles of Lethbridge are three sugar factories, representing an investment in buildings and plant of over $10,000,000; and employment is given—though I confess it is only seasonal—to a large number of people. Production is on an impressive scale: these factories are capable of processing half a million tons of beets each year, or, in terms of sugar, 150 million pounds.

Naturally, growers of sugar beet are concerned when something happens which seems likely to endanger their livelihood. I do not think the danger is as great as they believe, but they fear the consequences and therefore make representations to the federal government. They cannot be termed a pressure group: I do not for a moment believe their attitude is, "If you don't do what we want, we will defeat you." The course which has been followed politically in that area could not possibly defeat the federal government, because those people elect to the House of Commons a rump group which have no influence at all down here.

At the present time beets are being raised by some two thousand individual farmers. The phenomenal growth of my own city is based 75 per cent on the expansion of the sugar beet and the canning industries, as well as on anticipation that with the extension of irrigation into other parts of the

district more industries will be established and farming will become even more diversified.

Speaking of industries, I might point out we have been told many times that our agriculture should be diversified, and of course that follows from irrigation. We are also told, "You must get industry into Western Canada: you must have a home market". Well, there are more industries in the West than any of us ever imagined would be established there, and they are expanding. Look at what happened in northern Alberta with the development of gas production. We are becoming industrialized; and whether I personally like it or not, it must be assumed that with industrialization there will be increasing clamour for protection. That is the history of what happened with industrialization in Eastern Canada. But I believe there is more good sense on this subject among the industrialists of the East than there was many years ago.

As regards pressure groups, I will recall for the benefit of my honourable friend from Churchill (Hon. Mr. Crerar) an incident affecting an organization with which he was at one time connected.

The year 1919—in the period when I was a member of the other house and the late Martin Burrell was Minister of Agriculture—was a very dry year in Western Canada. There was not on the plains enough food for livestock, and people wrote, telegraphed and came to see me to urge that the duty should be removed from, among other products, alfalfa grown in Oregon and Washington, to enable the growers to carry their stock through the winter. My good friend Burrell thought it was the proper thing to do, and he had it done. The livestock men of southern Alberta got the feed they needed, and all was fine. But not long afterward—perhaps the following year—lots of feed was grown in Southern Alberta on the prairies and on the irrigated farms. Thereupon a deputation from a United Farmers of Alberta local—I can speak of it now, because the organization is practically dead, though in those days it was mighty influential—called upon me, and I listened to everything they had to say. They produced resolutions comprising what was called the Council of Agriculture platform, and sweeping demands were made for the extension of markets and the lowering of tariffs. For one thing, they wanted to get the instruments of production as cheaply as they could and, therefore, they said, the tariff had to be reduced. I said: "Gentlemen, I am in sympathy with that proposal. I have been supporting it at Ottawa for some time: you have no need to bring it to me." They said they knew that. But then they presented another resolution from the same local, asking me to make representations to the federal government to restore the duty on alfalfa and certain other feed products, from which it had been removed in 1919. I said: "Gentlemen, you began by asking me to do one thing, and now you expect me to do the opposite. Which do you really want? I will be contradicting myself if I support the first and support also the second, because you first demanded less tariff protection, and then you wanted it to be restored so that your alfalfa should not suffer from competition".

Well, we meet that sort of thing once in a while. It does not come from a pressure group, but from a group that does not look at both sides of the question, that does not realize that what it is saying on the one hand disagrees with what it is saying on the other.

I just wanted to remove any impression that there is any pressure group connected with a certain industry in Alberta. The people behind this industry are looking after their own interests, and I cannot do anything for them except to present their case to this body. I am not saying they are absolutely right, but I do say they are not a pressure group, in the sense that they are not holding a gun to anybody's head.

Honourable senators, in conclusion may I say that the change which has taken place in the area in which I have lived for the past forty-seven years, that is Southern Alberta, has been so great that I am amazed at what has happened. Besides our sugar beet factories we have a thriving canning-factory industry, and during the last war some of our canned goods were shipped to Ontario where they came into competition with Ontario canned goods. This great transformation in the extreme part of Southern Alberta has resulted from our splendid irrigation system and our ideal climate. If our canning industry ever feels that its interests are being jeopardized by something which is taking place elsewhere in Canada, I suppose the people behind the industry will cry out: "Come and save us. Come and do something for us." Should we then consider them to be a pressure group?

As I said at the outset, I am in sympathy with the resolution introduced by the honourable gentleman from Southern New Brunswick (Hon. Mr. McLean), for I am in favour of anything that will help to expand our trade. I often remind the people back home that Canada cannot expand her trade unless she buys goods from other nations of the world. In other words, you cannot export if

you are not willing to import. This policy, however, results in competition from which you would not otherwise suffer. I am glad to see in my later years that I have the support of Henry Ford and the Detroit Chamber of Commerce, and that some people of the world are finally getting some sense as to the best means of enlarging our markets and expanding trade.

Hon. Mr. Beaubien: Honourable senators, on behalf of the honourable gentleman from Charlotte (Hon. Mr. Doone), I move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

CANADIAN CITIZENSHIP BILL

ANSWER TO INQUIRY

Hon. Mr. Roebuck: Honourable senators, may I have your indulgence in order to clarify an answer made to a question asked me during the course of my explanation of Bill Q-5, an Act to amend the Canadian Citizenship Act? I was asked how long a British subject would be required to live in Canada before he could vote in our elections. The honourable gentleman from Bruce (Hon. Mr. Stambaugh) kindly supplied the answer—one year. However, there seemed to be some confusion at the time, and I wish now to make the record clear. I have before me the Canada Elections Act, which sets out the oath required to be taken by a British subject, under certain circumstances, at a general election. It reads:

> You swear that you are a British subject of the full age of 21 years, and that you have ordinarily resided in Canada for the year immediately preceding the . . .

Then the date is to be filled in, the day of the issue of the writ of election. That is the authority. So now we know without doubt that a British subject may vote in Canada after he has been in this country for one year.

The Senate adjourned until Monday, February 23, at 8 p.m.

THE SENATE

Monday, February 23, 1953

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

Prayers and routine proceedings.

CANADIAN VESSEL CONSTRUCTION ASSISTANCE BILL

THIRD READING

Hon. Mr. Lambert moved the third reading of Bill 19, an Act to amend the Canadian Vessel Construction Assistance Act.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

THIRD READING

Hon. Mr. Turgeon (for Hon. Mrs. Wilson) moved the third reading of Bill Y-3, an Act respecting a certain patent and patent application of Florence F. Loudon.

Hon. John T. Haig: Honourable senators, I intend to vote for this bill, because I think it is absolutely justified, but I want to make some comments about the administration of the Patent department. I think the service given by this department is absolutely rotten. The delays involved are terrible. Sometimes when patent lawyers file an application it is a month, three months or even a year and a half before the department takes any action. There was a delay of a year and a half in the case that gave rise to the bill before us. The patent attorney who was first engaged by the applicant had gone out of business before an answer came back from the department. In the meantime the applicant, unaware of the true situation, started manufacturing her invention. Finally she had to engage another patent attorney to clear the matter up.

Most practising lawyers who have a real understanding and appreciation of patent law always advise any inventor who consults them to see a qualified patent attorney. Patent law is very involved, often having a great deal to do with engineering matters, and in many cases an engineer has to be consulted. An attorney must pass special examinations before being allowed to practice patent law. It is a type of work about which there is a good deal of speculation, and often it is found that a patent has already been granted on the idea being put forth by an applicant. Patent attorneys are a very important professional class in Canada, particularly in these times.

In Winnipeg there is a very good patent attorney, to whom I mentioned during our last recess that this bill would be coming before us. I asked him what was causing the delays in the Patent department. He said that the department was apparently understaffed, and that not many people seemed to realize the importance of patent work. I think the staff of such an important department should be increased, particularly in the present period of industrial development. I do not know what minister this department comes under, and in any event I am not blaming the minister. My thought is that the general set-up should be reorganized and made to operate more efficiently.

I am sorry that the leader of the government (Hon. Mr. Robertson) is not in his place, for if he were I would urge him to have some inquiry made into the administration of the Patent department, to see if it could not be made to operate more efficiently. In committee a certain official—I think it was the Commissioner of Patents—admitted to me that the department was understaffed. He did not blame the government for this, but he said he was endeavouring to get personnel to fill vacancies. Now, if the salaries are too low to attract men to the department then they ought to be raised. There is no reason why any person should encounter difficulty in having his inventions patented.

Honourable members, I have made these remarks in a spirit of good will, with a view to bringing about an improvement in the service rendered by this department of the government.

Hon. J. H. King: Honourable senators, I should like to say a few words in answer to the observations of the honourable leader opposite (Hon. Mr. Haig).

I was in committee the other morning when this bill was considered. An officer of the department was present and indicated the difficulties which had been experienced in this particular case. To be a patent attorney a person does not have to be a lawyer, but may qualify simply by passing an examination. Unfortunately, the first patent attorney engaged in this case was a crook, and did not properly serve his client. The circumstances under which the application was mislaid and destroyed were fully explained to us.

For the leader opposite to use what happened in this case as a basis for saying that the department is rotten, is, in my opinion, quite improper. As honourable senators know, the patent office deals with many applications, about 90 per cent of which come from large industrial organizations. It may be that the office is understaffed; but my honourable friend and his associates would have us believe at times that some departments of the government are overstaffed.

Hon. Mr. Horner: And many of them are.

Hon. Mr. King: It is all very well for the leader opposite to say, that he likes everybody, and nobody should attack him, but I do not think he is entitled to criticize, as he has tonight, a government department which gave a full explanation of the case in question to the satisfaction of the committee. Certainly, I do not think he is entitled to say that the department is rotten. Any one who chooses to read the history of patents in Canada will better appreciate the complications and intricacies involved in this field.

As to this particular case, the fault lies not with the officials of the department, but with an attorney who failed to carry out his duties to his client.

Hon. Mr. Haig: How long did it take the patent department to write the attorney, after the application for the patent had been received? What did the official tell the committee about that point?

Hon. Mr. King: He told us that the attorney was disqualified.

Hon. Mr. Haig: After the application was received it took the patent office some eighteen months to reply.

Hon. Mr. King: Whatever the explanation is, the honourable leader opposite has no right to make such a statement as he has made tonight without further investigation. If he wants an investigation of this branch of the government, let him move for a committee of inquiry.

Hon. Norman P. Lambert: Honourable senators, in connection with this bill I should like to point out that the "department" referred to is in fact a branch of a department. The patent office, formerly directed by the Department of Agriculture or the Department of Trade and Commerce, is now responsible to the Honourable Secretary of State.

The very unfortunate circumstances that lay behind this particular bill were explained pretty fully the other day in committee, and I think that the committee, in approving this bill, acted as it did because it realized that a great injustice had been done to this woman, the applicant, who desired to have her patent filed in the proper way. The attorney whom she engaged to represent her in connection with the patent certainly fell down in relation to his duties. On the other hand, it seems to me that there is a responsibility upon the department when a fair patent is filed, and if it is obvious that the patent attorney is not performing his duty the public interests should be safeguarded through direct information being given to the filer of the patent. The representative of the branch who appeared before the committee is the newly appointed head of the branch. He gave the committee the assurance that he would do everything he possibly could to improve procedure and promote dispatch in connection with this kind of work. The fact that, during the five or six years when this application was filed and was being dealt with, he was not the head of the branch, relieves the branch, I think, and certainly himself, from any castigation on the score that the department is not fully aware of its duties. I feel that we must try from now on to give it the benefit of every doubt.

The motion was agreed to, and the bill was read the third time, and passed.

INTERNATIONAL TRADE

MOTION—DEBATE CONTINUED

The Senate resumed from Thursday, February 19, the adjourned debate on the motion of Hon. Mr. McLean that the Standing Committee on Canadian Trade Relations be empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world.

Hon. J. J. Hayes Doone: Honourable senators, I have listened with the most intense interest to the speeches which have been made in relation to the motion sponsored by the Senator for Southern New Brunswick. The standard of debate has been high. While divergent views have been expressed, they have been voiced with sincerity and in line with the best traditions of our democratic forum of expression.

While I pay this well merited tribute to previous speakers, I feel impelled to question the trend of parliamentary procedure. To me it savours of pre-judgment in a case of trial by jury. Through the motion before the Senate a committee, judicial in character, is proposed, whose members will be empowered to investigate and inquire into certain conditions, weigh the evidence produced, and render a decision on questions of fact. In actual practice, without the facts being ascertained, without evidence, expert or otherwise, being offered, without inquiry or investigation, committee members have placed themselves on record in respect to points at issue. The resultant position, I believe, is incompatible with established principles of judicial inquiry. A challenge might well issue to committee members, and I have wondered why such a system has been allowed to develop as part and parcel of parliamentary practice.

I am also concerned regarding the point raised with respect to staff insufficiency. It is a matter which can be rectified so easily. If recurring problems are being created on this score, the solution lies in the collective thinking of the Committee on Internal Economy. After all, this is a business establishment where the public must be served, and served in an effective manner. It should, therefore, be staffed to meet peak loads of committee activity and should not be hampered in supplying the services expected of it. Time with its forward impulses will demand greater considerations on many kindred problems, and our thinking in respect to them should be geared to meet the growing need of an ever-expanding public interest.

Personally, I have no complaint. To the committee with which I am connected every facility has been accorded and every courtesy extended, but I know the matter is causing a general concern and I express my views in relation to its broader aspects.

Having made this diplomatic approach, I will proceed to the subject-matter of the debate. I may safely do so without violence to my previous proposition, as I am not a member of the proposed committee of investigation.

The historical background of the resolution before the Senate may be found in the economic clauses of the Atlantic Charter. For clarity, these may be quoted as follow:

Clause Four. They (i.e. the United States and Great Britain) will endeavour with due respect for their existing obligations to further the enjoyment of all States, great or small, victor or vanquished, of access on equal terms to the trade, and to the raw materials of the world which are needed for their economic security.

Clause Five. They desire to bring about the fullest collaboration between all nations in the economic field with the object of securing for all, improved labour standards, economic adjustment and social security.

To properly evaluate the import of these provisions, we must have regard to conditions. On this point there can be no division of opinion. They were incorporated into a solemn agreement at a time when the world was engaged in the supreme test of warring nations. They were intended to stimulate the weary and the worn to larger sacrifices and greater efforts. They were pronounced on that awful occasion to give comfort to distracted people, and to offer on a world level a positive and expansionist policy for better times and a fuller life.

In the light of later events, we may well ask how the terms of that undertaking were carried into effect and what effort of will has been exercised in relation to them. The document of record was not a scrap of paper. We seem to have heard that expression before with agonizing disgust and disfavour. Has it become less reprehensible, or have our mental processes been bruted by war and our ethics deadened by the soothing influences of a temporary but an increased prosperity?

From arguments which appear in the records, it would seem that a dim view is held in some quarters of any widening of the horizon. However, there is a more cheering forecast from other sources. Under date of February 21 of the current year, the *Financial Post* has this to say under the captions "The Nation's Business" and "We Have Huge Stake in this Argument". I quote as follows:

A movement is getting under way in the United States that could be of immense significance to Canada. This is a frontal attack by powerful American interests on excessive U.S. tariffs and other strangling trade restrictions.

The drive is not supported by just a handful of American internationalists or a minority political group. Spearheaded by the potent Detroit Board of Commerce, it gets both its leadership and main backing from the great industrial centres of the north and east, an area which no administration at Washington can afford to ignore for long.

Carrying the campaign to the Chicago Trade Conference this week, John S. Coleman, head of the Burroughs Adding Machine Co., and president of the Detroit Board of Commerce made this blunt statement:

"Some progress has been made in revising the American tariff: But we must not exaggerate the effect of those reductions: Today, there are more than 3,600 duties still in effect. Of these, some 492 exceed 50 per cent ad valorem; several hundred are 25 per cent ad valorem or more. Many rates, such as those on coal tar dyes are virtually prohibitive. It is astonishing to discover that we have duties on valuable raw materials available not at all or in insufficient quantities in the United States."

To another Chicago gathering Henry Ford II came out even more emphatically for slashing U.S. trade barriers. He would progressively eliminate tariffs, drop quotas and the Buy American Act, and really simplify customs procedures. Said Ford:

"We accuse our foreign neighbours of lacking the kind of spirit that has made American industry great. We implore them to follow our example and get off our backs. Let us practise what we preach. Let's give our friends a fair crack at the U.S. market."

At precisely the same time that these U.S. industrialists were demanding an effective break in American Trade barriers, L. D. Wilgress, Canadian Under Secretary of State, was telling the International Chamber of Commerce in Toronto that only the United States could provide the necessary leadership to get world trade really moving. As he pointed out:

"The most effective manner in which the United States can provide bold leadership is to reduce its tariffs further and to simplify its customs laws and regulations. In doing so it can require in turn other countries to give up those forms of quantitative restrictions which have been doing so much to throttle trade since the war."

In his recent message to Congress, as well as in earlier references, President Eisenhower has indicated clearing his personal support for freer world trade. Whether he can convert the U.S. Congress

to his views, however, still remains to be seen. Within that body there is powerful opposition, remnants of the old guard which literally strangled world trade in the thirties, with that colossal piece of economic stupidity, the Smoot-Hawley Tariff.

Canada will watch this new movement in the United States with the keenest interest. Of all outsiders we have the greatest stake, both actual and potential, in the U.S.A. market.

Having read with some degree of satisfaction this move for remedial measures, we come to the question as to what part Canada is going to play in supporting this constructive thinking, and in particular what special and intimate aid she, herself, can bring to the aims of economic solution.

There is no doubt that Canada wishes to trade with the commonwealth. The seaboard provinces have a special interest in such a prospect. The very lifeblood of their economy is to a large extent dependent upon marine-borne traffic. Geography has made this one of the fundamental postulates of their trading operations. All that is needed is a selling and purchasing medium for the interchange of goods and services.

This brings us in natural sequence to the mooted question of "convertibility". It is a word which I do not choose to employ. It is undoubtedly correct as many economists use it. To me, it suggests world recognition of some standard, such as gold, whereas today trading relations, based on the principle of supply and demand, are weighed in the scale of trade balances. I would prefer the word "exchangeability", or, to be concrete, the expression "support of sterling". This raises one of the real issues, and, being raised, may I advise that I see no insurmountable obstacles in sterling support by accumulating a moderate amount of that currency in our central reserve.

Such a reserve would give a purchasing power in all parts of the commonwealth, both now and in the future. It would set an example to all NATO members. It would point out, especially to the United States, that we, the Canadian people, have confidence not only in the pound but in the British character and its high standard of financial morality. It would be a good will gesture to other parts of the commonwealth who are in the sterling pool: South Africa, Australia, New Zealand and the West Indies, all temporarily short of dollars. That confidence in our sister nations would prejudice no long term or forward-looking policy. The investment of one or two hundred million dollars would, by today's monetary standards, be a small price to pay towards empire restoration, and restoration is on the way. Make no mistake about that. In a very few years the growth of these parts of the commonwealth is going to be so great that we shall look back and wonder why we ever doubted their future. This is substantiated by the weight of historical experience.

It is not the first time that the pound has sold at a substantial discount. In the thirties of dismal memory the British, Australian and New Zealand pounds were separately rated, at different figures in relation to parity. In fact, the Australian pound was set at a government level to restrict imports, and yet was the first currency in the world, with the exception of that of Portugal, to display a full recovery. Admittedly, the pieces have changed position on the play-board of time, but nevertheless in the period of review there were, for all of us, dark days ahead, and in immediate contemplation. In 1937 Australia was holding night drills in fearful anticipation of a Japanese invasion. India and the Straits Settlements were stock piling against the possibilities of wartime ventures. In view, therefore, of past experience, there is nothing novel in the way of nervous apprehensions. The world is much the same in every age, and its recovery is based upon its resources of men and minds, as well as upon its markets and materials.

The mechanics of support would be a vital feature. I would presume it might be effectively operated by the Bank of Canada buying for reserve a moderate amount of sterling, to be held along with its other foreign currencies. At the moment, the central bank's reserves are a billion and a half in terms of dollars. The amount suggested for sterling, therefore, would be only a small fraction of the total. It need not be subject to violent fluctuations. Our national central reserve may be held to be drawn upon in times of crises or economic stress. It could be made remote from day-to-day transactions. In this respect it would differ in character from a personal bank account. On the other hand, sterling could be used if required or feasible, and on this point let us not bemuse our thinking. It would not, as stated by the honourable senator from St. John's West (Hon. Mr. Pratt), have to be paid for by loans or taxes. Let us avoid these verbal fallacies. They promote dangerous prohibitions. The practical aspects of sterling support lie in its immediate utilization.

The experience of other countries attests to the truth of this feature. Russia used the sterling it received on balance from the United Kingdom, and transferred it to Australia, where it was expended to purchase wool for army purposes. The ascending prices of high-grade wool at the time in Canadian and American markets were a direct result of this financial transfer. In addition, Russia

used sterling to buy tin in the Malayas. In Canada also many outlets would develop—one canning plant is particularly in mind as wishing to buy fruit in Australia with available sterling. There need be no freezing, as suggested again by the honourable senator from St. John's West. Sterling could be made expendable anywhere in the commonwealth for goods and services, and in the ordinary orthodox methods of trade. That would be part of the practicability of sterling support. Business houses wishing to secure or sell sterling would have a shopping centre. If the quota of the central reserve was reduced by sales, it could be brought up to the authorization point by purchases. If sterling were required it could sell for trading accommodation.

On the practical side, moreover, for official purposes, sterling would be a recognized currency. It would be protected from fluctuation; a measure of support which for income tax purposes might prove of inestimable value in the exigencies of export and import trading.

The honourable senator for New Westminster (Hon. Mr. Reid) stated that the paper he held in his hand as he spoke could be made current legal tender if people had faith. Our whole system of exchange is based on this principle. It depends entirely on official recognition. If one doubts the truth of this statement let him examine a Bank of Canada bill, if he is fortunate enough to find one in his pocket. I am not a Central Canada industrialist or a Western farmer. The bill I find in my pocket is a one-dollar bill. On it there is the following certificate: "Bank of Canada will pay to the bearer on demand One Dollar". What does it mean? If he goes into the Bank of Canada and makes that demand, the bank will pass him a piece of paper on which the identical words will appear: "Bank of Canada will pay to the bearer on demand One Dollar". If he goes back and tenders the second bill, he will be given a third script in like tenor. It resolves itself into the proposition that, for trading purposes, merchants must depend upon a recognized currency. It is my further belief that if sterling is recognized as a trading unit along the lines suggested, it will eventually lead to the full freedom of the pound. This means that sterling will become freely exchangeable for any other currency, not excluding dollars.

May I revert to the question of freezing and payment in loans and taxes, raised by the honourable senator from St. John's West? Contrary to many internal devices of governmental operation, the costs of sterling support would be in clerical features only. This should prove no shock to the public conscience. We have withstood greater impacts without visible disturbance. Wheat, milk, butter and other commodities have been sustained in competitive positions through official intervention at government level. Loans and taxes are presently supporting huge stock piles of pork and their sale to the Canadian public. The cost for the past fiscal year on this support alone, according to budget figures, was $47 million. What the policy has done in restricted sales of normally competitive lines must be left to conjecture.

I do not know general thinking on this issue, but it seems axiomatic to me that instead of subsidizing over-production and under-consumption, the interests of Canada would be best served by exportation of such commodities to commonwealth countries—which need the products—and acceptance of payment in expendable sterling.

Support could also be given to the sterling bloc through repatriation of our internal assets. The control of many of these still remains in Europe. The underlying factor was our own past shortage of sterling. Before the first World War this country was going ahead rapidly with its transportation systems and other heavy industries. Capital was needed. The latter was supplied in London to the extent of hundreds of millions of pounds. At the present stage of history the situation is reversed—the United Kingdom is short of dollars—so that any securities purchased on the London Stock Exchange at market prices would provide a wide measure of relief in Britain's dollar shortage.

In this connection, it is worthy of comment that the United States does not hesitate to buy such securities, or make loans upon them. That the yardstick of our transportation charges may, through the latter accommodation, be transferred from London to New York is one of the thought-engaging problems of Canada's future.

I do not know the further answers as to currency recognition, but modern economists have increasingly contended that, given sufficient confidence in the honesty and capacity of the issuing authority, a world monetary system could be evolved which, by expansion and contraction to meet world needs, would preserve economic stability. Let those who know study this problem; let us hear their arguments, not prejudiced by preconceived fixations, and without local or national bias.

The total answer is not simple. No grave or intricate problem is subject to easy solution. But the resolution offers a form of study and a new approach where old and popularly-called orthodox methods, as far as

world peace and reconstruction are concerned, have proved to be dismal failures.

In making these observations, I have not closed my mind to the incidents which go into trade relations, supply and demand, trade balance, production and distribution. I agree whole-heartedly with the statement of the honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) that the United States has kept to the forefront of world trade because of economic strength, scientific progress and wonderful techniques for mass production. I am ware that quantity and quality production are the great factors of trade. I am also convinced that the high standards of democratic freedoms may lack the productive capacity of communistic policies of economic enslavement. But I am likewise aware that we are dedicated to the principle that those standards must be kept, and that those freedoms must be maintained. I am hopeful, therefore, that a new spirit—the spirit of co-operation—stirred by a common danger and a common hope may free the world from short-sighted irresponsible selfishness and promote, on a broad universal scale, a social betterment, a lasting recovery and a prosperity firmly based on the soundest economic foundations.

In agreeing with the honourable senator from Queen's-Lunenburg in respect to the trading position of the United States, I do not concede his further proposition that the Almighty does not noticeably interfere in matters of trade. On the contrary, I believe the Almighty very noticeably appears in all our trading aspects. The Almighty places the elements in the soil. He supplies the means to promote growth or secure production. He gives to man the strength and means of harvesting. He supplies the outlets for distribution. And, giving all these requisites, He undoubtedly expects that man will exericise his God-given sense to utilize all phases that enter into trading operations for the benefit and the betterment of his fellowmen.

We must pursue this problem also from the viewpoint of self-preservation. Let us examine the facts. There is no doubt that Great Britain has strained her resources through the prosecution of her war efforts, and to some degree has suffered a collapse of the economic foundation upon which her former greatness was based. Nevertheless, her future is not unassured. The belief is still current that Britain, though old in years, is young in spirit, with that latent vigour which has raised her superior to similar adversities in the past.

Whether this proposition will have an early or delayed realization is yet undisclosed. But one thing is crystal clear in the appraisal of human events. Britain is needed in the scheme of things for the maintenance of world peace and for her leadership in world re-establishment. Her influence is still great, and her counsel the qualified voice of tested experience. Her strategic position in world defence has been proven in two wars and will yet display tenacious qualities of resistance.

Many prate of liberty and voice philosophic maxims from the cracker-barrel of parochial interest. Let us not fall into this restricted category. Let us rather speak in terms of freedom from the wide rostrum of world necessities and human betterment.

Make no mistake about it. We need not only England in the defence program. We need other commonwealth and friendly nations. This is no time to turn pictures to the wall, or to place memories in attic storage. The orderly conduct of human affairs, from the standpoint of economic security, must engage our searching and profound attention.

We, who know the story, should subscribe to this doctrine. We have the record of past errors and misguided concepts. Their direct and fatal consequences lie in the world tragedy of the past decade, and could find repetition through revolutionary violence again making use of selected areas of economic misery.

The danger of the hour is that Communist forces may utilize the same media to bring less privileged states under the iron wing of totalitarian exploitation. Let our mental vision be clear on this point. May we be able to see in the clear light of approximate peace as we were able to see in the dark days of confusion and conflict.

Two alternatives have been tentatively but unconvincingly suggested for Britain's economic recovery. In the British House of Commons on April 21, 1944, Mr. Churchill explained that he had inserted the expression "with respect to their existing obligations" in the economic clauses referred to as limiting words, for the express purpose of retaining in the British house and in the dominion parliaments the fullest possible rights and principles over the question of imperial preference. The other alternative is the creation of a sterling or soft currency bloc with economic links of trade, shipping and finance, sufficient in strength and solidarity to compete with unrestricted trade within the United States under a single tariff, and the rigid collectivism of the Soviet system. Both are of questionable value. The first is predicated on words vague in meaning, subject to variable interpretation leading to unknown

ends and implications. The second is a long-term undertaking leading down many by-roads and conditioned on too many variants in national temperments and policies.

For this reason, I like the thought of the honourable leader (Hon. Mr. Robertson) regarding co-operation—the gearing of our economic progress to our progress in common defence. It has always been a safe and a sane directive, and always complaints have been lodged, and with justice, against non-adherence to such a procedure. Over a century ago Lord Elgin, speaking on behalf of Canada and diversions of trade to the American Union, complained that "England was kinder to the children who deserted her than to those who remained faithful". Protests were lodged prior to the last supreme conflict against shipments of scrap metal to Japan from Canadian and American ports by nomadic internationalists. Recent incidents might be cited of enemy trading in exhausting quantity and of deadly import. Surely we have learned from the past. Surely history has taught us a salutary lesson. Let us rather support in peace those who support us in times of national conflict and trial.

If collaboration in this regard and the gearing of our economic forces to our foreign policy and system of defence must be paid for in loans and taxes, as suggested by an honourable senator, we may place on the credit side of the ledger the lives of Canadian youth in this and succeeding generations.

In the cause of justice, in the cause of freedom, towards the payment of debts long contracted and long over-due, towards the causes of mutual defence, including our own self-interest and self-preservation, let us have a forthright policy, one which we need not excuse nor defend against criticism, mental or spoken, one of which we may not be secretly ashamed, one of which we may be justly proud.

May we, indeed, with every thought bent towards the common good observe with united attention the comments of the honourable the leader of this chamber on the address in reply to the Speech from the Throne. On that occasion he said in part as follows:

> What the NATO countries need on the part of their governments is strong, bold leadership. It must be strong, positive, and such as is likely to strike the imagination of free people everywhere.

Yes, let it be strong. Let it be positive. Let it be in the cause of freedom. May the democratic countries of the world band together in economic and military defence against the inimical forces of economic and military envelopment.

In this respect and to this end may we return to "convertibility". May we each convert the inspiring words of the poet Blake to our own time and circumstances in the following terms and meter:

> I will not cease from mental fight,
> Nor shall my sword sleep in my hand,
> Till we have built Security
> In England's green and pleasant land.

On this the future of mankind may reasonably depend.

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

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, February 24, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

IMMIGRATION COMMITTEE

AUTHORITY TO PRINT PROCEEDINGS

Hon. Mrs. Wilson presented and moved concurrence in the report of the Standing Committee on Immigration and Labour.

The report was read by the Clerk Assistant as follows:

1. Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of its proceedings on the Bill Q-5, intituled: "An Act to amend the Canadian Citizenship Act", and that Rule 100 be suspended in relation to the said printing.

The motion was agreed to.

CANADIAN CITIZENSHIP BILL

REPORT OF COMMITTEE

Hon. Mrs. Wilson presented the report of the Standing Committee on Immigration and Labour on Bill Q-5, an Act to amend the Canadian Citizenship Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Immigration and Labour, to whom was referred the Bill Q-5, an Act to amend The Canadian Citizenship Act, have in obedience to the order of reference of February 19, 1953, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 2, line 19: delete line 19 and substitute the following:
"who had been granted, or whose name was included in".
2. Page 10, line 18: delete line 18 and substitute the following:
"who had been granted, or whose name was included in,".
3. Page 16, line 13: delete the word "purpose" and substitute the word "purposes".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Robertson: Next sitting.

CANADA SHIPPING BILL

FIRST READING

Hon. Mr. Robertson presented Bill D-7, an Act to amend the Canada Shipping Act, 1934.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill P-6, an Act for the relief of Mary Rose Anne Rihel Kowalski.

Bill Q-6, an Act for the relief of Walter Critch.

Bill R-6, an Act for the relief of Edwin George Godden.

Bill S-6, an Act for the relief of Lottie Mendelman Brand.

Bill T-6, an Act for the relief of Jacob Titsch.

Bill U-6, an Act for the relief of Andrew Percy Bell.

Bill V-6, an Act for the relief of Eileen Doris Martin Martin.

Bill W-6, an Act for the relief of Annie Moulard Cumming Wright.

Bill X-6, an Act for the relief of William James Dunn.

Bill Y-6, an Act for the relief of Jean Marion Oickle Joudrey.

Bill Z-6, an Act for the relief of Alena Estella Welch Ball.

Bill A-7, an Act for the relief of Elizabeth Rogers Guerin.

Bill B-7, an Act for the relief of Richard Alfred Sutton.

Bill C-7, an Act for the relief of Doris Edgar Choquette.

The bills were read the first time.

SECOND READINGS

Hon. Mr. Aseltine: Honourable senators, with leave, I move that these bills be now read the second time.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: Next sitting.

INTERNATIONAL TRADE

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. McLean that the Standing Committee on Canadian Trade Relations be empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world.

Hon. R. B. Horner: Honourable senators, having listened to some very good speeches during this debate, it is with some fear—but not exactly trembling—that I rise to offer my observations on this important subject. I welcome the opportunity to add my contri-

bution to what has been said, and I believe many will agree with my views.

As to the matter of trade generally, I have been hearing about it all my life. This reminds me of what Mark Twain is reported to have said about the weather: "Everybody talks about the weather but nobody does anything about it."

It seems to me that if we are going to succeed in the matter of world trade we must face the hard facts and realities. We must get the co-operation of the whole world; in particular, we should seek the co-operation of labour throughout the world.

In this so-called political democracy of ours we find that manufacturers of automobiles, and textiles, for instance, have great difficulty in getting their goods through the tariff barriers. There seems to be, at the political level, a great deal of fear of putting some men out of work here or there.

The honourable senator from Churchill (Hon. Mr. Crerar), in his remarks about farmers, referred to some who made representations to the government as "pressure groups." The honourable senator from Lethbridge (Hon. Mr. Buchanan) made a very sensible reply in support of the sugar beet growers. It should be pointed out that during the war years farmers in the Lethbridge area, and in Ontario and Quebec as well, were encouraged by the government to grow sugar beets. Today, as a consequence, a great many farmers are producing sugar beets. Not only does this crop produce fine sugar, but the by-products from it make one of the best feeds for fattening cattle. While visiting France and Belgium last fall I was most interested to note the enormous quantity of sugar beets being produced over there, and the careful way in which the tops were being carted off to feed livestock.

Why is it our farmers are continually being victimized? Why are they held up to public ridicule and charged with refusing to co-operate? The farmers of western Canada are most anxious to sell their beef to the United States and we hope that by March 1 there will be some improvement in the situation. I would remind honourable senators of the failure on the part of our government to take proper action in the days when the United States barred the entry of beef from Mexico because of the foot-and-mouth disease and the American people were eager to get Canadian meat. The price of beef in the United States rose from 35 cents a pound to 40 cents, while in Canada it dropped to one-third or one-quarter of that; yet we were prevented from shipping our beef to the United States not by a tariff, but by an embargo. Admission of Canadian beef to the American market at that time would have helped to reduce living costs in the United States and been of very considerable benefit to the western farmer. Politically speaking, the purpose behind the lack of action on the part of the government was to keep living costs in eastern Canada down, at the expense of the western farmer.

Also, the farmers of the West were victimized to the extent of $75 million during the war when they were required to sell wheat for domestic consumption at prices lower than the world price.

Surely there is no justification for accusing some sections of our farmers and stock-raisers of being pressure groups just because they want a living wage for those who work in that industry. A short time ago shirts made in Japan were to be had at five for a dollar; running shoes, for twenty cents a pair; ships, for far less than it costs to build them in this country. But no; the factory workers live together in thousands and are organized, and the government is fearful of unemployment, so we farmers must pay protected prices for our goods. Manufacturers of automobiles persuaded the government to put a tariff on imports, and recently three thousand English motor cars were shipped back to Britain. What a spectacle! A trainload of cement from England is sitting at Churchill. Canadian cement companies protest that it is not required, that domestic producers can supply all demands; but a dealer who handles some of this product tells me that, so far from this being the case, his firm could not get cement in Canada after they had had it on order for months. Yet although we could obtain cement from England, which buys many products from us, this necessary import is objected to.

Today world affairs are in a serious condition, and I commend the honourable senator who moved the resolution for bringing it before us. The gravity of the situation is reflected in his suggestion that a committee consider and report on how—

> . . . any project for developing economic collaboration between the countries which are signatories of the North Atlantic Treaty might have the same degree of permanence that is contemplated in the twenty-year military obligation under article 5 of the treaty whereby "The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

Perhaps a graver issue has never come before us in a discussion of this kind.

In the course of the debate the honourable senator from New Westminster (Hon. Mr. Reid) made a very good speech, which, as far as I am concerned, was spoilt when he got his dates wrong as to the relationship of the tariff to the world depression. The depression which struck Canada, in common with almost the whole world, began in 1929. The Bennett government was not elected

until the fall of 1930. What it did was absolutely necessary if Canada was to survive. In my opinion, rather than criticize the actions of the late Viscount Bennett, every good Canadian should get down on his knees and thank his Maker that we had in power at that time a man of Bennett's type.

Then we heard the honourable senator from Calgary (Hon. Mr. Ross) assuming that the change of tariffs was begun in the early thirties and was the cause of the second world war.

Hon. Mr. Ross: May I point out to the honourable member that on election day, 1930, the price of wheat was 93⅜ cents per bushel. Under the Liberal government that might seem like a depression price, but under the following Conservative government it sank much lower.

Hon. Mr. Horner: Yes, but let me tell my honourable friend, from personal experience, what was happening at the same time in the wealthy United States of America. At the time to which the honourable senator refers I happened to visit the great corn state of Iowa. All the cribs were filled with lovely corn; the fine lawns were stacked twenty feet high with corn; great quantities remained in the fields; yet it could not be sold for the price of husking it. I remarked, "Surely somebody is buying this corn". The answer I got was "A few feeders are buying it at 7 cents a bushel". I said, "Can you not draw it to the elevator and get cash for it?" No, I was told, you could not. When wheat fell to about the price the honourable senator mentioned I had a very practical experience as the result of neglecting to attend to my own business. In that particular year the pool operated on a monthly basis. I did not realize this until I shipped eleven carloads of the best wheat that ever grew, and got 32 cents a bushel for it. Had I held it on the basis of the yearly pool, and kept it at home, I would have got 65 and 70 cents a bushel that same year at the elevator.

I may tell the honourable senator that I can remember wheat being sold for as little as ten cents a bushel back in 1907. As a matter of fact, things got so bad that the elevators were refusing to take wheat because it could not be sold.

Hon. Mr. Aseltine: And Mr. Bennett was not in power then.

Hon. Mr. Horner: No.

Hon. Mr. Davis: We are not talking about what happened in 1907.

Hon. Mr. Horner: Well, we have been going back a long way in this debate. The honourable gentleman from Churchill (Hon. Mr. Crerar) went as far back as 1911. I took the trouble to go to the parliamentary library to get a copy of the American tariff schedules of the so-called reciprocal trade agreement of 1911. The library was unable to provide me with a copy of the Canadian tariff schedules. In reading over the agreement I noticed a provision to the effect that notwithstanding any arrangement entered into, the agreement could be revoked at any time. And even under the agreement there was still to be a duty of 33½ per cent on some classes of Canadian goods, 17 per cent on others and so on. To speak of this agreement as being a straight reciprocal deal is nothing short of ridiculous.

Great things were supposed to come out of the recent trade agreements reached at Geneva, but the ink was scarcely dry on them before pressure groups in the United States demanded that the government of that country prohibit the importation of Canadian cheese. This action was taken notwithstanding that it was contrary to what had been agreed to at Geneva. Similar action was taken with regard to powdered milk and certain other Canadian products which are prohibited entry into the United States.

The whole idea that tariffs had anything to do with causing the war or that Canada had anything to do with other countries raising their tariffs is ridiculous on the face of it. The markets of the world were being closed to us and, in order to survive, Canada had to retaliate and make its own arrangements. What about the commonwealth agreement which was made in the thirties? I may say that not the least of the Liberals, Chief Justice Ilsley, supported that agreement.

What can we possibly do to improve our trade situation? It certainly would be a splendid thing if all peoples everywhere could rid themselves of their selfishness and greed.

At this point I should like to quote an editorial by Bruce Hutchison which appeared in last night's edition of the Ottawa *Citizen*. It reads:

> Dr. Hugh Keenleyside, one of Canada's great public servants and now a leading official of the United Nations, made a remarkable speech not long ago to the farmers of Canada.

For some reason it would seem that the Canadian farmers more than anyone else need to be taught a lesson.

Continuing:

> It would have ornamented any gathering in the world and it should have shocked the listeners out of their wits. The strange thing is that it did not appear to shock anybody. That is the measure of the world's current punch-drunk trance.
>
> In a quiet voice this man who has all the facts at his fingertips remarked that four things had happened to advance the world in recent times.
>
> First, if man's scientific advancement up to the last century were taken as representing one inch,

the advance since then would cover about a hundred yards. This is the pace we are going.

Secondly, every year the world's population is growing at the rate of 20 millions—or 55,000 every day—and that rate of increase is constantly rising. Malthus, who used to preach that population was outgrowing the world's ability to support it, has long been discredited. Now he seems to be right.

Third, Dr. Keenleyside observed the obvious fact that man's intelligence and morals have lagged far behind his techniques. He cannot yet control the juggernaut of science he has built.

And finally, in the last six months, man has built weapons which can extinguish his civilization, can incinerate for example, 50 million North Americans in a few hours.

But a still more striking thing has occurred and, in the end, will dominate all these other considerations. It is that man everywhere, from the western city to the jungles of Asia, now knows for the first time in all human history that, with modern machinery, everybody can enjoy a decent life and everybody is determined to have it.

This was never so before our time. Throughout all man's history on earth, up to now, poverty, illness and misery have been inevitable and people accepted them because they had no option. Man's realization that he could have a decent life if things were well managed creates the present world revolution, of which all the wars and local revolutions are only the outward symptoms.

Hon. Mr. Davis: May I interrupt the honourable senator to ask a question? As reported by Mr. Hutchison, does Mr. Keenleyside not contradict himself?

Hon. Mr. Horner: In what way?

Hon. Mr. Davis: He says that the theory of Malthus—that population is outgrowing the world's ability to support it—is now in force. Then he says that because of man's scientific advancement the nations of the world are today enjoying a better standard of living.

Hon. Mr. Horner: Perhaps I did not read the article plainly. I do not think there is any contradiction. But I will read that part again:

> Malthus, who used to preach that population was outgrowing the world's ability to support it, has long been discredited. Now he seems to be right.

I will continue reading from just before the place where I was interrupted:

> Throughout all man's history on earth, up to now, poverty, illness and misery have been inevitable and people accepted them because they had no option. Man's realization that he could have a decent life if things were well managed created the present world revolution, of which all the wars and local revolutions are only the outward symptoms.
>
> These are appalling facts. They may well mean that civilization is doomed, that we or our children may witness, in a last blinding flash, the end of orderly life on this particular planet.
>
> The interesting point about this speech is that no one hearing it seemed in the least appalled. Man has heard the warning so often that he no longer listens. It is too familiar.
>
> As Dr. Keenleyside observed, we have such a spectacle in Canada as this: To assist the poorer nations towards a decent life and to dissuade them from communism which promises them everything, the government of Canada this year will spend on foreign aid through the United Nations the price of a single bomber. On all aid, including a miserable crust of $25 million for the Colombo Plan, Canada will spend the cost of one destroyer.
>
> This is lunacy of a very high order. It is just one of many indications that western man does not possess at the moment enough intelligence to survive. Among other symptoms it explains why, in the last five years, we have been steadily losing the cold war for all our apparent local victories. And if we go on this way assuredly we shall lose it altogether in the end, whether defeat comes gradually and almost invisibly or whether it comes suddenly in one grand lethal explosion.
>
> For the policies of western nations like Canada governments cannot escape their responsibility but, in this as in all other matters, they are acting as the people want them to act. The people of Canada, for example, are not seriously interested in the plight of the poor and desperate peoples who, spurred by the false promises of communism, are likely to engulf them. They would not support a government which asked them to reduce their own living standard by one per cent in favour of the poorer peoples.

To correct this situation I think some responsible person will have to determine just how far we can go in the matter of boosting wages of our workers. Labour must be taken into our confidence, in an effort to determine to what extent we are going to allow others to share in the work to be done.

The last section of the article is under the subheading "Too Stupid To Last?" It begins by saying this:

> Indeed, it is all the government can do to allow the poor people even to sell their goods here, lest (by a miracle of economic nonsense) they might threaten our prosperity.

"Economic nonsense" is the proper way of describing a system under which people are refused the right to sell their products at a fair price. But why single out the farmers, and protect the manufacturers of automobiles and textiles?

Hon. Mr. Euler: The manufacturers do not get subsidies.

Hon. Mr. Horner: Perhaps not, but the farmers have to pay back their subsidies; and those who were encouraged to grow sugar beets had to buy expensive machinery to start their operations.

I should like to revert for a moment to the criticism of the thirties.

Hon. Mr. Grant: You had better post us on that point.

Hon. Mr. Horner: The march on Ottawa in the early thirties, which the government stopped in Regina, was as much a full-fledged march on the capital of this country as was Mussolini's march on Rome. But what happened? Every prominent Liberal in the country went to the aid of the marchers.

Hon. Mr. King: Order!

Hon. Mr. Davis: No, no.

Hon. Mr. Horner: On that occasion they truly earned the right to be called "comrades".

Hon. Mr. King: Mr. Speaker, I do not think the honourable gentleman has a right to call Liberals "comrades".

Hon. Mr. Horner: I did not call them "comrades".

Hon. Mr. Davis: You have greatly exaggerated the situation.

Hon. Mr. Horner: I beg your pardon?

Hon. Mr. King: The honourable senator should withdraw his statement. He used the words "every prominent Liberal".

The Hon. the Speaker: I do not wish to interrupt the honourable gentleman, but he has made a statement which I do not think that he himself believes is true. I would expect him to withdraw that statement.

Hon. Mr. Horner: I bow to your suggestion, Sir, and withdraw the statement. However, I think my remark in that respect is just as near the truth as some of the statements made by the honourable senator from Calgary (Hon. Mr. Ross), and perhaps a little less insulting to intelligent people.

Some Hon. Senators: Oh, oh!

Hon. Mr. Horner: When I asked my roommate why he did not challenge some of the statements made by the senator from Calgary, his reply was: "If you speak on the subject I expect you will be as far off as he was".

Some Hon. Senators: Oh, oh!

Hon. Mr. Horner: The Liberals are not the only people who can claim to be free traders. As a western farmer, I have always been in favour of the freest possible trade.

I call to mind some inappropriate remarks broadcast over the C.B.C. about the recent general election in the United States. The C.B.C. would have us believe that the Republicans, like the Conservatives, would be dangerous to have in power. That incident reminded me of the experience of the farmers in 1912 when, under the government of Sir Robert Borden, prices in western Canada dropped very low. Sir Robert succeeded in making an arrangement whereby Canadian cattle were admitted into the United States. At about that time a big banquet was held at Montreal in honour of, I believe, the Honourable William Pugsley, who had just returned to the city. Some very prominent Liberals who were present denounced the government, saying that meat was in short supply in this country because it was being sent to the United States. Of course the arrangement that Sir Robert Borden had entered into with the United States was designed for the benefit of this country.

Coming down to the present day, we hear the Liberals crying about possible tariff changes by President Eisenhower. A significant statement has been made by the president as to the tariff policy of his government.

Hon. Mr. Davis: I would remind my friend that there is a period of forty years between 1912 and 1953.

Hon. Mr. Horner: I am just trying to point out the consistency of wise men throughout the years: they will always make a bargain when it is to their advantage to do so. We are all traders to a greater or lesser degree. Even in our school days we traded marbles with our chums. But we know that if we rob the other fellow, we are in effect putting a customer out of business. We have to let the other fellow live.

I believe there can be no cause for fear from a Conservative government in power in Canada. If I have anything to do about it, the Conservatives will give Canada freer trade than it has had over the past seventeen years.

The honourable senator from Calgary (Hon. Mr. Ross) would have us believe that all our prosperity has been due to Liberal policy. I am sorry to have to say it, but I believe that Canada's prosperity has been due in great measure to the war. Close up our munitions factories today and where will the surplus labour go to work? I hope I am wrong in my feeling about the instability of our prosperity—for my part I want to see it continue.

The honourable senator from Churchill (Hon. Mr. Crerar) had something to say about pressure groups behind the manufacture of margarine.

Hon. Mr. Euler: I thought you would come to that point.

Hon. Mr. Horner: I may be wrong in my prediction, but I believe the day will come when we shall be forced to prohibit the importation of oils that go into the manufacture of margarine. I believe I will yet win the last round on this margarine question.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: My honourable friend admits he has lost the rounds so far.

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

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 25, 1953

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King, P.C.) in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill E-7, an Act for the relief of Jessie Hazel Kerr Coolon

Bill F-7, an Act for the relief of Laurence Christopher Bell.

Bill G-7, an Act for the relief of Valorie Leslie Hylda Carson Wallis.

Bill H-7, an Act for the relief of Jessie Allan Purdie McCulloch.

Bill I-7, an Act for the relief of Alice Mary Barakett Zion.

Bill J-7, an Act for the relief of Marcel Clark.

Bill K-7, an Act for the relief of Sender Mines.

Bill L-7, an Act for the relief of Robert Joseph Albert Pratte.

Bill M-7, an Act for the relief of Leonard James Chadwick.

Bill N-7, an Act for the relief of Merle Minnie Esther Hoffman Nevard.

Bill O-7, an Act for the relief of Doris Ethel Taylor.

Bill P-7, an Act for the relief of Gordon Earl Page.

Bill Q-7, an Act for the relief of Yaroslava Glucka Levandosky.

Bill R-7, an Act for the relief of Adelard Gilbert.

Bill S-7, an Act for the relief of Celia Tarnofsky Edgar.

Bill T-7, an Act for the relief of William Flookes.

Bill U-7, an Act for the relief of Kathleen Ada Styles Labonte.

The bills were read the first time.

SECOND READINGS

Hon. Mr. Aseltine: Honourable senators, with leave, I move that these bills be now read the second time.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: Next sitting.

PRIVATE BILL

COMMITTEE AMENDMENTS CONCURRED IN

Hon. Mr. Hugessen presented and moved concurrence in the report of the Standing Committee on Transport and Communications on Bill D-5, an Act to incorporate Canadian Pipelines Limited.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill D-5, intituled: "An Act to incorporate Canadian Pipelines Limited", have in obedience to the order of reference of February 17, 1953, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 1, line 13: Delete the word "Canadian" and insert the word "Mid-Continent".
2. In the title: Delete the word "Canadian" and insert the word "Mid-Continent".

The motion was agreed to.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Wood: With leave of the Senate, now. I so move.

The motion was agreed to, and the bill as amended, was read the third time, and passed.

INTERNATIONAL LAW COMMISSION

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the Government:

1. Has a committee known as the International Law Commission been set up under the United Nations to assist the General Assembly of the United Nations in discharging its functions of encouraging the progressive development and codification of international law and having as one of its studies the question of jurisdiction on the high seas and coastal waters?
2. Is Canada directly represented on the board and, if not, what reason can be given for leaving Canada out of such an important committee?
3. Have any reports been made so far to the United Nations on the committee's investigations and research?
4. If so, will the report be printed for distribution and made available to senators and members of the House of Commons?

Hon. Mr. Robertson: The answer to the honourable gentleman's inquiry is as follows:

1. Yes.

The commission, with the approval of the assembly, has so far selected fourteen topics for codification, including two which bear the titles: "Regime of High Seas" and "Regime of Territorial Waters".

The method of work of the commission is to appoint one of its members as a special rapporteur to prepare a working paper on each subject. Both of these topics were

assigned to Professor J. P. A. Francois of the Netherlands. Papers prepared by rapporteurs are issued as public documents of the United Nations. They are working papers of the commission but the views therein expressed are not necessarily those of the commission itself. When the rapporteurs' papers have been considered by the full commission, the latter draws up a code or a series of articles in which its recommendations as to how the principles of law should be stated are set forth. The draft code or articles are then issued as a commission document and are sent to member states for comment, generally within a specified period. After the comments are received, they are considered by the commission which then formulates its final recommendations which are included as a chapter of the Annual Report of the International Law Commission to the General Assembly.

The reports of the International Law Commission are considered in the Sixth (Legal) Committee of the Assembly on which all member states, including Canada, are represented.

Mr. Francois prepared first a preliminary and later a more exhaustive paper on the topic "The Regime of High Seas" (U.N. Document A/C. N. 4/42 of 10 April, 1951 entitled "Second Report on the High Seas"—71 pages mimeographed). This paper dealt with eleven questions:

1. Nationality of ships
2. Collision
3. Safety of life at sea
4. The right of approach
5. Slave trade
6. Submarine telegraph cables
7. Resources of the sea
8. Right of pursuit
9. Contiguous zones
10. Sedentary fisheries
11. The continental shelf

The commission has, up until the present date, dealt only with the last three questions. It has prepared a series of draft articles on these questions, which have been submitted to governments for comment, but which will not be considered in the General Assembly until its eighth session in the fall of 1953.

2. Canada is not represented on the International Law Commission. Its fifteen members were elected for a three-year term in 1948. They serve in their individual capacities and not as representatives of governments. Some are professors of international law at well-known universities and others are legal advisers to foreign officers. All serve on a part-time basis. The elections in 1948 occurred at the same time as the elections to the International Court of Justice. Canada submitted a candidate who was later elected to the Court (Judge J. E. Read). It was not considered advisable for Canada to propose at the same time a candidate for the International Law Commission. Later a resolution was adopted extending the term of the existing members of the International Law Commission for an additional two years ending in November, 1953.

3. The only "report" within the field of the Regime of the High Seas which has so far been made by the International Law Commission is its draft articles on the continental shelf and related subjects referred to in the answer to question 1, which will be found in the document referred to in the answer to question 4. The commission has so far made no report, nor has it submitted any document to governments for comment concerning the topic "Regime of Territorial Waters".

4. The articles on the continental shelf and related subjects with the Law Commission's annotations thereon are included in a printed pamphlet (United Nations Document A/C. N. 4/49). When the comments of all governments have been submitted to, and considered by, the International Law Commission, and when the latter has prepared its final text for submission to the General Assembly, it is intended to make this text available to senators and members of the House of Commons.

BUSINESS OF THE SENATE

Hon. Wishart McL. Robertson: Honourable senators, it may be recalled that a week or two ago I intimated that if, later, it appeared that the business before us would be disposed of by the end of this week, and that further business was unlikely to come before us for consideration in the early future, I might suggest an adjournment when we had concluded our business this week. As at present advised I shall recommend that when the Senate adjourns this week, it stand adjourned until a time just previous to the meeting of the Banking and Commerce committee to resume consideration on the Trade Marks bill. That meeting, which has been unavoidably delayed because of the illness of a witness who has particular knowledge of the subject-matter, will take place on March 18. I shall therefore move tomorrow, unless meanwhile some reason arises to the contrary, that when we adjourn we stand adjourned until the evening of Tuesday, March 17.

IMMIGRATION

NEWSPAPER REPORT—QUESTION OF PRIVILEGE

Hon. Mr. Reid: Honourable senators, I rise today on a question of privilege, regarding a

statement which appeared last evening in the Ottawa *Journal*. Usually that paper gives an accurate account of what takes place in the Senate, but on this occasion it printed something misleading and erroneous regarding myself. The report, which has to do with the handling yesterday of the Citizenship Bill by our Standing Committee on Immigration and Labour, is headed:

"Scotch" a Drink Not a Language Committee Told

Then it goes on to say:

Scotch is a drink, not a language, the Senate Committee on Labour and Immigration today decided.

The senators were debating amendments to the Immigration Act, one in particular requiring that applicants for Canadian citizenship after January of 1959, would be required to have a working knowledge of English or French.

"Or Scotch", spoke up Senator Tom Reid.

I took the liberty of checking in our *Hansard* office to find exactly what I did say on this occasion, and this is how the verbatim report of the committee proceedings reads:

Hon. Mr. Reid: I think we have been a little too lax in handing out citizenship. There is nothing that confuses a nation more quickly than citizens who cannot speak the official language. The more persons we get to speak our language—whether English or French—the better citizens we will have.

Hon. Mr. Wood: What about "Scotch"?

Hon. Mr. Reid: You are talking about whisky and about something entirely different—the word is "Scots".

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: Any person with any Scottish blood or lineage in his make-up never uses the word "Scotch" when referring to anyone belonging to the Scottish race.

It always seems that worthwhile contributions made by honourable senators appear in the back pages of our newspapers, whereas such comments as the one I made on this occasion are displayed on the front page.

Hon. Mr. Euler: It is not unusual.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill P-6, an Act for the relief of Mary Rose Anne Rihel Kowalski.

Bill Q-6, an Act for the relief of Walter Critch.

Bill R-6, an Act for the relief of Edwin George Godden.

Bill S-6, an Act for the relief of Lottie Mendelman Brand.

Bill T-6, an Act for the relief of Jacob Titsch.

Bill U-6, an Act for the relief of Andrew Percy Bell.

Bill V-6, an Act for the relief of Eileen Doris Martin Martin.

Bill W-6, an Act for the relief of Annie Moulard Cumming Wright.

Bill X-6, an Act for the relief of William James Dunn.

Bill Y-6, an Act for the relief of Jean Marion Oickle Joudrey.

Bill Z-6, an Act for the relief of Alena Estella Welch Ball.

Bill A-7, an Act for the relief of Elizabeth Rogers Guerin.

Bill B-7, an Act for the relief of Richard Alfred Sutton.

Bill C-7, an Act for the relief of Doris Edgar Choquette.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CANADIAN CITIZENSHIP BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of amendments made by the Standing Committee on Immigration and Labour to Bill Q-5, an Act to amend the Canadian Citizenship Act.

Hon. Mrs. Wilson: Honourable senators, I move that these amendments be now concurred in. They are of a minor nature, being merely grammatical corrections. The first amendment is to delete line 19, on page 2 of the bill, and substitute the following:

who had been granted, or whose name was included in

The second amendment is on page 10. Here line 18 also is to be deleted and the following substituted:

who had been granted, or whose name was included in.

The final amendment is to delete the word "purpose" on page 16, line 13, and substitute the word "purposes".

The motion was agreed to.

THIRD READING

Hon. Mrs. Wilson: Honourable senators, with leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill as amended was read the third time, and passed.

CANADA SHIPPING BILL

SECOND READING POSTPONED

On the Order:

Second reading of Bill D-7, intituled: "An Act to amend the Canada Shipping Act, 1934".—Hon. Mr. Robertson.

Hon. Mr. Robertson: Honourable senators, copies of this bill have not yet been received

from the printer, but as they are expected momentarily I would ask that this item be put at the foot of the Order Paper, to be called later this day.

The Order stands.

PRIVATE BILL

SECOND READING

Hon. T. A. Crerar moved the second reading of Bill Z-5, an Act to incorporate Canadian Disaster Relief Fund, Incorporated.

He said: Honourable senators, in speaking to the second reading of this bill, it might be helpful if I made a brief reference to the topography of the province of Manitoba, particularly in respect of its rivers.

There are in that province two main rivers: the Red river, which has its source in Minnesota, several hundred miles south of Winnipeg, and draws tributaries from either side up to the point where it empties into Lake Winnipeg; and the Assiniboine river, with its source in the highlands of western Manitoba and eastern Saskatchewan. The history of these two rivers, going back over a period of 130 years, is that of recurring floods from time to time. The most serious of these floods occurred in 1826, when there was very little settlement on either the Red or Assiniboine rivers. At that time there were a few Selkirk settlers along the Red river between what was known as Fort Garry, at the junction of the Assiniboine and the Red, and Lake Winnipeg. On the occasion of that flood, the worst in the recorded history of Manitoba, the waters of the two rivers flowed over the surrounding level country, including the whole of the Red River Valley. Some idea of the magnitude of the flood may be gained from the fact that the water rose to a point of five feet in depth at what is now the corner of Main Street and Portage Avenue in Winnipeg. That indicates, of course, that the flooding extended over the surrounding country for miles on either side of the river.

The next most serious flood was in 1852. There was another such disaster in 1861, and one in each of the years 1882, 1892, 1904, 1916, and 1948. The latest was the flood of 1950, which is the occasion for the bill now before us.

The flood of 1950—the worst in about 90 years—was caused by one of the strange happenings of nature. In the fall of 1949 there was a very heavy rainfall throughout the watershed of the Red river, followed by an exceptionally heavy fall of snow throughout the winter months. Superimposed on that background were heavy spring rains in the month of April. Then the warm weather came upon the country rather quickly, and the snow melted so rapidly that the water could not disappear gradually. Consequently, the flood waters came down in full force upon Winnipeg and the area between that city and the international boundary. The source of the flooding was for the most part south of the Canadian border.

Honourable senators may recall that about that time there was set up in the railway committee room of the House of Commons a map showing the flooded area between Emerson and Winnipeg, at the height of the flood. Briefly, it may be stated that practically that whole area was under water. Certainly, the whole town of Morris was.

Hon. Mr. Beaubien: Do not forget St. Jean.

Hon. Mr. Crerar: Yes, St. Jean was under water too. Indeed, the residence of my honourable friend the genial whip on this side of the house (Hon. Mr. Beaubien) had four feet of water in it, much to the honourable gentleman's annoyance.

Fortunately for the city of Winnipeg, the Assiniboine river was not in flood at the time of the flooding of the Red river. As honourable senators may know, the Assiniboine flows in from the west, and joins the Red river at about the centre of the city. Had the Assiniboine been in flood at that time, as it was in the years 1826, 1852 and 1861, there can be no doubt whatever but that every person in Winnipeg would have had to be evacuated. As it was, there was a great deal of damage and inconvenience caused.

When the magnitude of the disaster was realized, committees were immediately set up to deal with it. The provincial government was actively associated with relief work. On May 9 a committee, known as the Mayor's Committee of the City of Winnipeg, was set up, and two days later it was enlarged, under the name of "The Manitoba Relief Fund Committee". Mr. H. W. Manning, Vice-President and Managing Director of the Great West Life Assurance Company, was appointed chairman. On May 13 there was a further enlargement, to take in representatives from the surrounding country which was affected. An appeal for funds was made, and it is a matter for congratulation that the response was widespread and generous.

The committee received in subscriptions approximately $9,143,000. The interest on the fund amounts to $73,000. Total disbursements were $7,545,000, to which must be added $211,000, the cost of receiving and disbursing the fund. These latter expenses represent less than two and one-third per

cent of the amount received. The disbursements were limited to a certain class of relief, including repairs and replacements, essential clothing, household furnishings and goods; living expenses above normal cost incurred by those who had to be evacuated, being losses not covered by insurance of any kind or repaid from governmental relief moneys. These charges, aggregating $4,096,000, constituted by far the greater item. In addition, emergency aid to small businesses, covering damage to stock and fixtures, accounted for $863,000. Farm restoration payments—not as recoupment of capital losses but for the loss of grain, seed feed, livestock and poultry, rehabilitation of machinery, and acreage grants for excess summerfallow which resulted because the flooded lands could not be seeded that year—amounted to $948,000. Also, assistance was given in the amount of $663,000 to non-profit organizations—and there were many such—which were engaged in giving relief. Provision for damage of over $100 through seepage in areas which were not inundated, the foundations of buildings in many places having been undermined and destroyed through the excessive seepage, called for $764,000.

Then there were special payments for damages in excess of the maximum assistance granted by the Red River Valley Board, a body which distributed federal and provincial assistance. These related to exceptional cases which could not be fully met through the provisions under which this board was set up. The disbursements of these funds was looked after by the committee through an organization set up for that purpose. My recollection is that the chairman was a retired supervisor of the Royal Bank of Canada, with whom were associated citizens of a similar standing. Inspectors were engaged, and no relief was handed out without a full report on the position and needs of the applicant. It can be said that all this work was carried through with little if any criticism.

The situation today is that the flood relief committee has on hand approximately $1,459,000. It is proposed to set up the corporation outlined in this bill and transfer to its account the surplus I have mentioned, to be available in the event of any similar disasters which may hereafter occur anywhere in Canada. It was necessary, of course, that the provincial government should by legislative act authorize the committee to transfer this balance to the corporation, which is to be set up by the Parliament of Canada. The provincial government passed the necessary legislation; and the bill before us is for the establishment of the proposed corporation, to which, with your consent, I shall make brief reference.

Hon. Mr. Aseltine: May I ask the honourable senator a question? I understand that after the flood receded certain works, such as dykes and roads and things of that kind, were constructed to prevent or minimize the effects of flooding in future. I know there is a dyke on the east side of the river, as well as one around Wildwood Park, and there are several others in the city of Winnipeg. These have been in part built up, so that if another flood should occur sandbags could be placed on a firm foundation, and the water held back. Was any part of the money of which the honourable senator has been speaking used for these purposes, or were other funds furnished for this work by the government of Manitoba or the Dominion government?

Hon. Mr. Crerar: I did not deal with the point raised by the honourable senator from Rosetown (Hon. Mr. Aseltine) because, strictly speaking, it is not related to this bill. None of the funds secured by this committee have been used for the purposes he mentions. I might say, in passing, although it is not immediately relevant to this bill, that the Winnipeg dyking was constructed by arrangement between the provincial government and the federal government. The board made surveys as to how a similar disaster may be avoided in future and, as mentioned by our colleague, constructed certain works, such as dykes and pumping stations, and other works of that kind. That was done at the joint expense of the province and the federal government. The relief moneys were used for the purposes that I outlined earlier.

I come now to deal with the bill before us. The corporation is to be known as the Canadian Disaster Relief Fund, Incorporated. For the purposes of this corporation Canada is to be divided into five divisions: the Maritime division, being composed of the four provinces down by the Atlantic; the Quebec division, being the province of Quebec; the Ontario division, being the province of Ontario; the Prairie division, being the provinces of Manitoba, Saskatchewan and Alberta; and the British Columbia division, being the province of British Columbia.

The bill specifies that a person is not eligible to be appointed or to continue as a member for a division of the corporation unless he is a resident of that division. He will hold office until he reaches the age of seventy-five years.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Crerar: He may, however, be removed at any time by the Secretary of State for cause. Three members will constitute a quorum.

There is a provision in the bill for filling any vacancy that may arise; and there is another provision to the effect that a vacancy may not impair or disqualify the other members of the board from acting.

Hon. Mr. Euler: Who appoints the members in the first place?

Hon. Mr. Crerar: In the first place the members will be appointed by this legislation; and thereafter appointments will be made by the Secretary of State when replacements are required. The members elect from among their own member a president, and they appoint a secretary-treasurer and make the bylaws governing the corporation. It is provided that the head office of the corporation in the first instance will be established in the city of Winnipeg, but the corporation is given authority to move the head office elsewhere if it so desires?

Hon. Mr. McDonald: Why was the city of Winnipeg chosen?

Hon. Mr. Crerar: I presume that Winnipeg was named because that is where the funds are, and where the disaster occurred. As I have said, the corporation may move its head office elsewhere if it is considered to be in the interests of the corporation and of the fund to do so. The fund consists of all the money that is left, approximately $1,450,000.

The corporation may make payments out of the fund for the purpose of meeting emergencies and needs arising in Canada from flood, fire, tempest, earthquake, pestilence or other disaster. That is the scope for which the corporation can use the moneys entrusted to it.

I should have stated before that the first members of the corporation are named in the bill. They are as follows: for the Maritime Division, the Right Honourable J. L. Ilsley, Chief Justice of Nova Scotia; for the Quebec Division, the Honourable F. Philippe Brais, C.B.E., Q.C.; for the Ontario Division, James S. Duncan, C.M.G.; President of the Massey Harris Company; for the Prairie Division, H. W. Manning, Vice-President and Managing Director of the Great West Life Assurance Company; and for the British Columbia Division, A. E. Grauer, Ph.D., President and Chairman of the Board, British Columbia Power Corporation.

Hon. Mr. Lambert: It is a good group.

Hon. Mr. Crerar: It will be seen at once that this corporation, as constituted, is not only representative of the whole of Canada, but is composed of what might fairly be described as outstanding citizens of the dominion. The character of the men who will compose the corporation in the first instance is a sufficient guarantee that the corporation's work will be well and competently done.

There is little more that I need to add. The corporation has the sole authority and discretion to determine whether the emergency and need arising from any particular disaster warrants the making of payments out of the fund, and, may make payments to the extent and in the manner it deems desirable and proper. All expenses of administration are paid from the fund. The corporation may make the necessary bylaws for the governance of its business. It may invest the funds entrusted to it, with the limitation that they must be invested in the bonds or other securities of or guaranteed by the government of Canada, or of any province thereof, or of any municipality in Canada. It is also provided that the corporation may co-operate with any association or organization established anywhere in Canada for purposes similar to those of the corporation.

The funds of the corporation must be audited once a year by a qualified chartered accountant. The final provision of the bill is that on or before March 31 in each year the corporation shall submit to the Secretary of State of Canada a report on its transactions and the administration of the fund for the year ending the 31st day of December immediately preceding. The report, of course, shall contain a copy of the latest audited statement of the accounts of the fund.

Honourable senators, that covers the provisions of the legislation now before the house. The people of Manitoba were deeply grateful for the magnificent response that was made all across Canada at the time of the Red River floods.

The Canadian people certainly opened their hearts at that time. A suggestion was made, though it got no support, that the unexpended balance of the fund should be retained for use in Manitoba, but there was an overwhelming feeling that such a thing would be unfortunate and wrong. Therefore, if this legislation is passed, this fund will be made available to meet needs arising from any disaster anywhere in the whole dominion.

Out of this flood disaster there came, as I have said, a great and generous response from the Canadian people. In a day when we are perhaps tending more and more to look to governments for help in every phase of our lives, it is refreshing to witness a demonstration of generosity and sympathy

welling up in the hearts of individuals to meet a great need of this kind.

Hon. Mr. Horner: May I ask if the men to whom the honourable senator referred are to serve without salary?

Hon. Mr. Crerar: They will serve without salary, but they will get their expenses when required to attend a meeting; and they may employ a secretary-treasurer, rent an office, and make expenditures for any other such purposes.

Hon. John T. Haig: Honourable senators, I should like first to congratulate the honourable mover of the motion (Hon. Mr. Crerar) on the able way in which he has explained the bill. I rise to speak at this time only because the flood in question occurred in my province. The honourable senator has answered nearly all the general questions likely to come up as to the flood, but there are one or two points on which I should like to complete the record.

Compensation for flood damage to property came out of a fund, 75 per cent of which was advanced by the dominion government and the remaining 25 per cent, in respect of rural areas, was contributed by the province of Manitoba. In respect of damages to city property, the province contributed 12½ per cent of the cost and Winnipeg or St. Boniface, as the case may be, gave 12½ per cent. The money contributed in this way by the governments and municipalities covered general damages, such as could legally be claimed against a municipality which might have been said to have caused the flooding. The maximum amount which the fund would expend for this purpose was $3,000 for each piece of city property damaged.

I should like particularly to congratulate the dominion government upon the able way in which it handled the flood relief. An engineer who had experience in flood areas in British Columbia was appointed and given full authority to act. The province of Manitoba also appointed an engineer. In matters affecting the city of Winnipeg, the city engineer participated; and in the case of St. Boniface, its own engineer took part. This group of engineers laid out dykes and settled on the amount of damages to be paid in each case.

The dominion government was 100 per cent efficient in its supervision of the work and in making its contributions. As to the help given by the province, funds were a little slow in coming in, but its share was finally paid. I have heard no complaints about the way the matter was handled, and I may say that I am pretty well known in Manitoba.

Hon. Mr. Aseltine: You were not flooded out.

Hon. Mr. Euler: May I ask my friend a question? He has said that the dominion government contributed 75 per cent and the provincial government contributed 25 per cent, making a total of 100 per cent.

Hon. Mr. Haig: That is correct.

Hon. Mr. Euler: Does he mean to say that there were no contributions from other sources to the general relief fund?

Hon. Mr. Haig: I said that in relation to city property Winnipeg and St. Boniface each contributed half of the province's share.

Hon. Mr. Beaubien: That is for dykes.

Hon. Mr. Euler: I am quite sure contributions were made by the people of other provinces.

Hon. Mr. Haig: I will come to that.

Hon. Mr. Euler: But my friend has already accounted for 100 per cent.

Hon. Mr. Haig: The contributions by the federal and provincial governments totalled 100 per cent of the amount to meet what might be called legal damages.

Hon. Mr. Euler: How much was that?

Hon. Mr. Haig: The contributions to which my friend from Waterloo (Hon. Mr. Euler) refers are something else. The honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien) collected subscriptions from nearly every member of this house, and that money went into the fund about which my friend from Churchill (Hon. Mr. Crerar) talked of. It did not go into the fund which I have said was contributed entirely by the two governments.

A question that may come up later is the matter of dykes on the Lyndale Drive, on the St. Boniface side of the Red river, and on Elmwood Crescent in Winnipeg. The people there had built their houses within a few feet of the river bank, which was quite steep, and the dykes were put back of the houses, leaving them between the dykes and the river. The engineers for the dominion and the province agreed unanimously on the location of the dykes.

The people in the flooded areas feel they have lost a good deal. Certainly, their property for resale purposes is worth less than it was before the flood. But as a Manitobian and a member of the Senate of Canada, I believe that neither the dominion government nor the provincial government should be called upon to make any further contribution.

I come now to the question raised earlier about private contributions. Money was subscribed from all parts of the world; contributions were received from as far away as Ethiopia; large sums came from organizations in the United States and all parts of Canada. From Great Britain we received carpets, bedding and things like that.

Hon. Mr. Horner: And also cattle and pigs.

Hon. Mr. Haig: Some of the antiques and other articles which could not be used were sold, and the money realized from them went into the general relief fund.

The money was administered and controlled by a committee under the chairmanship of Mr. Manning, who served without remuneration. As an illustration of the way the relief fund was administered, let us suppose that my house—which is perhaps worth $8,000 or $9,000—had been damaged to the extent of $6,000. In that case the committee would pay a maximum of $3,000 from the government contributions. If my furniture had been destroyed it would be replaced out of private contributions. In each case a proper examination was made, and stoves refrigerators and such items were paid for.

Out of the funds administered in this way, there is a balance of $1,400,000 on hand. Notwithstanding the extent of the relief given to the flood victims, there has not been a single charge of fraud, overpayment or irregularities of any kind. The only question that arose was as to whether the Manitoba relief funds should have been used to help the victims of small floods which occurred later in Calgary and Medicine Hat. Of course, there was no flooding in either Rosetown or Blaine Lake, or I would have heard of it.

Hon. Mr. Aseltine: We had a flood in Rosetown last spring, and we never got any help.

Hon. Mr. Haig: All you had was a flood of wheat.

Hon. Mr. Aseltine: That was last fall.

Hon. Mr. Haig: Let me remind the house of the severity and extent of the disaster which hit Winnipeg in 1950. For a period of thirty days the water level rose approximately an inch each day. Think of the strain that placed on the people of the city. Much valuable furniture and household equipment was destroyed. In one case that I know of the lady of the house went to look at her piano after the flood waters had receded, and found that it had fallen apart; and there are many instances of electric stoves and other appliances being rendered completely useless, some of them before they were paid for.

The flood victims appreciate far more than I can say the help that was given to them through contributions from the governments and from individuals the world over. The people of Canada, in particular, gave generously. They sympathized very keenly with the flood victims in the hardships they were undergoing. Our own local people, likewise, were very generous. I was astonished at the contributions made by persons of small means: their attitude was, "We want to do our bit; there has never been anything like this before in our lifetime".

As regards Mr. Manning, the Winnipeg member of the corporation, there is no better business man and no more honourable citizen anywhere in Canada. I know that the same is true of the Chief Justice of Nova Scotia, the Right Honourable Mr. Ilsley; the Quebec member, the Honourable Mr. Brais; and the Ontario member, Mr. Duncan. I do not know the Vancouver member. But all these men are a credit to the country. They are taking part in an enterprise which has a record that would inspire less able men to do well.

For all these reasons I heartily support the motion. The honourable senator from Churchill (Hon. Mr. Crerar) has fully explained the bill. After his explanation alone the bill would have passed this house, but I wanted the people of Canada and the Senate of which I have the honour to be a member to know how much I appreciate the widespread and generous efforts made on behalf of our people.

Hon. A. L. Beaubien: Honourable senators, after the explanation of the bill by the honourable senator from Churchill (Hon. Mr. Crerar), his description of the conditions under which the money was gathered, the manner in which it was spent, and the amount and proposed distribution of the balance, there is not much to be added. We who live in rural areas of Manitoba which were exposed to the floods are very thankful for the fund. I have resided for seventy years in the Red River valley. I have seen the results of floods out there in 1880, in 1893, also in 1897—which the honourable senator from Churchill omitted to mention—in 1916, 1948, and 1950.

Hon. Mr. Howden: And 1904.

Hon. Mr. Beaubien: I do not recall the flood in 1904: it was not as severe as the ones I have mentioned.

The people in the rural parts received from this fund, which was created and accumulated by the generous-hearted people of Canada, benefits for which they are very thankful. The members of the committee who handled the disbursements did an

exceptionally good job and gave general satisfaction. But there is one thought I would like to express at this time. Between five and six million dollars has been spent by the federal and the provincial governments to build a dyke around the city of Winnipeg with a view to preventing recurrence of a flood such as we had in 1950. In its present state the dyke is not high enough to prevent the flooding of some parts of the city, but there is a foundation on which the authorities can build to effect this object. We in the rural parts, however, have no protection against the future. I have already recounted to this house the number of floods that I have seen in my short life, and against which we had no protection whatever. The new dyke is well and solidly built. But, though I am not an engineer, I am under the impression that the confining of water between dykes, though preventing it from spreading and covering a lot of territory, will raise the level of the water from the Red River valley to the boundary higher than it was before. So while those of us who inhabit that area are thankful for the fund—thankful to the people of Canada and those of other parts of the world, and thankful to the men who administered it—we are not without concern for the future. My honourable friends the leader of the opposition (Hon. Mr. Haig) and the honourable member for Churchill (Hon. Mr. Crerar) have no cause for worry, because, living in Winnipeg, they are protected by the dykes. But I have some worries in this connection.

I understand that the Joint Waterways Commission is making an intensive study of the whole Red River basin. I am of the opinion that their report should be out soon, and I hope that it will include a recommendation that Canada and the United States, in a joint enterprise, will make provision either to retain the water south or to so order its flow that it will not inundate the surrounding areas. I suggest, and I think we should so recommend, that when the report is received the two governments should urge appropriate action to protect the whole Red River basin from Minnesota to the city of Winnipeg.

Hon. R. B. Horner: Honourable senators, I think it might not be amiss for me to say a word. The honourable leader on this side of the house (Hon. Mr. Haig) mentioned the donations in kind for flood relief by the British people, but I do not recall that he referred to the particular value of the livestock. I attended at Brandon a sale of livestock donated from England. It included Guernseys, Jerseys, Red Polls, Herefords and Aberdeen-Angus, and the finest sheep I ever saw in my life; all of them most beautiful animals. I recall that the lambs sold for about $435 each. The value of this livestock to Canada is far more than the mere price of the animals. They were young animals of a very high-pedigree type. Altogether is was a wonderful donation; and I think it is well to mention it at the present time, when we are seeing pictures of the flood damage in England and hearing of the loss of so much livestock over there.

Some Hon. Senators: Hear, hear.

Hon. Thomas Reid: Honourable senators, I rise to say a few words on this bill. First of all, may I commend the purpose of the bill which has been introduced by the honourable gentleman from Churchill (Hon. Mr. Crerar). It seems to establish a new department, shall I say, in the line of public welfare, and I think the whole idea is splendid. As I listened to the speeches made by the honourable senators from Manitoba I could not help thinking that the flood relief fund which was set up to help the victims of the Red River Valley floods of May, 1950 had its precedence in the fund established to assist the victims of the Fraser Valley flood in 1948. The assistance given by the federal government at that time to the people of the Fraser Valley was a new departure: I think it was the first time that the federal government had come to the relief of people in flooded areas. Now that we have started to recognize national disasters of this kind, appeals for assistance will come forth whenever such events occur in the future, and communities will be appealing directly to this new corporation.

Honourable senators, I trust that we are not starting out to set up another crown company. I do not say this in a derogatory way, nor do I wish to cast any reflection on the good names of the persons who have been named as the first members of the corporation.

I should like to point out something in connection with the Fraser River flood. The flood occurred during a period of unseasonably hot weather, when the melted snows of the interior caused the river to rise some twenty-four feet. The river had been known to flood in other years, of course, but it reached its all-time disastrous peak in 1948. At the same time other areas also in British Columbia were flooded. I remember one delegation of ten men coming to see me. They had all lost their homes, but as they did not live in the Fraser valley they were ineligible for any benefits from the flood relief fund set up for the people of that area. They said to me: "Can you tell us what difference it makes whether we live in the Fraser Valley

or elsewhere? We have all lost our homes as a result of floods." It was impossible to give them a good reason why they should not receive assistance from federal or provincial funds in the same way as the victims of the Fraser Valley flood. The unfortunate fact is, though, that those people outside the Fraser Valley received no assistance at all.

Now, I think it is important that this corporation should be careful in the way it distributes these public funds. I have seen cases where people have been unable to get assistance merely because they have been insufficient in numbers to warrant the attention of any government. I should like to know what will constitute a disaster area. Will it be a community in which ten or fifty or one hundred people live? Extensive loss of property in a small community is just as serious to every citizen there as if he or she had suffered the loss in a larger community.

In conclusion, I repeat my hope that this fine corporation will not ultimately become a crown company.

Some Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, may I congratulate my honourable colleague from Churchill (Hon. Mr. Crerar) upon his explanation of this bill, and express my sympathy with the purposes of the legislation. At the same time I must say there are features of the bill which remain unclear to me. Do I understand that we are incorporating a new type of institution of a continuing nature—

Hon. Mr. Reid: Like a crown company?

Hon. Mr. Roebuck: Yes, like a crown company—as the member for New Westminster (Hon. Mr. Reid) has said—which will act in the event of future disasters? Is it to replace the local authorities in some way when disasters occur? Is it to be a continuing institution or is it to be for a special purpose? If it is to be a continuing institution, will it have power to go on accepting contributions? And if it is not to be a continuing institution, why is this fact not stated in the bill? I would gather from reading the bill that the corporation has an ancillary power authorizing it to continue indefinitely to accept contributions and make distributions. How is this corporation to terminate if it is not the kind of corporation which I think it is from reading the bill? There is no provision for the surrender of the charter or the termination of the responsibilities to be undertaken by the corporation. By what process will the men now in charge of the fund, who are undoubtedly acting in the nature of trustees, divest themselves of their responsibilities and transfer them to this corporation?

The usual method for trustees under such circumstances as these is to apply to the court for direction, at the same time making suggestions how the balance of their fund can be used for a similar charitable purpose. Are these men going to act as trustees? Do they intend to get authority from the court to pass their responsibilities over to the proposed corporation? If not, how is the corporation to get the money? I do not see that the bill gives to the corporation authority to take over the money. How can the present trustees divest themselves of their authority, and why is there any need for a corporation? These men could get authority from the courts and be protected in the discharge of their responsibility. Why is it necessary for parliament to step in and establish a new institution?

From a legal point of view I am in somewhat of a quandary as to the purpose of this bill. That of course is quite apart from the excellent motives which prompted the bringing of the petition to parliament, and the high-minded way in which the proposed legislation has been handled by the senator from Churchill (Hon. Mr. Crerar). I am in complete sympathy with the sentiments expressed by honourable senators who have spoken on this bill, but from a legal standpoint, I do not understand it.

Hon. T. A. Crerar: Honourable senators, if no one else wants to speak at this time, I should perhaps close the discussion with a few remarks.

The Hon. the Acting Speaker: I must warn honourable senators that if the mover of the motion makes his reply now he will close the debate.

Hon. Mr. Crerar: The bill before us deals only with the surplus remaining from the subscriptions to the Winnipeg relief fund, and has no relation to expenditures made by governments or municipalities. I had before me information as to those expenditures, but as I considered it irrelevant I omitted it from my earlier remarks. Perhaps I was mistaken in doing so, and I am therefore grateful to the leader opposite (Hon. Mr. Haig) for the information he supplied. It is of some interest when one considers the whole situation as it developed, but it has no relation to the bill before us.

Likewise, the point raised by the honourable senator from St. Jean Baptiste (Hon. Mr. Beaubien) might have been dealt with in the explanation of the bill, but in my opinion it was scarcely relevant to the disposition of the $1½ million which remained in the fund. My honourable friend raised the question of protection in the event of a recurrence of such a flood as we had in 1950, and

I think he intimated that the Canadian and American authorities, through the International Waterways Commission, are making a study of the headwaters of the Red river in Minnesota. It may be possible to create at its source the necessary works to hold back the water and feed it more gradually into the main stream.

The problem which arises in that connection is that the terrain through which the river flows is about as level as the floor of this chamber, with a gentle fall from the headwaters of the river to Lake Winnipeg.

Hon. Mr. Beaubien: The fall is about a foot in a mile.

Hon. Mr. Crerar: It is a gentle fall, and the water moves slowly around an infinite variety of curves and bends all the way from the international border to Lake Winnipeg. But, as I say, that problem is under study by the International Waterways Commission.

It would be possible to guard against a recurrence of flooding on the Assiniboine river by building works back along the river, because west of Winnipeg, 150 miles or so, it has more substantial banks.

I come now to the point raised by my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck). I believe he is unduly disturbed about certain features of the proposal. The bill is, after all, a very simple one. The committee which was originally set up received subscriptions totalling considerably in excess of $9 million; it disbursed somewhat more than $7,700,000, and has an approximate balance on hand of $1,450,000. The question was, what to do with that balance.

The committee gave consideration to the possibility of refunding the balance to the subscribers who had contributed to the fund, but they came to the conclusion that it was too expensive to do so. They concluded that it might be practical to set up this balance in such a way as to make it available for relief elsewhere in Canada, from where the main contributions were received. The committee could perhaps have applied to the court in Winnipeg for a direction as to the proper disposal of the balance. That might have been a sound procedure. However, it was decided, as I have said, that the balance of this fund should be made available to meet similar distress elsewhere in Canada. Consequently, the committee hit upon the idea of setting up a dominion corporation, and it secured the necessary authority from the legislature of Manitoba protecting the members of the committee in the disposal of the fund.

Hon. Mr. Roebuck: Is it proposed that a provincial act be passed dealing with this fund?

Hon. Mr. Crerar: A provincial act has already been passed. Under legal advice, the committee concluded that that procedure was desirable. The only limitation attached to the provincial act is that the funds must be spent within Canada; and that limitation is carried forward in the legislation now before us.

The proposed corporation is not a crown company. The body of Canadian citizens who will constitute the proposed corporation will not get a dollar directly or indirectly from the federal government.

Hon. Mr. Reid: They might get something.

Hon. Mr. Crerar: They could not get any grant of further funds without approval by parliament, and there is no authority in this legislation by which the dominion government can give them a dollar.

Hon. Mr. Reid: They could get it if parliament approved.

Hon. Mr. Crerar: Of course they could do anything in this matter if parliament approved; but if parliament has to give approval, the matter will come back here and then we can discuss it. So this idea—a simple, and I think on the whole a very sound one—provides that the balance of funds be made available in this way; and the five distinguished gentlemen whose names appear in the bill can, within their discretion, and not at the suggestion of the Manitoba government, or the federal government, or anyone else, give relief to those who suffer from similar disasters elsewhere. When all the money has been disbursed there will be nothing more for the corporation to do. It may remain in our law machinery as, so to speak, a dead letter; or, more probably, the government of the day or some private member will introduce a bill to cancel this legislation and we shall then go back to where we were before.

I do not know that I can add anything further. To my mind the bill is a pretty sensible way of handling the problem.

Hon. Mr. Reid: May I ask if the chief problem is to distribute the one and a half million dollars which remain in the fund, what is the purpose of providing all the powers set out in section 7, including the right to hold, mortgage and buy property? Read the whole clause. These are pretty wide powers.

Hon. Mr. Crerar: I do not know that I get the point of my honourable friend's question.

Hon. Mr. Reid: The question is this. What is the object of section 7? It says:

> The corporation may, for the purpose of carrying out its objects, acquire by purchase, lease, gift, legacy or otherwise any real or personal property, rights and privileges own and hold any such property, rights or privileges, and sell, manage, develop, lease, mortgage, dispose of or otherwise deal therewith in such manner as the corporation may determine.

Hon. Mr. Crerar: As I understand it, the purpose is very simple. For instance if, when he comes to make his will, my honourable friend decides that a good way of disposing of some of his estate is by a donation to this disaster relief fund, he can dispose of part of his estate in favour of this corporation. The corporation does not need to accept it, but may accept it.

Hon. Mr. Roebuck: That is to say, this is a continuing corporation, and may accept donations.

Hon. Mr. Crerar: That will depend. That possibility is there, but only if generous-minded individuals decide that this is a desirable way to give relief.

Hon. Mr. Roebuck: Or if an active-minded secretary wishes to perpetuate his position.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Crerar: I assume it will be the wish of the house that the bill go to committee.

Hon. Mr. Roebuck: Exactly.

Hon. Mr. Crerar: With leave, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PROPOSED REMISSION OF FEES

Hon. Mr. Crerar: Honourable senators, if I may intrude again for a moment, may we revert to motions, so that I may move:

> That the printing and parliamentary fees payable on the Bill Z-5, intituled: an Act to incorporate Canadian Disaster Relief Fund, Incorporated, be remitted, and that Rule 114 be suspended in so far as it relates to the said bill.

This is of the nature of a charitable disposition of funds, and I think it is customary in most cases to waive payment of these fees.

Hon. Mr. Aseltine: Not until the bill is passed.

The Hon. the Acting Speaker: I think it is customary for the bill first to be passed.

Hon. Mr. Crerar: That may be so. I was advised by the Clerk of Committees that the proper time to make the motion I have just made was after second reading.

Hon. Mr. Haig: That has never been done.

Hon. Mr. Crerar: If I am not in order, that is my excuse.

The Hon. the Acting Speaker: I would suggest that the honourable senator withhold his motion until after the bill has been reported back to the house from the committee, and read the third time.

CANADA SHIPPING BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill D-7, an Act to amend the Canada Shipping Act, 1934.

He said: Honourable senators, the bill is divided into three parts. Part I contains the amendments to the present act. Part II repeats the amendments to conform with the new Revised Statutes which are now in the press and are expected to appear during the present session. Part III relates to the coming into force of the International Convention for the Safety of Life at Sea, 1948.

Clause 1 of the bill amends paragraphs (a) to (f) of subsection (1) of section 114 of the act. The purpose of this amendment is to bring uniformity as between steam and motor engineers' certificates.

The application of the amendment will require that, in certain cases, engineers of ships propelled by internal combustion engines hold a higher grade of certificate. The board considers this necessary in view of the development and complications of the modern internal combustion engine, which requires more practical and technical knowledge than was necessary heretofore. In order not to inflict a hardship on the present holders of engineer certificates, provision is made so that the amendment will not affect the rights and powers of certificates now issued.

Clause 2 of the bill amends section 406 of the act relating to radio equipment.

Section 406 (2) of the act requires that all passenger steamships carrying fifty or more persons and going on certain coastal or inland voyages shall be fitted with a radiotelegraph installation complying with the provisions of the safety convention. The act also requires that all steamships, other than passenger steamships, of 5,000 tons gross tonnage and upwards going on voyages of more than 200 miles from one place to another place shall, unless exempted by the Governor in Council carry radiotelegraph apparatus.

Representations have been made with respect to Pacific coast shipping, asking for an extension of the requirements to cover all passenger steamships plying Pacific coast waters. New subsection (2) of section 406 is

designed to require all passenger steamships exceeding 65 feet in length going on any voyage outside of a port to be fitted with a radiotelegraph installation complying with the provisions of the safety convention. Provision is made in the amendment that radio operators shall not engage in any other duties which in any way interfere with the keeping of watches. Provision is also made for exempting certain vessels where it is expedient to do so; for example, in the case of ferry ships or other vessels going on short voyages in protected waters there would not appear to be any necessity to carry radiotelegraph installations, particularly if these vessels carry radiotelephone.

New subsection (3) covers cargo steamships of 500 tons gross tonnage and upwards and steamships under 500 tons engaged in towing another vessel of 500 tons or over, or towing any other floating object such as a raft of logs having a dimension in any direction of 150 feet or more. These ships are required to carry radiotelephone installations unless exempted. It is considered that where such ships carry a radiotelphone installation and are plying on short voyages or in protected waters the provisions of a radiotelegraph installation may not be required.

New subsection (4) provides for exemption from the obligations imposed by subsections (2) and (3).

New subsection (5) requires that the operating conditions of the radio installation on board any vessel covered by section 406 shall comply with the radio regulations annexed to the International Telecommunication Convention in force. The convention now in force is the one signed at Atlantic City in 1947.

New subsection (6) provides for regulations requiring any ship navigating on the Great Lakes and River St. Lawrence above the Lachine canal and Victoria bridge at Montreal to be fitted with a radiotelephone installation. This subsection will enable the government to implement the agreement for the promotion of safety on the Great Lakes by means of radio which was made with the United States and signed on February 21, 1952. This agreement will not come into force until two years after the day on which instruments of ratification are exchanged between the two governments.

The amendment to section 475 of the act provides that tow barges that carry crew shall be subject to the regulations concerning life saving equipment, fire extinguishing equipment, precautions against fire and the provisions of the act relating to inspection of boilers not used for propelling purposes. Tow barges that carry passengers are now subject to inspection under section 472 of the act.

The amendment contained in clause 4 of the bill is designed to provide for the appointment under the Civil Service Act of port wardens and deputy port wardens.

The Canada Shipping Act was brought into force in Newfoundland at the date of union except section 21 relating to security to be given on registration of ships, and Part VI relating to pilotage. The purpose of this clause is to provide for the bringing into force in Newfoundland of these excepted provisions. Until section 21 and Part VI are proclaimed, the laws in force in Newfoundland continue in effect.

Part II is merely for the purpose of the new Revised Statutes.

Part III is for the purpose of covering the transition period between the coming into force on December 31, 1952, of the amended sections of the Canada Shipping Act relating to the new safety convention of 1948 and the repeal of the corresponding sections relating to the old safety convention of 1929 which ceases to be effective in Canada on November 19, 1953. Ships belonging to countries which are not parties to the new safety convention but which are parties to the old safety convention will have to be covered until November 19, 1953.

Honourable senators will have observed that the amendments to the bill have to do with regulations in respect to internal combustion engines, radio telephones and radio telegraphs. These regulations are of a technical nature, and if the Senate sees fit to give the bill second reading I would move that it be referred to the Standing Committee on Transport and Communications, where the officials of the department could give us further detailed information.

Hon. J. J. Kinley: Honourable senators, it is not my intention to discuss the details or the principle of the bill. As has been explained by the honourable leader (Hon. Mr. Robertson), the proposed changes are of a technical nature and have been found necessary because of the advance of science in relation to the operation of ships.

These details can be better considered in committee, but I want to take advantage of this occasion—the second reading of a shipping bill—to allude to the death of a fine seaman who was closely associated with the province of Nova Scotia during a period when Nova Scotians excelled in the construction and operation of sailing vessels, especially in the deep sea fisheries. I want to pay a few words of tribute to the memory of Captain Ben Pine of Gloucester, Massachusetts, who passed away on Monday. Captain Ben was the last skipper of a fishing vessel to sail out of

the port of Gloucester. He was internationally known as the skipper of the racing fishing schooner *Gertrude L. Thebaud,* which competed in international races between Canada and the United States. Captain Pine was born in the village of Belleoram, in Fortune Bay, in the then dominion of Newfoundland. He went to Gloucester at an early age to join the ranks of so many of those fine seamen who left Newfoundland and who eventually helped to build up the fishing industry of New England. He was a man of deep and fine personality, who radiated the generous and liberal comradeship of the sea.

The international racing in which he competed was unique, because it was participated in by *bona fide* fishing schooners. The races were a real test of skill in the construction of vessels, and of seamanship in the sailing of them.

We in Nova Scotia were very elated when the schooner *Bluenose,* skippered by Captain Angus Walters, finally became Queen of the Atlantic. In sport one likes to prevail over those one most admires; and when we prevailed over the American schooners we knew that we had won over the best. For that reason we were proud of the achievement.

Those classic contests between seafaring men of Canada and the United States were of intense interest in the Maritimes, and did much to elevate the morale of seamen. They were as well a source of delightful entertainment for people the world over who were interested in ships and sailors.

My honourable friend from Halifax (Hon. Mr. Dennis), in his abundant energy and through the influence of his newspaper, was a moving spirit in this great sporting event. Others in Nova Scotia, including myself, were associated with him in carrying out the plans and international arrangements. Thus we learned a great deal about the personnel engaged in the competition; and we could see that Captain Ben Pine was a skilful skipper and a general favourite.

Time marches on, and that period is now passed. The days of the big fishing schooners, under sail from Gloucester and Lunenburg, are now gone for ever. But they will always bring happy memories, retold in story and recounted in the festive hours so natural to a sea-going people who delight in great achievements on the seas. Captain Ben Pine will have an abiding place in our hearts. I am proud to pay tribute to the memory of a man who will always be admired in the shipping history of Nova Scotia.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, I move that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 26, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TOURIST TRAFFIC COMMITTEE

REDUCTION OF QUORUM

Hon. Mr. Buchanan presented and moved concurrence in the first report of the Standing Committee on Tourist Traffic.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Tourist Traffic beg leave to make their first report, as follows:

Your committee recommend that their quorum be reduced to five members.

The motion was agreed to.

CANADA SHIPPING BILL

REPORT OF COMMITTEE

Hon. Mr. Kinley presented the report of the Standing Committee on Transport and Communications on Bill D-7, an Act to amend the Canada Shipping Act.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill D-7, intituled: "An Act to amend the Canada Shipping Act, 1934", have in obedience to the order of reference of February 25, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

TOURIST TRAFFIC

MOTION

Hon. Mr. Buchanan: Honourable senators, with leave I move:

That the Standing Committee on Tourist Traffic be empowered to inquire into and report upon the activities of the various agencies concerned with promoting tourist travel in Canada, and that the committee be authorized to send for persons and records.

I would ask that this motion be adopted today because the committee plans to meet to commence carrying out the purposes of the motion on Thursday, March 17, which will be just a day or two after resumption of the Senate's sittings following the recess.

The motion was agreed to.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce moved the third reading of the following bills:

Bill E-7, an Act for the relief of Jessie Hazel Kerr Coolon.

Bill F-7, an Act for the relief of Laurence Christopher Bell.

Bill G-7, an Act for the relief of Valorie Leslie Hylda Carson Wallis.

Bill H-7, an Act for the relief of Jessie Allan Purdie McCulloch.

Bill I-7, an Act for the relief of Alice Mary Barakett Zion.

Bill J-7, an Act for the relief of Marcel Clark.

Bill K-7, an Act for the relief of Sender Mines.

Bill L-7, an Act for the relief of Robert Joseph Albert Pratte.

Bill M-7, an Act for the relief of Leonard James Chadwick.

Bill N-7, an Act for the relief of Merle Minnie Esther Hoffman Nevard.

Bill O-7, an Act for the relief of Doris Ethel Taylor.

Bill P-7, an Act for the relief of Gordon Earl Page.

Bill Q-7, an Act for the relief of Yaroslava Glucka Levandosky.

Bill R-7, an Act for the relief of Adelard Gilbert.

Bill S-7, an Act for the relief of Celia Tarnofsky Edgar.

Bill T-7, an Act for the relief of William Flookes.

Bill U-7, an Act for the relief of Kathleen Ada Styles Labonte.

The motion was agreed to, and the bills were read the third time, and passed, on division.

INTERNATIONAL TRADE

MOTION AGREED TO

The Senate resumed from Tuesday, February 24, the adjourned debate on the motion of Hon. Mr. McLean that the Standing Committee on Canadian Trade Relations be empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world.

Hon. G. P. Burchill: Honourable senators, it is hardly necessary for anybody coming

from the Maritime provinces to give reasons why he fully supports the objects of the resolution before the house. Export trade is the very lifeblood of our section of Canada, and any move to stimulate the export trade by enlarging our present markets and securing new ones, or to accelerate the flow of goods in general, will find very active and united support from all the people who live down by the sea.

Some Hon. Senators: Hear, hear.

Hon. Mr. Burchill: Our geographical position and the pattern which has been followed in Canada's development and growth since confederation have not been very kind to the Maritimes. I do not suggest that my friends who sit on the opposition side of this house had anything to do with the evolution of that pattern; nevertheless, the pattern was followed, and by reason of it the industrial development of the Maritimes has been very limited.

The distance which separates us from the Montreal, Quebec and Ontario markets, and the consequential high freight costs, particularly since the recent increases, have had the effect of almost placing a barrier between the Maritimes and the markets of the rest of Canada. For that reason it is almost impossible for Maritime industries to compete with industries in Quebec and Ontario. The Maritimes must look for markets overseas and to the south.

It has been said many times that in order to keep the wheels of Canadian industry turning, trade must flow both ways; but let me emphasize that trade between the Maritime provinces and the rest of Canada is practically a one-way street. It follows that we live in an economy entirely different from that enjoyed by the wealthier and more industrialized provinces. True, the Maritimes have made progress during the past ten years, but our rate of growth has been much slower than that of the rest of Canada, and the difference is widening all the time. A distinguished Ottawa journalist who once toured the Maritimes wrote afterwards, and quite properly, that the people down there were poor, proud and patriotic.

Recently I had the privilege of sitting as a member of a selection committee at the University of New Brunswick, in Fredericton, to interview applicants for the Beaverbrook overseas scholarship. As many honourable senators know, Lord Beaverbrook has been most generous to his native province of New Brunswick. Among the many benefactions which he has given to the university is the valuable and coveted annual overseas scholarship, which entitles the holder—who must be a graduate of the university—to a one-year post-graduate course at the University of London, and to the privilege of travelling in Great Britain. Every year the selection committee has great difficulty in making a choice from among many brilliant young Canadians, both men and women. Some of these students not only have outstanding records at the University of New Brunswick, but come with glowing recommendations from such institutions of learning as Harvard and McGill. They are scientists, doctors, lawyers, economists and teachers, all of them born in New Brunswick.

As we met and made our choice on this last occasion I could not get away from a feeling of frustration, for I knew that probably not one of those young men and women would be able to find suitable employment in their native province. In all probability they will follow the thousands of others who have gone out from the Maritime provinces to occupy prominent positions as leaders in churches, members of the Bench, and heads of educational institutions, banks and commercial corporations located in the more prosperous parts of Canada and in the United States.

There are lots of Maritimers everywhere, except in the Maritimes. Some honourable members talk about debts owed by other parts of Canada to the West for growing wheat, or for some other reason. But I submit that the Maritime provinces have paid to the rest of the country any debt owed and in good measure, by the contribution they have made to Canada in providing citizens of the best stock in the world. That is a contribution which cannot be measured in dollars and cents.

To provide the proper training and course for these young people, the universities of the Maritimes are doing a grand job; but, with them, finances are always a problem. I notice in the press that the province of Quebec is declining federal aid for universities. If that is so, speaking as a member of the Senate of the University of New Brunswick, with some knowledge of university financial needs, I would like to suggest to the government that these funds should not be allowed to go begging, for I can assure you they would be very thankfully received and profitably used by the universities of the Maritime provinces.

I said a few moments ago that we in the Maritimes live in a different economy from that of wealthier provinces. I do not think there is any better way of measuring the tempo of business than by long distance telephone calls. Last week I had an opportunity to check the records of the New Brunswick

Telephone Company, and I found a marked falling off in their toll message business. January business had fallen short of the estimate and showed a downward trend. This trend is not evident in other sections of Canada, where the estimated increase over the preceding year is being maintained. This may be only a temporary fluctuation, and may right itself in the next month or so; but in the meantime I began to examine the possible causes for this, and I did not have far to go.

I found, for one thing, that business at the port of Saint John was very slack this winter. Steamers were leaving without full cargoes, and the longshoremen were suffering from lack of work. One of them told me he had had only one day's work the previous week. I am not going to answer this, but I will pose it as a question: whether Canada is pricing herself out of the markets of the world. On further examination, I discovered that Canadian exporters were shipping their goods through United States ports rather than through the national ports of Halifax and Saint John. The figures indicate that this trend of diversion to the United States, including Boston, Portland, and particularly New York, is increasing. Whereas $155,427,000 worth of export goods had been diverted to American ports in 1949, the figure increased to $257,591,000 in 1951. On the import side, $27 million worth of goods had gone to American ports in 1949, while $87 million goods value, destined for Canada had come in through American ports in 1951. The figures for 1952 are not available, but indications point strongly to the fact that the figures for the last year show an even greater volume shipped via the United States.

In breaking these amounts down, I found that the number of automobiles and motor vehicles routed through United States ports was 15,665 in 1949, and through Canadian ports for the same year 13,944.

Hon. Mr. Vien: For export?

Hon. Mr. Burchill: For export. But in 1951, a total of 59,465 vehicles had passed through American ports, while only 10,011 had gone through Canadian ports. These are most astounding figures. In automobile parts, the figures showed that $4,771,000 worth of parts had been routed through United States' ports in 1949, while parts to the value of $5,056,000 had gone through Canadian ports. In 1951 the amount through United States ports increased to $8,435,000, while the Canadian amount had fallen back to $4,534,000.

I understand that efforts have been made by all our Canadian transportation interests to have Canadian products routed through Canadian ports, but apparently not much progress has been made.

Hon. Mr. Vien: Is there any difference in the cost?

Hon. Mr. Burchill: I am told there is not: many things are involved, but cost is not one of them.

Hon. Mr. Vien: Could the honourable gentleman give us the breakdown as between summer and winter traffic?

Hon. Mr. Burchill: No, I have not got that.

Hon. Mr. Vien: The honourable senator knows that the reason why much of this export traffic goes by the American seaboard is that bottoms are not always available at Canadian ports for certain destinations.

Hon. Mr. Burchill: That may be a factor, but I am not sure it is the main factor. I have no reason to believe so.

Hon. Mr. Vien: On many occasions it is, because bottoms for a certain destination are available from New York, Philadelphia, Baltimore or Boston. Traffic seeks the route of least resistance; and it is not always easy, although of course it is highly desirable, to route it through Canadian ports.

Hon. Mr. Burchill: One of the difficulties seems to be that our so-called Canadian companies leave the routing of their goods in the hands of the parent companies in the United States, which use American transportation systems, including their port facilities.

Practically everything the Maritime provinces use they buy from Quebec and Ontario, whose manufacturers enjoy a good measure of producton. In the matter of motor cars, I think everyone will agree that the Canadian manufacturer has pretty generous protection from his American competitor, and that the Canadian user of automobiles and trucks is paying a fairly heavy toll for the privilege of being a good patriotic Canadian and supporting the Canadian automotive industry. In case there is a tendency to forget, it might be just as well to remind ourselves from time to time what this is costing us.

Here are some of the comparisons as quoted in an editorial in the Brockville *Recorder and Times* of February 20, 1953, under the heading "Tariff Protection is Costing You Money." I quote from the editorial:

> Canadians who own motor cars, and so many of us do, will be interested in seeing in figures the extra car costs that Canadians bear, as compared with Americans, because of tariff, excise and sales tax imposed on our automobiles. Here is a comparison of United States and Canadian car prices, on twenty different popular makes.

I am not going to weary the house by comparing prices on twenty different makes, but I have selected a few well-known cars in order to give honourable senators some idea of the comparison. The following are the retail prices at the point of manufacture:

	Canada	U.S.
Chevrolet	$2,179	$1,670
Ford	2,257	1,721
Plymouth	2,333	1,821
Mercury	2,852	2,230
Pontiac	2,702	2,066
Chrysler V/8	4,860	3,364
Buick Roadmaster	4,418	3,254
Cadillac	4,938	3,666

That last one belongs to a class of car which some of my honourable friends drive.

Hon. Mr. Haig: Could my honourable friend tell me what portion of the difference in prices is attributable to tariff, to sales and to excise tax?

Hon. Mr. Burchill: I shall obtain that information for my honourable friend at another time.

The Maritimes provide a large market for these cars and other motor vehicles. The figures for 1952 show that the sales of automobiles and commercial vehicles in the four provinces by the sea are as follows:

	Vehicles	Costing
Newfoundland	4,615	$10,518,000
Prince Edward Island	2,258	5,083,000
Nova Scotia	13,182	31,246,000
New Brunswick	11,214	27,240,000

Hon. Mr. Howard: That is a lot of money.

Hon. Mr. Burchill: Honourable senators can see from these figures just how the purchasers in the Maritimes are supporting the Canadian auto industry, and what it is costing them to do so. It is, therefore, difficult for the man in the street down there to understand the attitude of the manufacturers in this same industry who will not even route their export business through Maritime ports.

Hon. Mr. Vien: Does the honourable gentleman know the various destinations to which these motor vehicles were shipped?

Hon. Mr. Burchill: I am sorry, but I have not got that information.

Hon. Mr. Vien: It would be an important factor in determining the cause of the routing.

Hon. Mr. Burchill: Yes, I agree that it would.

New Brunswick is also feeling very much the effects of a slackening in demand for pulp and other forest products. Aside from newsprint, there is at present a weakening in demand and price for pulp products, and the back-log of orders at our pulp mills has disappeared. There is little or no market for pulpwood, and the export lumber market is not as buoyant as it was. These changes, together with the curtailment of pit prop orders, have made a great difference in the living of a large proportion of our population who depend for their livelihood on our forest product industries. Indeed the slackening of demand in these industries reflects upon the economy of the entire province.

Here again New Brunswick is dependent upon export trade. Our traditional market is Great Britain—first it was in wooden ships, then in pine timber, followed by spruce deals and pit props. Our trade in this latter commodity illustrates what sterling and the currency problem mean to us. Developed at the beginning of the last Great War, pit props have become one of our very important exports. The industry uses jack pine; it employs many men and trucks, and it gives our longshoremen at the various ports much needed employment.

Last year Great Britain imported a total of 712,000 cords of pit props, of which 350,000 cords came from Eastern Canada, and the remainder from Finland, Russia and Sweden. If converted to fathoms, I think the figures would be 210,000 fathoms from Canada and 194,000 from Finland. So far this year Britain has purchased only about 226,000 fathoms, or the equivalent of 380,000 cords. This total is made up of 59,000 fathoms to come from Finland, 60,000 from Russia, 62,000 from Sweden and only 45,000 from Canada. It is hoped that the purchases from us will be increased later on in the year, but in the meantime this year's reduction—the sales being about one-quarter of last year's figure—has dislocated our forest industry and made a great difference in the employment of woodsworkers and trucks, as well as longshoremen at the ports of New Brunswick.

It will be noted that of the countries I have named as supplying Great Britain with pit props, Canada alone is paid in dollars. The other countries belong to the sterling bloc. While freight charges and conditions in those countries are all factors to be considered, honourable senators will realize that the fact that Canada will accept only dollars in payment for pit props weighs against us in our competition for this business which is so important to our province, and it is one of the reasons why the quantity purchased from Canada has been so materially reduced.

What has been said about pit props could also be said about lumber and other forest products. Any restrictions, therefore, in currency or anything else that hampers the sale of goods from Canada to Great Britain and other sterling areas has a very direct and serious impact on the well-being of New Brunswick and the other Maritime provinces.

Honourable senators, I am not sufficiently well versed in economics or finances to enlarge upon the mechanics by which sterling can be converted and used by Canadian exporters. I certainly have faith in the pound sterling, and I believe that it will eventually regain its former value. And as economic ties and profitable trade relations are necessary, if we are to be good neighbours and have happy political relations with other nations, I feel that surely some way can be found whereby, without endangering the soundness of Canada's dollar and fiscal system, we shall be able to accept a limited amount of sterling. I have in mind the good effects which as a consequence would flow to Canada generally, and to the Maritime provinces in particular, through the maintenance of a high level of employment and business activity, and through the strengthening and re-establishment of historic and traditional ties which have bound us for so many years to the United Kingdom and of which many of us retain and cherish pleasant memories.

Some Hon. Senators: Hear, hear.

Hon. A. Neil McLean: Honourable senators,—

The Hon. the Speaker: I must warn honourable senators that when the mover of the motion (Hon. Mr. McLean) makes his reply, he will close the debate.

Hon. Arthur W. Roebuck: Honourable senators, before the debate is closed I should like to express my appreciation of the excellent speeches that have been made in the course of this debate, not the least having been the eloquent, forceful, fluent and realistic speech just made by the senator from Northumberland (Hon. Mr. Burchill). Perhaps I may be permitted to make reference also to the excellent addresses by the senators from Churchill (Hon. Mr. Crerar) and Lethbridge (Hon. Mr. Buchanan), and by the leader of the government (Hon. Mr. Robertson). These speeches have all been very much to my liking, because they seemed to emphasize the sound principles of trade as applied to the dominion of Canada. I suppose the Canadian people would scarcely expect from the allegedly conservative members of the Upper House such realistic and forward-looking addresses as those to which I have referred. The Senate of today is, not a backward- but rather a forward-looking house, in which a great deal of practical thinking is done.

I should like to make two or three comments arising out of the speeches which I mentioned. It has been suggested that in some way we should bring about a change in the dollar-pound relationship. I would be very glad to see such a change brought about, and the way to do it is to open our ports to British goods. In that way the British people will have more dollars with which to buy our goods. On the other hand, the most impractical way of accomplishing that end is by our underwriting the currency of another country.

Within my time in this house, we have had one experience of Canada attempting to underwrite Canadian currency in its relationship to the currency of another country. We guaranteed a ten per cent difference between our money and that of the United States, irrespective of the market value of one or the other, with the result that within about a year and a half we poured down the drain something like $1½ billion. Naturally, I am opposed to any such method of approach to the problem. I am, however, in favour of allowing our own currency and that of other countries to stand on their own feet. When that course was chosen the result was nothing but good.

So far in this debate we have been talking in an academic way. The Liberal party has many times been accused of talking free trade and practising protection. That charge has, unfortunately, perhaps been true. On the other hand, our Conservative friends have not only talked protection, but at the same time they have practised it. There may be some virtue in talking about the principle of free trade, even without doing all that is possible to put it into effect.

Honourable senators, I have watched public opinion in action for many years. As a boy I heard the false doctrine put over that when a protective tariff is levied the foreigner pays it. Perhaps in a sense he does just that, but in the end the Canadian consumer pays it in the extra cost of the goods he buys. We are now told that a protective tariff is levied by the government upon our own people and that they pay it.

I do not suggest that none of the hoary old fallacies still remain. One of these is that we cannot adopt low tariffs or free trade until other nations of the world do the same. That fallacy was expressed even in this debate, the speaker little realizing that the Canadian tariff is a levy upon our own people and paid for in their purchases of goods. However, though I realize that trade is a two-way street, I say that the tariff policies of other nations are their own business and not ours.

I recall that one of the early tariffs of the United States was imposed when I was a boy, and that I spent six poverty-stricken years on a Canadian farm as a result of it. Those

were the days before we developed the British market, as we have known it in recent years.

Although the tariff policies of other countries have a real bearing on our prosperity, we shall not improve the situation by copying their mistakes. Were we in this country utterly to disregard what is done abroad in this respect; were we to lower our tariffs, or, what would suit me better, abolish them, and have a free course across our international border, the effect would be to reduce the cost of living in this country and, more important still, the cost of protection in this country; so much so that those tariff-ridden nations that surround us would be unable to compete with us in foreign markets.

I have long held, and I have said so in this house, that were we to clear away the obstructions to trade between ourselves and our great neighbours in the United States, irrespective of what they might do—were we to follow the old British principle which made the empire so strong in the years gone by, of allowing merchants to buy in the cheapest market and sell in the dearest, without interference by government officials —were we to adopt that policy and allow our great trading communities complete freedom of trade, the city of Toronto, for instance, would in a very short time be as great as Chicago. Toronto has the location, it has the resources, it has the people, it has everything except the power to trade freely over this entire continent. Toronto—that municipality which has advocated tariffs most consistently—is, I think, the municipality which suffers most through their retention and would benefit most by their abolition.

However, it takes a long time to recognize things of this kind. As one listens to the magnificent addresses delivered in this Senate chamber, one wonders why this hoary old fallacy of protection hangs on. But the reason, after all, is obvious. We have been calling it very polite names. We speak of pressure groups—private interests influencing by their operations the machinery of government. Sometimes the little finger of the banker or the big industrial interest is thicker than the loins of the whole Canadian people expressed in terms of governmental matters.

So far as our relations with other nations are concerned, freedom of trade is the very lifeblood of goodwill. Some person has stated, in a striking phrase, what is almost axiomatic, that "if trade cannot pass your international borders, armies will". The way to understand another nation is to do business with it; and one of the chief reasons why relations between Canada and the United States are so good today is the freedom with which, notwithstanding tariff barriers, we do business with them. The vast interests which the people of the United States hold in Canada are our greatest guarantee of favourable legislation from the administration which now rules in Washington.

I am for free trade. Somebody said that free trade is a thing of the past. Well, listening to the speeches and reading the newspapers in recent years, one would think so. But that is not so. The normal natural condition is one of freedom, and the impractical theorist is he who thinks that nations can lift themselves over the fence, in this matter of trade, by their boot tops. In the long run freedom will win. My honourable friend from Lethbridge (Hon. Mr. Buchanan) who re-stated these great principles in his address, will find that more people agree with him—particularly more of those who think clearly and are well informed on these subjects—than, perhaps, he imagines. The time will come when protectionist fallacies will be swept aside, and Canada will take its place boldly among the nations of the world, ready to trade with anybody, to do business wherever we can make a profit, and without the interference of government officials in the matter.

I wish to express my high appreciation of what has been said in this debate. It has been an inspiring experience, something which, in this chamber, I would hardly have expected. I only wish that more people could have listened to it.

Hon. A. Neil McLean: Honourable senators, in closing the debate on the motion before the house, I want to take the opportunity of saying that I do not remember a debate before this honourable body which has brought out so many fine and well-thought-out speeches. Those who have taken part, one and all, have in my opinion made excellent contributions, which this house can well be proud of. And when the committee gets down to work and we are in a position to hold hearings, I am sure those who come before us to give their views will further contribute greatly and help us in our undertakings. The idea that has been expressed that our trade policies might be tied in closer to our foreign policy, has a great deal of merit and is well worth further exploration. Trade and foreign policy, it would seem, should go hand in hand.

The ground has been well covered and I do not propose to say very much in review, except to clarify further some of the points I tried to put forward when the motion was introduced, especially with regard to the convertibility of sterling. Possibly a better word would be "exchangeability"; that is, making

the pound and dollar exchangeable at some level, so that international trading can be carried on freely between North America and the sterling area. In other words, giving the pound back to private enterprise. I became used to the word "convertibility" when banking years ago, when convertibility meant exchanging currency for gold under the old gold standard of those days.

I agree with the honourable leader of the opposition (Hon. Mr. Haig) that exchangeability must precede dollar investments in the sterling area. I do not need to remind honourable senators that the dollar has had many ups and downs here in America. In the past it has had its good times and bad times—I could quote several examples—although the dollar has never carried the terrific load the pound has been subjected to. The dollar came back ultimately: and so, looking at history, and considering the real wealth of resources behind sterling, I have every confidence that the pound will rise again to be a great and stable currency of the free world, crippled as it is and without many friends in some parts of the world. The pound is even now being used throughout the globe by traders to a greater extent than the dollar. A monetary unit of that kind can't be held down. In due course it is bound to be stabilized and exchangeable at some level, and the sooner the better for the sake of the now divided free world. An exchangeable dollar and pound would do more to unite economically the two greatest territorial trading units of the world than anything else that could be done, and exchangeability would add greatly to the strength of North America and the Commonwealth. And, as one of the outstanding members in another place stated last week, strength and unity is the only hope of mankind.

It has been said that no one has explained how sterling can be made interchangeable. This could be one of the purposes of the inquiry. We may get some further light on the problem. It is not a matter which can be solved satisfactorily by Great Britain alone. Being mainly an international problem, it can be solved only through international economic co-operation.

After the first world war private enterprise played a big part in stabilizing the pound. American and British bankers, headed by J. P. Morgan & Co. and the Bank of England, gave certain guarantees. Now, however, until the pound is turned back to private enterprise, it is difficult for private enterprise to take action. We hesitated in this country for some time before turning our dollar back to private enterprise. When we did, it fluctuated somewhat, but it has been a fairly steady monetary unit since being freed. Of course, the vast amount of United States dollars coming into Canada for investment helped us greatly in strengthening our dollar reserves.

It may be Great Britain will think she needs greater reserves or some kind of temporary guarantees. If so, she has plenty of collateral to put up if necessary as far as Canada is concerned. It may be that Great Britain would like to be temporarily relieved of some of her foreign war debts by having them extended or otherwise. The last time I looked up the figures, about 25 per cent of the United Kingdom's exports were unrequited, as they had to go toward paying off old war debts accumulated by the billions during World War II. This seems to me to be far too great a percentage, at least until she gets on her feet financially. It is hard to see how her people stand up under such a burden. If part of these unrequited exports could go to dollar areas, more dollars would be earned. Raising the price of gold would strengthen the reserves of all nations of the free world and would give the commonwealth many more millions of purchasing power. The honourable leader of the opposition (Hon. Mr. Haig) stated:

> I say emphatically we must find a solution for the serious world trade problems facing us today.

Well, the non-interchangeability of currency as between the two greatest trading territorial units of the free world is one of the important problems facing us. And it has to be solved, for it is holding up a vast amount of trade, development of resources and investments, and these are the things that give nations strength and prosperity. The trade is there to be had. The man who fills more pages in modern history than anyone else, says the British were a great nation of shopkeepers and traders; and we know wherever their flag has been raised over the world, the first thing done was to institute good commercial laws to protect the honesty and integrity of trading.

I noticed an editorial in the New York *Times* of February 20 that has an indirect bearing on NATO, and I would like to put it on record. It is headed "Hungry Korean Soldiers" and reads as follows:

> One of the questions that many Americans will wish to put to General Van Fleet concerns the disturbing reports of malnutrition in the South Korean Army. Dispatches to this newspaper indicate that hunger is a major cause of hospitalization and it is established that some combat units are staying at the front with a ration of three handfuls of rice a day. The welfare of these troops is close to General Van Fleet's heart and he can possibly suggest the best courses to cope with this situation.

The matter is of concern on humanitarian grounds. Our splendid allies should not be allowed to suffer if we can prevent it. It is also important on military grounds. The fiction that any Asian can work and fight "on a handful of rice a day" has long since been exploded. A hungry soldier is not a good soldier and a man who is hospitalized for malnutrition has certainly no value on the fighting line. Moreover, diet deficiency is a prime invitation to the spread of tuberculosis, and this plague is going hand in hand with the short rations among the Korean troops.

In this case the problem is not just one of calories. The diet lack is largely a matter of deficient supplies of proteins. The Koreans are not getting enough meat and fish to go with the rice. This, in turn, is partly a matter of money deficiency on the part of the Korean government—which pays for its troops' rations—and partly a matter of difficulties of procurement and supply. The organization of the Korean forces has been rapid and the whole basis for services is not yet adequate.

At a time when we are attaching increased importance to the role that Asian troops must play in the defence of Asia we cannot afford to be callous toward a problem of this sort. It may be that specific funds will have to be advanced to the Korean government, earmarked for the feeding of troops. It may be that we shall have to do a bigger technical job in procurement on behalf of the Koreans and in the supervision of distribution. General Van Fleet should have some sound ideas about where effort can be expended to good advantage and he should be questioned on this point.

There has been a great deal of criticism in the American Press because more South Korean soldiers are not being trained to take the place of United Nations soldiers. By far the major portion of the latter, of course, come from NATO nations. The new Republican administration has promised to investigate this phase of the war situation.

The New York *Times* seems to have given the answer. Soldiers who are only being fed two or three handfuls of rice a day would not have energy enough to fight very hard, and in the meantime soldiers from NATO countries seem to be suffering far more than their share of the casualties. After all, the fighting is in the home country of the Korean soldiers and they should form a strong front line of defence. Possibly if we gave Southern Korea some economic aid, consisting of surplus foods, their soldiers would have more energy to stand up and fight for their country, and the casualties falling on the NATO nations might be somewhat minimized.

In closing I would like to quote a sentence from Governor Adlai Stevenson's speech in New York a few days ago:

> For we of the NATO countries and the other free nations are bonded together, once and for all, in sickness or health, till—or rather—lest atomic death us do part.

The Hon. the Speaker: Honourable senators, the question is on the motion of the honourable senator from Southern New Brunswick (Hon. Mr. McLean). Is it your pleasure to adopt the motion?

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, we have now cleared our Order Paper, and because the Banking and Commerce Committee will be unable to resume its consideration of the Trade Marks Bill until March 18, I move, in accordance with the notice I gave yesterday, that when the Senate adjourns today it stand adjourned until Tuesday, March 17, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Tuesday, March 17, at 8 p.m.

THE SENATE

Tuesday, March 17, 1953

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. Mr. Beaubien (for Hon. Mr. McKeen) presented Bill R-9, an Act to incorporate Merit Plan Insurance Company.

The bill was read the first time.

The Hon. the Speaker: When shall the bill be read the second time?

Hon. Mr. Beaubien: With leave of the Senate, tomorrow.

CANADIAN CURLING CHAMPIONSHIP

FELICITATIONS TO COMPETITORS

On the Orders of the Day:

Hon. John T. Haig: Honourable senators, I wish to inform the house that I had the pleasure and honour of attending the most exciting play ever staged for the curling championship of Canada since the competition was inaugurated, twenty-seven years ago. I do not say that better individual rinks have not participated in the competition in the past, but the general quality of the curling this year was the best ever witnessed.

I should like to congratulate particularly the members of the Quebec rink. This was really the first great showing ever made by a rink from that province in the national contest. Up until the final game between Quebec and Saskatchewan, the Quebec rink was heading for the title, having lost only one game in regular play. Its nearest competitor was the Manitoba rink, which had lost two games. However, Quebec had a little bit of bad luck and lost its final game to Saskatchewan. This forced a play-off between the Manitoba and Quebec rinks, and thus gave Manitoba another chance for the championship.

It was the third year of participation by Newfoundland rinks, and the playing of their individual curlers was the best they have yet exhibited. They still have to learn a good deal about rink competition. All other provinces also were ably represented.

I will close with one more word. I never was any prouder in my life to be a Canadian than when I saw those eleven rinks step out —two representing Ontario, and one each from every other province; and if you had been there, honourable senators, you would have felt the same as I did. We need have no fear for the future of our people so long as Canadians step on the ice and curl as those gentlemen did. And they were all young —only one, I think, was over forty-five. They were fine fellows, a real credit to Canada and to our great national game.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: I think this is an appropriate time for me to mention a fact to many honourable senators who, perhaps, have scarcely heard of the town of Blaine Lake. That fine little community has the distinction of having had four of its high school girls play in all the bonspiels throughout the province of Saskatchewan without a single defeat. In their honour the town gave them a banquet and a presentation. Our high school boys also made a fine showing in curling circles, having suffered only one defeat, and that by Ontario.

I have known the parents of these young people throughout their married lives. Now their children, by their success in curling competitions, have brought distinction to Blaine Lake and to the province of Saskatchewan as well.

Some Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

Hon. Wishart McL. Robertson: Honourable senators, I am indebted to the two honourable senators who have just spoken and thereby provided some discussion in the house tonight. As will be noted from our blank order paper, I am in the unhappy position of being unable to place any business before the house.

For reasons which they no doubt consider good and sufficient, honourable members of another place, while we were in recess, spent a large part of the time discussing the budget, alternately extolling its virtues and spreading doubt as to its effect on the welfare of the country. In their anxiety to review the budget they have omitted to attend to any legislation, and so we have nothing from them awaiting our consideration.

In the early part of the session all the legislative measures that could be dealt with by this house were introduced here, and I

like to think of the energy with which they were considered and disposed of. At the present time we have no alternative but to possess our souls in peace.

On the other hand, there is a good deal of business before our standing committees, and while it is receiving consideration I shall do my utmost to see that any measures available for study by the Senate are expeditiously brought before us.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 18, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill Z-5, an Act to incorporate Canadian Disaster Relief Fund, Incorporated.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill Z-5, intituled "An Act to incorporate Canadian Disaster Relief Fund, Incorporated", have in obedience to the order of reference of February 25, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Crerar: Honourable senators, with leave I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

REFUND OF FEES

Hon. Mr. Crerar: Honourable senators, with leave, I move:

That the fees paid upon the Bill Z-5, intituled: "An Act to incorporate Canadian Disaster Relief Fund, Incorporated", be refunded to Manitoba Relief Fund, less printing and translation costs.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Haig (for Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce), presented the following bills:

Bill V-7, an Act for the relief of Rolande Jacqueline Lortie Nugent.

Bill W-7, an Act for the relief of Alice Cecilia Anne Magniac Parker.

Bill X-7, an Act for the relief of Therese Monette Lax.

Bill Y-7, an Act for the relief of Paul Edward Tremblay.

Bill Z-7, an Act for the relief of Maurice Leveille.

Bill A-8, an Act for the relief of Bernard Gordon Smith.

Bill B-8, an Act for the relief of Anne O'Connor Shapiro.

Bill C-8, an Act for the relief of Beryl Mildred Taylor Leckie.

Bill D-8, an Act for the relief of Eileen Margaret Amos Trudeau.

Bill E-8, an Act for the relief of Florence Mae Mitchell Anderson.

Bill F-8, an Act for the relief of Sidney William Donald Butler.

Bill G-8, an Act for the relief of Adele Roberta Jeffrey.

Bill H-8, an Act for the relief of Margaret Bell Favreau.

Bill I-8, an Act for the relief of Lena Herman Besner.

Bill J-8, an Act for the relief of Muriel Luella Sproston Kerr.

Bill K-8, an Act for the relief of Ruth Steirman Fernley.

Bill L-8, an Act for the relief of Milorad Aragian.

Bill M-8, an Act for the relief of Kenneth Angus Eaton Hewitt.

Bill N-8, an Act for the relief of Delia Fleurette Ayotte Martin.

Bill O-8, an Act for the relief of Clarence Albert Edwards.

Bill P-8, an Act for the relief of Issie Adler.

Bill Q-8, an Act for the relief of Jean Shelvington Parnell Adams.

Bill R-8, an Act for the relief of Peggy Louise Miller McCallum.

Bill S-8, an Act for the relief of Jean Paul Gauthier.

Bill T-8, an Act for the relief of Bernice Catherine MacDonald Crawford.

Bill U-8, an Act for the relief of Horst Wilhelm Wossidlo.

Bill V-8, an Act for the relief of Nick Sauchuk.

Bill W-8, an Act for the relief of Rita Frost Siversky.

Bill X-8, an Act for the relief of Beatrice Gotlieb Slobotsky.

Bill Y-8, an Act for the relief of Georgina Julia Rose Charland.

Bill Z-8, an Act for the relief of Margaret Violet Creasor McKenna.

Bill A-9, an Act for the relief of Kathleen Snell Meloche.

Bill B-9, an Act for the relief of Henry George Maxham.

Bill C-9, an Act for the relief of Marjorie Evelyn Lee Stevens.

Bill D-9, an Act for the relief of Queenie Isabel Brambell Muchan.

Bill E-9, an Act for the relief of Bessie Mabel Witcomb Elson.

Bill F-9, an Act for the relief of Catherine Maine McKenzie Woods.

Bill G-9, an Act for the relief of Robert Edward Francis Clements.

Bill H-9, an Act for the relief of Agnes Jackson Stroud Earle.

Bill I-9, an Act for the relief of Mary Elizabeth Irene Gray Brideau.

Bill J-9, an Act for the relief of Marie Claire Marcelle Suzanne Langlois Crowe, otherwise known as Marie Claire Marcelle Suzanne Langlois Cockell.

Bill K-9, an Act for the relief of Janina Jenny Spaiches Remeikis.

Bill L-9, an Act for the relief of Ruth Sanel Kolofsky.

Bill M-9, an Act for the relief of Pauline Tratenberg Goldman.

Bill N-9, an Act for the relief of Molly Klau Lust.

Bill O-9, an Act for the relief of Charlotte Freeman Pelletier.

Bill P-9, an Act for the relief of Olive Spencer Thompson.

Bill Q-9, an Act for the relief of Dorothy Sanger Anderson Morris.

The bills were read the first time.

The Hon. the Speaker: Honourable senators, when shall the bills be read the second time?

Hon. Mr. Haig: With leave, next sitting.

PRIVATE BILL

SECOND READING

Hon. A. L. Beaubien (for Hon. Mr. McKeen) moved the second reading of Bill R-9, an Act to incorporate Merit Plan Insurance Company.

He said: Honourable senators, this is a bill to incorporate an insurance company with a capital of $1 million. The head office of the company will be in the city of Montreal.

The applicants seek power to transact the twenty-six various classes of insurance set out in section 6 of the bill. These are the classes of insurance usually provided for in bills of this kind. By section 7 the company is prohibited from commencing business until at least $250,000 of its capital stock has been subscribed and paid for. Thereafter it can engage only in the class of insurance mentioned in subsection (1) of section 7.

If the company is to engage in classes of insurance other than those specified in subsection (1) of section 7, additional amounts of capital must be subscribed and paid, and the details as to these additional amounts and classes are set out in subsection (2) of this section. Subsection (3) requires the company to increase its paid capital and surplus periodically if it is engaged in the business of fire insurance.

All these provisions, and others with which I think I need not deal in detail now, have been approved by the Superintendent of Insurance. If the bill is accorded second reading today I will move that it be referred to the Committee on Banking and Commerce.

Hon. Mr. Euler: I notice that the word "Merit" appears in the name of the company. Does this signify any departure from the ordinary purposes of insurance companies? Does this company in any important principle differ from others engaged in insurance business?

Hon. Mr. Beaubien: I do not think so, otherwise the bill would not have been approved by the Superintendent of Insurance.

Hon. Mr. Euler: It might.

Hon. Mr. Beaubien: Any company which does business in a business way possesses a lot of "merit"!

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Beaubien: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TRADE MARKS BILL

MEETING OF COMMITTEE

On the motion to adjourn:

Hon. Mr. Robertson: May I remind honourable senators that when the Senate rises the Committee on Banking and Commerce will begin consideration of Bill R-3, an Act relating to Trade Marks and Unfair Competition. As honourable senators know, considerable interest is being shown in this bill.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 19, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DISASTROUS STORMS AND FLOODS

REPLY TO EXPRESSION OF SYMPATHY

The Hon. the Speaker: Honourable senators, I have the honour to inform you that a communication has been received from the Royal Netherlands Embassy, reading as follows:

Royal Netherlands Embassy,
March 13, 1953.

Dear Mr. Speaker,

Upon instructions received, I have the honour to convey to you, on behalf of Her Majesty Queen Juliana, the expression of Her Majesty's sincere appreciation and gratitude for the sympathy of the Canadian Senate for the people of The Netherlands who have been so severely stricken by the recent flood disaster.

The manifestation of sympathy expressed by the Honourable Senators in their resolution, unanimously passed in the Senate on February 3, 1953, was brought to the attention of Her Majesty by the Canadian Ambassador at The Hague and I now have the pleasure to convey to you Her Majesty's most heartfelt thanks.

Yours very sincerely,
A. H. J. Lovink

The Honourable Elie Beauregard,
Speaker of the Senate,
The Senate,
Ottawa.

TOURIST TRAFFIC

REPORT OF COMMITTEE

Hon. Mr. Buchanan presented a report of the Standing Committee on Tourist Traffic.

The report was read by the Clerk Assistant as follows:

The committee recommend that it be authorized to print 600 copies in English and 200 copies in French of its proceedings, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. King: Honourable senators, I attended the meeting of the committee this morning, and I must compliment the chairman (Hon. Mr. Buchanan) upon the presence of so many honourable senators; it indicates that we of this body are intensely interested in one of the important features of Canadian life. Having conferred with my leader (Hon. Mr. Robertson) and the chairman of the committee, I ask—I understand that no motion is necessary—that consideration of the report of the committee be delayed until Tuesday next.

The Hon. the Speaker: Is it the wish of honourable members that consideration of the report be deferred?

Some Hon. Senators: Agreed.

The Hon. the Speaker: Ordered that consideration be postponed until Tuesday next.

TRADE MARKS BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Beaubien (for Hon. Mr. Hayden) presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill R-3, an Act relating to Trade Marks and Unfair Competition.

The report was read by the Clerk Assistant as follows:

The committee recommend that it be authorized to print 800 copies in English and 200 copies in French of its proceedings on the said bill, and that Rule 100 be suspended in relation to the said printing.

The motion was agreed to.

LEFEBVRE AND JOBIN DIVORCE PETITIONS

REPORTS REFERRED BACK TO COMMITTEE

On the Order for consideration of certain reports of the Standing Committee on Divorce:

Hon. Mr. Ross: Honourable senators, with consent of the house I move:

That reports No. 232 and No. 234 of the Standing Committee on Divorce with regard to the petitions of Domina Emerius Lefebvre and Lionel Jobin, respectively, be not now concurred in, but that they both be referred back to the Committee on Divorce for further consideration.

The Hon. the Speaker: Honourable senators, this motion should have been preceded by a notice of motion, and unless the honourable member has leave of the Senate he cannot move it at this time.

Some Hon. Senators: Agreed.

Hon. Mr. Euler: Explain.

Hon. Mr. Ross: Honourable senators, I will state briefly my reasons for asking that these two petitions be referred back to the Standing Committee on Divorce. The Lefebvre application was contested, and during the hearing of the case a number of witnesses were called on behalf of both the petitioner and the respondent. At the conclusion of the evidence the members of the committee were divided in opinion as to how the case should be disposed of. The respondent has now asked for permission to have it reopened so that she may offer further evidence of a material nature.

On the hearing of the Jobin petition the respondent was called but chose to remain in the hallway and did not appear in the committee room. She was invited a second time to hear the evidence and take part in the proceedings, but again declined. We then ascertained that she spoke French and did not understand the English language, whereupon we sent the interpreter to urge her to come into the room and follow the proceedings—and take part, if she so desired—with his assistance. However, she still refused to come into the committee room. This morning I had a telephone call from a lawyer in Montreal who said that he had been consulted by the respondent. From what she told him he formed the opinion, if I understood him rightly, that she had a good defence on the merits; and he would like to see the case reopened and have a chance to appear and defend. I understand that she had applied some time before to the committee to require her husband to put up money for her defence, and that he paid $75 for this purpose; but this morning I was told over the telephone that when the case came to trial her lawyer of that time refused to come here. She herself came, but as I have already explained, did not appear before the committee.

It is a very serious matter to have a woman found guilty of adultery in a case like this, and under the circumstances I feel that the matter should be referred back to the committee.

Some Hon. Senators: Agreed.

Hon. Mr. Aseltine: I might say, honourable senators, that these cases were heard by the Divorce Committee. with the honourable senator from Calgary (Hon. Mr. Ross) as Acting Chairman, during the recent recess. Not having been present at the hearings, I know nothing about the facts, but I have no objection whatever to the petitions being referred back to the committee.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill V-7, an Act for the relief of Rolande Jacqueline Lortie Nugent.

Bill W-7, an Act for the relief of Alice Cecilia Anne Magniac Parker.

Bill X-7, an Act for the relief of Therese Monette Lax.

Bill Y-7, an Act for the relief of Paul Edward Tremblay.

Bill Z-7, an Act for the relief of Maurice Leveille.

Bill A-8, an Act for the relief of Bernard Gordon Smith.

Bill B-8, an Act for the relief of Anne O'Connor Shapiro.

Bill C-8, an Act for the relief of Beryl Mildred Taylor Leckie.

Bill D-8, an Act for the relief of Eileen Margaret Amos Trudeau.

Bill E-8, an Act for the relief of Florence Mae Mitchell Anderson.

Bill F-8, an Act for the relief of Sidney William Donald Butler.

Bill G-8, an Act for the relief of Adele Roberta Jeffrey.

Bill H-8, an Act for the relief of Margaret Bell Favreau.

Bill I-8, an Act for the relief of Lena Herman Besner.

Bill J-8, an Act for the relief of Muriel Luella Sproston Kerr.

Bill K-8, an Act for the relief of Ruth Steirman Fernley.

Bill L-8, an Act for the relief of Milorad Aragian.

Bill M-8, an Act for the relief of Kenneth Angus Eaton Hewitt.

Bill N-8, an Act for the relief of Delia Fleurette Ayotte Martin.

Bill O-8, an Act for the relief of Clarence Albert Edwards.

Bill P-8, an Act for the relief of Issie Adler.

Bill Q-8, an Act for the relief of Jean Shelvington Parnell Adams.

Bill R-8, an Act for the relief of Peggy Louise Miller McCallum.

Bill S-8, an Act for the relief of Jean Paul Gauthier.

Bill T-8, an Act for the relief of Bernice Catherine MacDonald Crawford.

Bill U-8, an Act for the relief of Horst Wilhelm Wossidlo.

Bill V-8, an Act for the relief of Nick Sauchuk.

Bill W-8, an Act for the relief of Rita Frost Siversky.

Bill X-8, an Act for the relief of Beatrice Gotlieb Slobotsky.

Bill Y-8, an Act for the relief of Georgina Julia Rose Charland.

Bill Z-8, an Act for the relief of Margaret Violet Creasor McKenna.

Bill A-9, an Act for the relief of Kathleen Snell Meloche.

Bill B-9, an Act for the relief of Henry George Maxham.

Bill C-9, an Act for the relief of Marjorie Evelyn Lee Stevens.

Bill D-9, an Act for the relief of Queenie Isabel Brambell Muchan.

Bill E-9, an Act for the relief of Bessie Mabel Witcomb Elson.

Bill F-9, an Act for the relief of Catherine Maine McKenzie Woods.

Bill G-9, an Act for the relief of Robert Edward Francis Clements.

Bill H-9, an Act for the relief of Agnes Jackson Stroud Earle.

Bill I-9, an Act for the relief of Mary Elizabeth Irene Gray Brideau.

Bill J-9, an Act for the relief of Marie Claire Marcelle Suzanne Langlois Crowe, otherwise known as Marie Claire Marcelle Suzanne Langlois Cockell.

Bill K-9, an Act for the relief of Janina Jenny Spaiches Remeikis.

Bill L-9, an Act for the relief of Ruth Sanel Kolofsky.

Bill M-9, an Act for the relief of Pauline Tratenberg Goldman.

Bill N-9, an Act for the relief of Molly Klau Lust.

Bill O-9, an Act for the relief of Charlotte Freeman Pelletier.

Bill P-9, an Act for the relief of Olive Spencer Thompson.

Bill Q-9, an Act for the relief of Dorothy Sanger Anderson Morris.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: With leave, I move the third readings now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, I would have some difficulty to disguise the fact that the business on the Order Paper is now disposed of.

On Tuesday morning next, at the meeting of the Banking and Commerce Committee, witnesses are to be in attendance in connection with the Trade Marks Bill.

On Wednesday the Quebec Board of Trade will appear before the Standing Committee on Canadian Trade Relations.

I would hope that as well there might soon be submitted to us some legislation to be dealt with in this chamber. It is said that the prayers of the righteous are the most efficacious. In these circumstances, I would ask those honourable senators who feel they fall within that category to direct their best efforts in the next few days towards the members of the other house, to the end that they might provide us with some legislation.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: In order to give honourable senators time to direct their efforts to that end, I move that when the house adjourns today it stand adjourned until Monday, March 23, at 8 o'clock in the evening.

Hon. Mr. Euler: Prayers of the kind to which the leader refers are directed to a quarter entirely different from the one he mentioned.

Hon. Mr. Haig: Honourable members, before the motion is voted on I should like to raise a question, although I show bad manners in not having spoken to the honourable leader (Hon. Mr. Robertson) about it.

My information is that the other house proposes to take only a short Easter recess. In determining the length of our own recess the honourable leader will, I hope, give some consideration to the time it takes those of us who come from the West and from the Maritime provinces to reach our homes. We are not able to get home every week-end.

I can appreciate what is taking place in the other house, and if I were there at this time, with an election five or six months away, I would do the same as the members there are doing.

Hon. Mr. King: What is the date of the election?

Hon. Mr. Haig: If you want to know, it will be October 19.

Hon. Mr. Aseltine: No; I think it will be the 12th.

Hon. Mr. Haig: No; that is Thanksgiving day, and the government wants to give as much thanks as it can before the people vote.

I think that early next week we ought to have some indication of the length of our recess. I see by the notice of meetings that several committees will be sitting next week, and I understand they intend to keep working regularly week after week. Notwithstanding that, I think it most unfair that this house should be kept in session to meet for a period of fifteen or twenty minutes, three or four days a week. That is all very well for the senators from Ontario and Quebec, who live close to home, but for those of us who come from a distance it is an entirely different matter. When I return home after a period of light sittings I am faced with such observations as, "How many days a week did you sit this session, three?—

or was it four?" I think it would be better not to sit at all than for such short periods.

My relations with the leader of the government in this house have always been pleasant. I know it is not the fault of the Senate that we have to sit day after day waiting for long political debates in the other house to finish. The rules should be revised in some way so as to keep legislation coming before us.

I suggest that by early next week the leader of the government be prepared to inform us as to the future sittings of this house. If he tells us that we are to sit five days a week until parliament prorogues, I will be Johnny-on-the-spot; but I do not want to sit here only half an hour a day, three days a week.

Hon. Mr. Robertson: I am entirely sympathetic with the remarks of the honourable leader opposite (Hon. Mr. Haig). I have consistently expedited all legislation which could properly come before the Senate, and have not required the house to sit any longer than necessary.

As already stated, some important matters are to be considered by certain standing committees next week. On Tuesday, the Banking and Commerce Committee will continue its study of the Trade Marks Bill, and on Wednesday the Canadian Trade Relations Committee will take up the question of international trade. What the program will be for Thursday I cannot at the moment say. As to the week after next, experience tells me that there should by that time be some legislation before us; and as we shall then be near the end of March, it will be necessary to deal with the question of supply.

It would now appear that the Senate will probably not adjourn much earlier than the House of Commons for the Easter recess, but the prospects are that we may return a week later than that house. It must be remembered that if parliament is to prorogue early in May, as is now generally expected, at some stage some serious consideration must be given to legislation; and if we do adjourn for a week longer than the House of Commons we shall not be coming back here until the middle of April.

For one reason or another, I think our recess will not begin until the Wednesday or Thursday before Easter, and the only question is when the recess should end.

The motion was agreed to.

The Senate adjourned until Monday, March 23, at 8 p.m.

THE SENATE

Monday, March 23, 1953

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

Prayers and routine proceedings.

COASTAL FISHERIES PROTECTION BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill E, an Act to protect the coastal fisheries, and to acquaint the Senate that they have passed this bill with several amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant, as follows:

1. Page 5, line 8. Immediately after "(ii)", insert the following: "without lawful excuse, the proof whereof shall lie on him,"

2. Page 5, line 16. Strike out the words "opposes or", and substitute therefor "resists or wilfully".

3. Page 5, line 20. Strike out the word "of" and substitute therefor the words "not exceeding".

4. Page 5, line 21. Strike out the word "of", and substitute therefor the words "not exceeding".

5. Page 5, line 23. Strike out the word "of", and substitute therefor the words "not exceeding".

6. Page 5, line 24. Strike out the word "of", and substitute therefor the words "not exceeding".

7. Page 5, line 28. Strike out the word "of", and substitute therefor the words "not exceeding".

8. Page 5, line 29. Strike out the word "of", and substitute therefor the words "not exceeding".

9. Page 5, line 31. Strike out the word "of", and substitute therefor the words "not exceeding".

10. Page 5, line 32. Strike out the word "of", and substitute therefor the words "not exceeding".

The Hon. the Speaker: Honourable senators, when shall the amendments be taken into consideration?

Hon. Mr. Robertson: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill S-9, an Act for the relief of Helen Vera Cater Morgan.

Bill T-9, an Act for the relief of Theresa Hynes Gnatiuk.

Bill U-9, an Act for the relief of Anna Kobitowich Gordon.

Bill V-9, an Act for the relief of Mary Viola Yolanda Decorato Roy, otherwise known as Mary Viola Yolanda Decorato King.

Bill W-9, an Act for the relief of Vincent John Laviolette.

Bill X-9, an Act for the relief of Eileen Arthur Osborne Prescott.

Bill Y-9, an Act for the relief of Margaret Aziz Salhany.

Bill Z-9, an Act for the relief of Margaret Parker Graves.

Bill A-10, an Act for the relief of Audrey Jane Clements Patterson.

Bill B-10, an Act for the relief of Roland Masson.

The bills were read the first time.

SECOND READINGS

Hon. Mr. Aseltine: Honourable senators, with leave I move that these bills be now read the second time.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 24, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

JOINT COMMITTEE ON THE LIBRARY

REPORT TABLED

The Hon. the Speaker: Honourable senators, I have the honour to lay on the Table the report of the Joint Committee on the Library of Parliament.

TOUR OF SCHOOL CHILDREN

VISIT TO THE SENATE

On the Orders of the Day:

Hon. J. Gray Turgeon: Honourable senators, about a month ago I had the great honour of addressing the students of St. Catharines Collegiate Institute and Vocational High School on the Senate and its work. Some weeks later the honourable gentleman who represents Lake Centre in the other house spoke to them on another subject. At the present time some 200 of these students are visiting Ottawa. Many of the girls are now sitting in the Senate gallery, while most of the boys are enjoying a flight over the city.

For nearly an hour before the house met yesterday afternoon the Clerk of the Senate assisted me in answering questions fired by these young people, who have been studying parliamentary procedure for three years. Their very visit here is one result of our British democratic system, which permits absolute freedom of movement to our people.

The students are on tour under the guidance of their principal, Dr. Price, who is not here at the moment but was with us yesterday. Among the group I observe Mr. and Mrs. H. P. Cavers. Mr. Cavers, the honourable member for Lincoln in the House of Commons, resides at St. Catharines.

I could not close without calling to your attention a fact of which you are all aware, that the late and deeply lamented Senator Joe Bench, who did such splendid service for Canada in this house and outside of it, was himself a resident of St. Catharines. His widow and daughter are still living there, as is his sister, and I know that today they are all thinking of this visit of their fellow citizens to Ottawa.

On behalf of honourable senators I should like to express our feeling that it is not only a great pleasure but an honour to have a visit from these young Canadians. We all hope, I am sure, that they will have a really good and enjoyable trip.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: Honourable senators, I should like to avail myself of the privilege of joining with the honourable gentleman from Cariboo (Hon. Mr. Turgeon) in welcoming these students from St. Catharines today. Perhaps I may be allowed to say to them on behalf of the Senate that if there is little business being done here just now, that is because of the fact that the House of Commons has not been sending any to us lately.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill S-9, an Act for the relief of Helen Vera Cater Morgan.

Bill T-9, an Act for the relief of Theresa Hynes Gnatiuk.

Bill U-9, an Act for the relief of Anna Kobitowich Gordon.

Bill V-9, an Act for the relief of Mary Viola Yolanda Decorato Roy, otherwise known as Mary Viola Yolanda Decorato King.

Bill W-9, an Act for the relief of Vincent John Laviolette.

Bill X-9, an Act for the relief of Eileen Arthur Osborne Prescott.

Bill Y-9, an Act for the relief of Margaret Aziz Salhany.

Bill Z-9, an Act for the relief of Margaret Parker Graves.

Bill A-10, an Act for the relief of Audrey Jane Clements Patterson.

Bill B-10, an Act for the relief of Roland Masson.

The motion was agreed to, and the bills were read the third time, and passed, on division.

COASTAL FISHERIES PROTECTION BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill E, an Act to protect the coastal fisheries.

Hon. A. B. Baird: Honourable senators, I move that these amendments be now concurred in.

It will be recalled that this bill was considered by the Senate in December last, and was passed here on the 11th of that month. It then went to the other house, where it

received some amendments, which we are asked to concur in.

Paragraph (a)(ii) of section 7 has been amended by prefacing it with the words "without lawful excuse, the proof whereof shall lie on him". The purpose of this amendment is to safeguard an accused person whose disobedience of a signal by a protection officer was unintentional. It was argued by some members of the committee of the other house that it may not always be possible for a vessel to stop immediately upon receiving a signal, and that if the section remained as originally drafted it might bring unjustified hardship on the accused person.

The second amendment is to paragraph (d) of section 7, and provides that the words "opposes or obstructs" be replaced by the words "resists or wilfully obstructs". The purpose of this amendment is to make the wording uniform with similar provisions in the Criminal Code and other statutes.

The third amendment is to section 8 of the bill. It strikes out the word "of" and inserts the words "not exceeding" before the amount of the fine and the term of imprisonment in each paragraph. It was felt by some members of the committee that although the legal effect of the section as drafted would determine the magistrate's discretion to impose a smaller fine or a shorter term of imprisonment than is set out, nevertheless the amendment would make the intention clearer.

The motion was agreed to, and the amendments were concurred in.

TOURIST TRAFFIC

REPORT OF COMMITTEE

The Senate proceeded to the consideration of the report of the Standing Committee on Tourist Traffic recommending that the committee be authorized to print its proceedings.

Hon. Mr. Buchanan: Honourable senators, I move that the report be concurred in.

Hon. J. H. King: Honourable senators, although I may be departing from the procedure usually followed by this house when it is considering reports of standing committees, I should like to say a few words before the report is concurred in.

I have been a member of the Tourist Traffic Committee since its establishment in 1932; I have considerable personal knowledge of the national parks in Western Canada, and I have visited many of those in Eastern Canada.

The Chairman of the Committee (Hon. Mr. Buchanan) is to be commended for having invited to its annual meeting the Minister of Resources and Development and officials of the National Parks Branch and the Canadian Government Travel Bureau. I was much impressed with the attitude of these officials and the information they gave us on this important subject of tourist traffic. We Canadians through our government have set aside great areas of country and preserved their natural beauty and ruggedness for the use and gratification of our own people and others. I suggest that it would be of interest to parliament and to the public generally to have an assessment of the capital expenditure which Canada has made on its parks and the facilities that go with them. This is a day of commercialization. Departments of government which charge a fee are expected to show, at least, that they have a legitimate place in our economy; and if they can also show that their services have been so appreciated that the national treasury has derived a profit from them, that is all to the good. I might refer in this connection to the Post Office Department, that great organization which, if it does not usually make a profit, gives a great service to our people, as the postal departments of other nations do to theirs. Another commercial proposition is the national airlines, which shows a profit this year. Still another is the great national railway system, which was built with the idea of developing this country and now extends from the Atlantic to the Pacific. I have no doubt that, although from time to time it is subject to criticism, it fills a most important place in the national economy.

I suggest to the Department of Resources and Development that the National Parks Branch and the Travel Bureau provide us with an estimate of the capital expenditure which Canada has made on its parks, with a write-off of the depreciation, and a statement of the present actual value of these facilities. There is no doubt that the facilities of our national parks form the spearhead of our tourist trade advertising. Our tourist industry is peculiar in that it follows the lines which have been developed to insure that people may travel in comfort to see and enjoy the great beauties of our national parks. Next year I think the committee should find out the assessed value of our existing national park facilities, and also make inquiries as to what facilities the provinces are providing to develop the tourist trade.

We were informed by the Bureau of Statistics that $470 million were spent by tourists in Canada last year. This amount of money was well distributed among the people who live along the lines of the tourist traffic trade.

Hon. Mr. Haig: May I interrupt my honourable friend to ask a question? Did he say $470 million or $270 million?

Hon. Mr. King: $470 million.

Hon. Mr. Haig: That is not what we were told in committee. We were informed it was $270 million.

Hon. Mr. King: My information is that it was $470 million. I think that figure will stand up, but I should like to check it. However, I maintain that even this is too small an amount for the investment that Canada has made in its national parks. It is my hope that facilities provided by the federal, provincial, and municipal governments, together with tourist associations, will soon result in a tourist industry to the value of some $500 million or $600 million.

I have in my hand a list of the national parks in Canada. Those of us who have lived in the West for a long time know that large areas, particularly in Alberta, were set aside for park purposes many years ago. The Banff National park, with an area of some 2,564 square miles, was established in 1885; and the Waterton Lakes park, of 204 square miles, in 1895. Alberta was constituted as a province in 1905, and two years later Jasper park, containing 4,200 square miles, was created. The Wood Buffalo park, of 17,300 square miles, was established in 1922. These areas are being maintained in their virgin state, giving protection to the timber, the watershed, the game and the resources of Alberta for the use of Canadians of today and the future.

Canada has set aside 29,147 square miles in all for park purposes. This is something which should be of great interest to the members of this chamber and to Canadians generally. I do not think that we, as parliamentarians, have made as much of our park resources as we should have. Nor do I believe that Canadians in general realize the opportunities and advantages which these resources present to us. Long before Western Canada was settled as it is today large tracts of land were isolated for park purposes. This action has proven beneficial to all Canadians, which is a fact that should be remembered when our people are discussing interprovincial problems.

Today every province in Canada except Newfoundland has a national park, and some steps are being taken to remedy this deficiency in our newest province. At Corner Brook the Historic Society has erected tablets which should help to attract tourists to the island. I have no doubt that through co-operation of the government of the province with the federal government, parks will soon be established in Newfoundland.

I have had occasion to visit a number of parks. One of the newer ones is Fundy, situated at the head of the Bay of Fundy, in New Brunswick. It is only a small park, of seven square miles, but it has a beautiful location, in the vicinity of the city of Saint John and other nearby municipalities. Its establishment is in line with the desire and policy of the federal government to have parks established in every province that wishes to co-operate in developing them. I am sure that this small park, situated as it is, will be of great advantage to the province of New Brunswick.

The Canadian Government Travel Bureau was established in 1932. Previous to that date the development of parks and the advertising of parks reserves was left to the Parks Branch. It is to the great credit and, I think, the honour of the senior senator from Halifax (Hon. Mr. Dennis) that in 1932 he suggested that our parks and tourist business could be greatly increased by the establishment of a travel bureau. That year parliament appropriated $100,000 for the bureau's use, and the appropriation at present is $1,529,000. The bureau now has eighty employees. Have they justified their employment? From the information that we were given the other day I would take it that they have. In 1935 there were 26,500 inquiries from people thinking of coming to Canada as tourists. The number of inquiries last year was more than 294,000. Now, inquiries mean not only letters, but telegrams, personal interviews, telephone calls, and so on. We were informed the other day, and I think truthfully informed, that every inquiry has been answered.

Last year the bureau had a very difficult problem because of the discount on American money. Heretofore Canadians who have gone to the United States have had to adjust their money to American currency, sometimes by paying a very large premium for United States funds. I remember that on one occasion, on my travels to the coast, I went in to the Great Northern Railway Office at Spokane to buy a ticket, and the exchange on Canadian money was 20 per cent. This year, owing to conditions that have developed in Canada, our money became of greater value, and the ordinary American who is not in business, who travels just for pleasure, was amazed when he arrived in Canada to find that the United States dollar had a lower value here than the Canadian dollar. The bureau, I think very wisely, advised inquirers to buy Canadian money before coming into Canada, but that if they failed to do so they should go to the banks when in this country in order to be sure of getting a fair exchange of currency. The bureau—again very wisely, I think—got in touch with the various tourist

associations, advising them of the necessity of treating Americans more or less kindly, suggesting that when the exchange was only 2 per cent their money should be accepted at par. It was only when the rate went to 4 and 5 per cent that our merchants and people in the tourist trade began to charge the amount that was due them. Much correspondence took place, and the report we had the other day indicated that a soft word here and there, and courtesy by those engaged in the tourist traffic, dissipated much of the criticism that otherwise might have been made.

The travel bureau is this year conducting a series of radio broadcasts in an effort to induce Canadians to travel in Canada. We know that the great distances make it difficult for people of the maritimes to visit British Columbia, that it is much easier for them to visit the New England States. I believe that the use of radio broadcasts is wise, that they will induce many Canadians to visit friends and resorts in Canada rather than travel to the United States. The bureau has told us that United States authorities urge the people throughout the length and breadth of their land to visit different parts of their own country. As a result, we get only the overflow of the American tourist traffic; but if we go about it properly, that overflow can be increased.

Some indication of the growth in popularity of our national parks and of the great potentialities in this direction is to be found in the fact that the number of visitors to park areas increased from 415,000 in 1932 to 2,548,000 last year. That substantial increase is in keeping with the tremendous development of Canada in general today. Our great parks are widely separated, and until recent years the only means of transportation has been by rail. Now the Canadian government, under an agreement with the provincial governments, is building a highway from the Atlantic to the Pacific. It will follow certain channels of traffic through the various provinces, an arrangement which I think has been accepted by the provinces. No one can foretell what effect the completion of a modern Trans-Canada highway will have upon the tourist traffic of this country. My own feeling, based on experience, is that the cost of the Trans-Canada highway should have been borne entirely by the federal government. This national highway, planned with a view to the future development of Canada, should be designed and maintained for the benefit and advantage of all the people, just as our national railway system has been. The need for the establishment of airways in Canada and recent expenditures required for defence have I think precluded any consideration of the construction of an all-Canadian highway owned and controlled by the federal government. I have always felt that such a highway should be planned and built, and that from it should run branch highways to the centres of population and to the great park areas. In that way we would have some uniformity in the handling and regulation of traffic in Canada. The federal authorities should be in a position to regulate traffic, control the weight of loads, and so on, over such a highway from coast to coast.

Today the provinces have trunk, secondary and third-rate roads, but these do not meet prevailing conditions. The time will come when there will be not only one trunk highway across Canada, but two or three highways. At the present time the federal and provincial governments are undertaking a highway from Calgary, through the park area to Kamloops and on to the coast; and in that settled portion of the Kootenay country, in southern British Columbia, there will shortly be a second highway to the coast. There is now a highway between Edmonton and Kamloops, serving a highly developed area.

The total appropriation for park purposes this year was $6,856,000, and out of this sum the expenditure on roads, camp sites, and so on, amounted to $2,197,000. Taking into account the value of our capital investment in parks and the possibilities of the tourist trade, I think it is clear that if the federal government is to reap adequate benefits from its capital expenditures it will have to spend much more on the roads approaching the parks and within the park areas.

I have here two statements. One is entitled "The National Parks of Canada, their location and area", and indicates the acreage in each province. The other is a comparative statement of the number of visitors to the parks in the years 1951 and 1952. If permitted, I should like to place these on the record.

Some Hon. Senators: Agreed.

See appendix at end of today's report.

Hon. Mr. King: I do not wish to detain the Senate any longer, but I would repeat that in our national parks we have a resource to which we are not giving the attention it deserves. One reads of the large revenues derived by the government from pulp and paper, from mining, and from agriculture; and the minister has informed us that the current productivity of Canadian labour is equal to some $22 billion. I should like to see a real effort made to develop the use of the national parks, because I believe that, properly handled, they will yield returns equal to those of either the pulp and paper or the mining industry, and the parks subtract nothing from the wealth of any province.

People can enjoy the amenities of the parks, pay their money, and go away leaving our scenery and our resources intact. We should give much more consideration to this matter, and impress upon our people in the various provinces that not only should they visit their local parks, but easterners should go west and see for themselves the beauty and greatness of the parks in southern Alberta and the Rockies, and westerners should go east and enjoy the amenities of our parks in that section of the country.

Hon. R. B. Horner: Honourable senators, I intend to avail myself of this opportunity to make a few remarks, but I shall not take long. Like the honourable senator from Kootenay East (Hon. Mr. King), I do not believe that Canadians are doing everything they should and could do to encourage tourist traffic. Pulp and paper, minerals and oil are diminishing resources, but the growth of tourist traffic will mean nothing but gain; the greater the success this year, the more the success that is likely to be reaped in years to come. That is one good reason why in this matter every Canadian should, if possible, become an ambassador of good will; in commending these resources to our neighbours he is making a friendly and appreciated gesture.

Some remarks of mine in committee may have been misunderstood as implying a personal complaint about the quality or the prices of meals on our railroads. But that was not the point I had in mind. I myself may be willing to pay these charges, and I will admit that the fare provided is good enough for me; but I am alarmed at the possible effects on the tourist trade. I have been on Canadian trains with Americans whose comments were rather bitter; they said they could get much better meals on the trains in their own country, and I recall one who refused to use the dining-car for the last meal before his arrival at Vancouver. Recently, without any justification, prices of meals on our dining-cars have been increased 40 per cent. I recall a man who, with his wife and two little children, came into the diner for supper and was charged $8.50. The head waiter remarked, "I know these people cannot afford to pay that much, but we do not set the charges on our menus."

And this increase has been made at a time when the price of practically every article of food is falling, and falling rather rapidly. For instance, I noticed in a Manitoba paper lately that the price of cream ranges from 60 cents per pound for table grade to 48 cents for No. 2. A pound of cream is equivalent to about one and one-fifth pounds of butter. Then, grade A-1 eggs are selling at 40 cents per dozen, while the C-1 grade is down to 19 cents per dozen; yet the price of one egg to a traveller on a dining-car is 55 cents. This statement applies to both railways, for they are in agreement not only on prices, but on the meals they serve. Recently I had a letter from a man in Montreal who said, after an experience of travelling a great deal on both Canadian and United States railroads in the past ten years, that the price he was required to pay for a breakfast on the road between Toronto and Montreal was the highest ever charged to him by any railroad.

As for beef, it seems that roast beef has disappeared from the menus of our railways. What specialty do we offer? In the United States, particularly in the south, they specialize in fried chicken, and their technique in this line is simply wonderful. Why should we not select some dish as being distinctively Canadian? The people of Quebec, growing peas on clay soil, have made quite a reputation with their pea soup. At the very least, travelling Canadians should not be deprived of beef, especially now that it is available in almost any amount. I saw an article in the Montreal *Gazette* which reported, under the heading "Use School Lunches to aid Beef Prices", the purchase by Washington of unspecified quantities of beef under "a government-sponsored school lunch program, in a move to bolster sagging cattle prices".

Sometimes you cannot buy a beef dinner in Canada, and when you can it costs about $3. What effect do you think this will have on American tourists coming to Canada? About a year ago I made a trip to Long Beach, California. I travelled on a splendid train whose coaches, suspended on springs, gave you the impression that you were riding in a luxurious automobile. I was struck by the fact that everyone handling my baggage and so on seemed intent on trying to make my trip enjoyable. The train was equipped with a loud-speaker system over which was announced, as we went along, the names of the chief places of interest and general information about them. I recall that once when having passed over a bridge we were told to look down and see the tunnel which we had come through a little while before. When the trip was ending someone expressed the hope over the loud-speaker that we had had a good journey and would take it again. The people concerned with the tourist industry in Long Beach take every step to make your holiday a pleasant and memorable occasion. All sorts of games and places of amusement are provided, and tourists are given every consideration. I think the tourist traffic authorities in Canada would be well advised to take a lesson from these people in Long Beach as to how to

develop the tourist trade. Canadians do not give enough thought to this.

I recently took a trip to Washington, D.C., *via* the New Jersey turnpike, returning by the western border of Iowa and the Pennsylvania turnpike. It costs the driver of an automobile a cent a mile to travel along these roads, and I am sure the toll produces a great deal of revenue for the states through which these highways run. When you enter a turnpike you are given a card with the time and place of entry stamped on it; and when you leave the turnpike the number of miles you have travelled are calculated and you pay accordingly. Restaurant and gas station concessions are granted along these roads. A number of articles have recently appeared in magazines and newspapers about the beautiful Howard Johnson restaurants along the Pennsylvania turnpike. When coming to one of these restaurants you are notified by a sign. If you intend to stop you turn off on a side road which runs parallel to the turnpike for a distance of about a half a mile before reaching the restaurant. When leaving, there is another half-mile stretch of road which leads back onto the main highway. The restaurants are attractively designed and serve tasty meals for as little as one dollar. They also sell souvenirs for the convenience of the tourist.

I have found that the hotel charges in the United States are just about half what they are in Canada. As a matter of fact, at the start of my trip to Washington I paid more for accommodation in Gananoque, Ontario, than I did anywhere during the rest of the trip. In some restaurants in America you can get a breakfast of two eggs, toast and coffee for as little as 35 cents, but a similar meal in Canada would cost at least 70 cents. I would point out, too, that it is the custom in most American restaurants to refill your cup with coffee for no extra charge.

Many Americans want to visit the capital of Canada and would like to stay at the Chateau Laurier while here. But just how do they find their way to that hotel? By the time they make their way around "confusion square" they may end up in Aylmer, Quebec. For instance, in order to get to the Chateau from the Parliament buildings they must travel around the most congested part of the city. They have to drive by the War Memorial, go down Rideau street for several blocks, swing around by the market, back up to Rideau and then to the hotel.

If I were the head of the Canadian National Railways system I would add at least 150 rooms to the west end of the Chateau Laurier. This could be done without detracting in any way from the appearance of the building. That huge promenade on the west side of the hotel, where they used to hold pink teas, has not been used at all in recent years. This area could be earning from $50 to $100 a day as a parking lot. Then the city traffic officials could shave a little bit off "confusion square" and put up a sign directing traffic going to the hotel to turn left onto this promenade. Tourists could then unload their baggage in comfort, instead of having to park at some garage in lower town and be forced to carry their luggage all the way to the Chateau. An outlet could also be made from the back of the promenade to Major's Hill Park. At the present time it is easy enough for people to leave the Chateau, but it certainly is difficult for them to get to it. Many honourable senators have visited the Empress hotel in Victoria, B.C. Just compare that hotel with the Chateau. While the recent addition to the Empress hotel did not add to the beauty of the building, it certainly provided more accommodation. The Empress hotel, like the Chateau, has plenty of rooms for the holding of banquets and so on; but, unlike the Chateau, it is so located that motorists can approach it from either direction and drive right up to its main door.

The honourable senator from Kootenay East (Hon. Mr. King) has spoken to the house about our wonderful national parks. I have been amazed at the number of people who have visited Riding Mountain Park in Manitoba. The number has been increasing each year, and I think the peak was reached last summer. Good business practices by a tourist resort one year will produce better business in the following year. That is what is happening in the Prince Albert National Park in Saskatchewan, where they have constructed new buildings and built a road through to Montreal Lake. This huge lake is dotted with many islands, and provides plenty of good fishing.

Hon. Mr. Aseltine: Are you not referring to Lac la Ronge?

Hon. Mr. Horner: No, Montreal Lake. Both these lakes provide good fishing. I have been told by people who travel around a good deal that perhaps one of the best golf courses in the world is to be found in that area.

In the development of tourist trade I see no justification for the railways not co-operating with the rest of the Canadian people. Our hotels also could co-operate, as in fact every Canadian could. It is not only food that is important to visitors: like all other people, they greatly appreciate courteous treatment. That is the least costly thing of all that can be accorded to people visiting our country,

and scarcely anything else pays better dividends. I would like Canadians to regard themselves as ambassadors of good will in this respect. We have all done some travelling, and we know that some of our experiences on trips are soon forgotten, but we long remember the courtesy and kindness of people towards us.

Honourable senators, I am very glad to have had the opportunity of making these remarks on this bill.

Hon. Mr. King: I would like to accept the correction by the leader of the opposition (Hon. Mr. Haig) in connection with the money value of the tourist traffic. The figure is, as he stated, $270 million.

Hon. Mr. Gershaw: Honourable senators I move that the debate be adjourned.

The motion was agreed to, and the debate was adjourned.

TRADE MARKS BILL

MEETING OF COMMITTEE

On the Motion to Adjourn:

Hon. Mr. Robertson: I wish to remind honourable senators that the Banking and Commerce Committee, which is studying the Trade Marks Bill, will be meeting immediately after the Senate rises. I understand that a considerable number of witnesses are still waiting to be heard by the committee.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

THE NATIONAL PARKS OF CANADA

Their Location and Area

—	Area		Total in Sq. Miles
	Acres	Sq. Miles	
ALBERTA			
Banff	.....	2,564	
Jasper	.....	4,200	
Elk Island	.....	75	
Waterton Lakes	.....	204	
Wood Buffalo (Portion in N.W.T.)	.....	17,300	
			24,343
BRITISH COLUMBIA			
Yoho	.....	507	
Kootenay	.....	543	
Glacier	.....	521	
Mount Revelstoke	.....	100	
			1,671
SASKATCHEWAN			
Prince Albert	.....	1,496	
Fort Battleford (Historic)	36·7	.....	
			1,496·05
MANITOBA			
Riding Mountain	.....	1,148	
Fort Prince of Wales (Historic)	50	.....	
Lower Fort Garry (Historic)	12·75	.....	
			1,148·095
ONTARIO			
Point Pelee	.....	6·04	
St. Lawrence Islands	189·4	.....	
Georgian Bay Islands	3,458	5·4	
Fort Wellington (Historic)	8·5	.....	
Fort Malden (Historic)	5	.....	
			11·74
QUEBEC			
Fort Lennox (Historic)	210	.....	
Fort Chambly (Historic)	2·53	.....	
			·332
NEW BRUNSWICK			
Fundy	.....	79·5	
Fort Beauséjour (Historic)	81·3	.....	
			79·627
NOVA SCOTIA			
Cape Breton Highlands	.....	390	
Fort Anne (Historic)	31	.....	
Port Royal (Historic)	17	.....	
Fortress of Louisbourg (Historic)	339·5	.....	
			390·605
PRINCE EDWARD ISLAND			
Prince Edward Island	.....	7	7
	.....	.....	29,147·5

APPENDIX

COMPARATIVE STATEMENT OF VISITORS TO THE NATIONAL PARKS

FOR PERIOD APRIL 1 TO DECEMBER 31

—	1952	1951	Increase or Decrease
NATIONAL PARKS			
Banff	539,147	439,661	+ 99,486
Cape Breton Highlands	35,372	31,903	+ 3,469
Elk Island	134,870	138,740	− 3,870
Fundy	101,139	81,064	+ 20,075
Georgian Bay Islands	9,417	9,080	+ 337
Glacier	866	302	+ 564
Jasper	102,570	97,198	+ 5,372
Kootenay	170,175	119,794	+ 50,381
Mount Revelstoke	14,041	8,205	+ 5, 36
Point Pelee	307,741	250,061	+ 57,680
Prince Albert	105,034	85,200	+ 19,834
Prince Edward Island	122,290	107,981	+ 14,309
Riding Mountain	389,163	334,089	+ 55,074
St. Lawrence Islands	42,541	44,002	− 1,461
Waterton Lakes	195,562	164,908	+ 30,654
Yoho	40,681	43,363	− 2,682
Sub-Total	2,310,690	1,955,551	+ 355,058
NATIONAL HISTORIC PARKS AND SITES			
Fort Anne	20,449	20,740	− 291
Fort Battleford	11,259	7,561	+ 3,698
Fort Beauséjour	23,249	20,029	+ 3,220
Fort Chambly	76,032	68,970	+ 7,062
Fort Lennox	9,668	8,087	+ 1,581
Fortress of Louisbourg	18,729	18,498	+ 231
Fort Malden	14,132	14,318	− 186
Fort Wellington	8,562	6,971	+ 1,591
Halifax Citadel (Site)	41,031	.....	+ 41,031
Port Royal Habitation	15,150	12,421	+ 2,729
Sub-Total	238,261	177,595	+ 60,666
GRAND TOTAL	2,548,870	2,133,146	+ 415,724

THE SENATE

Wednesday, March 25, 1953

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King, P.C.) in the Chair.

Prayers and routine proceedings.

THE LATE QUEEN MARY

ADDRESS EXPRESSING SORROW TO HER MAJESTY QUEEN ELIZABETH II

Hon. Wishart McL. Robertson: Honourable senators, I am sure that it is the unanimous wish of the house that we should take the earliest opportunity of expressing to Her Majesty and members of the Royal Family our deep sorrow upon the passing of her late Majesty Queen Mary. Therefore, with the leave of the Senate I move, seconded by the honourable the leader of the Opposition (Hon. Mr. Haig):

Resolved, That an humble Address be presented to Her Majesty the Queen in the following words:

To the Queen's Most Excellent Majesty:

Most Gracious Sovereign:

We, Your Majesty's dutiful and loyal subjects the Senate of Canada, in parliament assembled, approach Your Majesty with the expression of our deep and heartfelt sorrow at the demise of Her Majesty Queen Mary.

We mourn the loss of Her Majesty, whose kindness, graciousness and great influence for good over so many years won the respect and admiration of us all; and there has come to each of us a sense of personal bereavement which—we say it with all possible respect and duty—makes Your Majesty's sorrow our own.

We pray that the God of consolation may comfort Your Majesty and the members of the Royal Family in your bereavement, and that Your Majesty may be long spared to continue the eminent public services of your great predecessors.

Honourable senators, it is difficult to express in words the sense of personal loss which is felt by every loyal subject of the late Queen. In reality the Royal Family is an extension of every household in the realm. The hopes and fears, the joys and sadnesses of the sovereign and those dear to her, become ours in a very real sense, and her present bereavement touches our hearts, our homes and our national life.

The late Queen brought to the high office to which she was called a dignity and sense of duty unparalleled in kingship or queenship, past or present. Her life, which was dedicated to her people and high office, was a shining example to all her subjects. Her philosophy of life was once expressed in her own words, when she wrote:

Remember that life is made up of loyalty: loyalty to your friends; loyalty to things beautiful and good; loyalty to the country in which you live; loyalty to your King, and above all—for this holds all other loyalties together—loyalty to God.

The late Queen, whose life encompassed nearly a century, witnessed vast changes in the world's political and economic development; and it was in no small part due to her ceaseless devotion to duty and high example that the British monarchy stood firm as a rock while many other monarchies were swept away in the storms which engulfed humanity during two world wars.

The call to that duty came to her early in life, and it was not long after her coronation that the first great war broke upon the world. During the anxious years of that war she made tireless rounds of hospitals and service centres, assisting here, encouraging there. Upon the death of her beloved husband, which was a grievous blow, she re-affirmed her intention to serve her country and people to the end in these words:

Although he will no longer be at my side—and no words can tell how much I miss him—I trust that with God's help I may still be able to continue some part at least of the service which we tried to give to this great land and Empire.

And that goal was achieved. Who could surpass the courage and bravery of her late Majesty in refusing to leave England, or even London, during the blitzkrieg of the Second World War, her Spartan observance of the restrictions demanded of her people in their island fortress during those anxious years, her conscientious efforts in the cause of victory?

Nor was her late Majesty's life untouched by sorrow. Her great loss in her husband's death, and the distressing period of her eldest son's abdication, subjected her to heavy strain; but the severest blow of her life came with the death of our late beloved sovereign George VI. Few can forget the touching scene of the three Queens awaiting at Westminster Hall the arrival of the body of a beloved husband, son and father on that cold misty day little more than a year ago. In the Dowager Queen's face there appeared for the first time evidence of the full tragedy of the years.

Doubtless there are many who will feel rather wistfully that in her passing the end of an era has been reached, but it should be remembered that the late Queen's interest and work lay in helping to shape the life of our present sovereign, Elizabeth II and to prepare her for her exalted office. Honourable senators will have already perceived in our present Sovereign manifestations of the dignity, grace and sense of duty which characterized her grandmother's life. The constitutional concept of the monarchy which is so ably exemplified by our beloved sovereign is a reflection of her early training.

We mourn today a gracious and good Queen who has entered into a well-earned rest, and whose memory will ever be cherished by men and women of good will in all quarters of the world.

Hon. John T. Haig: Honourable members, I do not feel I should speak at length at this time. I would not want anything I might say to detract from the able expression of the feelings of this house by the honourable leader of the government (Hon. Mr. Robertson).

Every citizen of Canada today feels that in the passing of the Dowager Queen he has lost a member of his family. The late Queen was a shining example to the women of our country of what a wife and mother ought to be. Her life was the outstanding instance of the effect of one woman on the history of Great Britain. She showed the women of the Commonwealth what is possible to be accomplished in one lifetime. She bore much sorrow through the years, but the service she rendered will always remain alive in the minds of her people.

Quite a few honourable senators will no doubt remember when, in the spring of 1901, the late Queen, accompanied by her husband, then the Duke of York and later King George V, paid her first visit to Canada. In my part of the country they opened the first of the Manitoba University buildings. We students stood around, and, having read of kingship in history, considered it a great occasion to see for the first time royalty in the flesh. Even at that early date, when I was more a student than anything else, I had the feeling that the royal lady was the kind of person royalty should be. She carried herself regally, and, without any effort, or any "side", gave the impression that she was really a great woman and some day would be a great queen. Our expectation was more than fulfilled.

I join with the leader of the government (Hon. Mr. Robertson) in expressing to Her Majesty Queen Elizabeth II the sincere sympathy, not only of this house but, I believe, of all the people of Canada in the great loss she has suffered. In surveying the world vista which lies before her, Her Majesty has the great advantage of being able to derive from the example of her grandmother an inspiration which will stand her in good stead on every occasion that may arise in her lifetime.

I associate myself with the government leader in sending to Her Majesty Queen Elizabeth II our kindest condolences and our desire that in her sorrow, and the sorrow of her husband, her children, and the other members of the Royal Family, they may know that we Canadians are thinking about them as if they were members of our own families.

Hon. Senators: Hear, hear.

Hon. L. M. Gouin: Honourable senators, fifty years ago, in 1901, the children of my age witnessed the visit to Montreal of the then Duke and Duchess of York. We were all shouting "Vivent nos futurs Souverains"—"Long Live our future King and Queen." Thousands and thousands of people acclaimed our distinguished visitors as they passed through our streets. It was our first glimpse of royalty.

Today we mourn the loss of our beloved Queen Mary. Her sense of dignity and of duty made her very dear to all the citizens of the commonwealth. She was truly a royal great-grandmother. Very simply but very sincerely we pay our tribute of respect and of admiration to a grand lady whose name will always be remembered with gratitude and emotion. She was a perfect example of constant service to her country and to the commonwealth as a whole. Born in 1867, the year of Confederation, she grew as Canada was growing. From her early youth she always did the right thing at the right time and in the right way. She lived eighty-five years, and she never failed in her long and arduous task. Her courage in her afflictions, especially in war-time, was a source of inspiration to all her people. She was a symbol of devotion and sacrifice. The nobleness of her character, her dignified manners, and her kindness assure forever to Queen Mary a great place in history.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, it seems fitting that a voice from Quebec should join in the words of sympathy which both our leaders have expressed to the Queen of England on the occasion of the grievous loss which has just been sustained by the British Empire as a whole. A moment ago youthful memories were recalled. I, too, remember having seen the Dowager Queen at Quebec in 1901, when she accompanied the Duke of York. At that time we admired the great dignity, moral strength and physical beauty of her who was one day to become queen. In our schools, like the school children of today, we spoke of the Grandmother of our present gloriously reigning Queen. At that time we loved to speak of the Duchess of York. And if we remember her today, it is because she was a model of what a great queen should be, because she was held in veneration, because she had a lofty soul, because throughout her life she showed that she had a great heart and because her actions were proportionately great. Inasmuch as she was once a queen, let us, therefore say "Long live the Queen".

(Text):

The resolution was agreed to.

Hon. Mr. Robertson: Honourable senators, I would ask you to stand with me in silence in tribute to the memory of the late Queen.

Honourable senators thereupon rose and stood for a brief period in silence.

MOTION

Hon. Mr. Robertson: Honourable senators, I now move:

That the Honourable the Speaker do sign the said Address to Her Most Excellent Majesty the Queen, on behalf of the Senate, and that the said Address be presented to His Excellency the Governor General by the Honourable the Speaker of the Senate.

The motion was agreed to.

PRIVATE BILL

COMMITTEE AMENDMENTS CONCURRED IN

Hon. Mr. Hayden presented and moved concurrence in the report of the Standing Committee on Banking and Commerce on Bill R-9, an Act to incorporate Merit Plan Insurance Company.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill R-9, intituled: "An Act to incorporate Merit Plan Insurance Company", have in obedience to the order of reference of March 18, 1953, examined the said bill and now beg leave to report the same with the following amendments:

Page 1, line 18: Strike out the word "Plan".
In the title: Strike out the word "Plan".

The motion was agreed to.

The Hon. the Acting Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hayden: Next sitting.

THE SENATE CHAMBER

ATMOSPHERIC CONDITIONS

On the Orders of the Day:

Hon. Mr. Euler: Honourable senators, I know I am voicing the feeling of a number of members, and certainly my own, in drawing attention to something which, though it may not be impairing the well-known efficiency of the members of the Senate, is certainly not adding to their comfort. I think that in the last few days the temperature of this chamber has been at least 75 to 80 degrees. I would ask those in charge of matters of this kind do something to improve the ventilation and lower the temperature here.

Some Hon. Senators: Hear, hear.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill C-10, an Act for the relief of Clara Doris Jacobovitch Shepherd.

Bill D-10, an Act for the relief of Doris Esther Kimel Schwartz.

Bill E-10, an Act for the relief of Hans (Johann) Mueller.

Bill F-10, an Act for the relief of Joseph Henri Jacques Gaston Lareault.

Bill G-10, an Act for the relief of Joseph Nagy.

Bill H-10, an Act for the relief of Aime Arthur Roy.

Bill I-10, an Act for the relief of Sarah Juliet Montgomery Scott.

Bill J-10, an Act for the relief of Mary Ethel Flood Harding.

Bill K-10, an Act for the relief of Carrie Ruth Morbey Chenoy.

Bill L-10, an Act for the relief of Beatrice Sylvia Aston Sutton.

Bill M-10, an Act for the relief of Irene Toth Nagy.

Bill N-10, an Act for the relief of Henryka Ziernicka Bogdan.

Bill O-10, an Act for the relief of Mildred Ermine Bradshaw Moore.

Bill P-10, an Act for the relief of Shirley William Bales.

Bill Q-10, an Act for the relief of Marjorie Joy Hartley Tanner.

Bill R-10, an Act for the relief of Thomasine Elaine Mansfield Black.

Bill S-10, an Act for the relief of Patricia Mary Kearney Hollett.

Bill T-10, an Act for the relief of Margot Fairbanks Duff Pratt.

Bill U-10, an Act for the relief of Marguerite Rita Stevenson LaFerme.

Bill V-10, an Act for the relief of James Alexander Dougherty.

Bill W-10, an Act for the relief of Morris Fishman.

Bill X-10, an Act for the relief of Yvon Perras.

The bills were read the first time.

SECOND READINGS

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, I move the second readings now.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Acting Speaker: Honourable senators, when shall the bills be read the third time?

Hon. Mr. Aseltine: Next sitting.

TOURIST TRAFFIC

REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Buchanan for the adoption of the report of the Standing Committee on Tourist Traffic recommending that the committee be authorized to print its proceedings.

Hon. F. W. Gershaw: Honourable senators, I wish to confine my remarks to one phase of the subject before the house, and to discuss briefly what has been done in Canada to preserve and rebuild historic sites and monuments. This work has been going on for the last thirty years, and has continued in such a way that a real heritage will be passed on to succeeding generations. The officers of the department have been ably assisted in this work by members of the Historic Sites and Monuments Board of Canada. This is an honorary board, made up of members living in different provinces, and I wish to pay a tribute to them for the interest they have taken in the history of our land.

Every city and town in Canada, and a great many villages as well, have erected memorials to those gallant souls who made the supreme sacrifice in World War I or World War II. Some of these memorials are in the form of monuments in bronze and stone; others are public buildings—libraries, assembly halls, etc.

I know of one small town—Redcliff—which could afford none of those things, but along each side of a road leading into that town the citizens erected a row of crosses, each cross bearing the name of a soldier, and beside each cross a tree has been planted.

These memorials will, of course, always remain sacred. Aside from them altogether, the board has investigated and weighed evidence surrounding more than a thousand different sites, and have judged that some 300 of them are worthy of being marked and maintained in the interests of Canada. Outstanding among those sites is the fortress of Louisbourg, on Cape Breton Island. This old fortress was built more than two centuries ago. It was captured by the British in 1745, returned to the French, later beseiged, and after a long struggle was recaptured by the British in 1758. A feature of that battle was that one of the British divisions was led by General Wolfe, who later died so heroically in the battle of the Plains of Abraham. The old fortress has been maintained, a museum has been added to it, and visitors can walk around its walls and reconstruct in imagination many of the stirring deeds of this historic fort.

Another site in the Maritimes which is of special interest is at Fort Anne, in Annapolis Royal. Before the Pilgrim Fathers landed at Plymouth Rock there was a thriving village at this place. One of the very first boats that was ever built in America had its sails unfurled there. Those shores also saw the sad departure of some 1,600 Acadians who were expelled from there by force in 1755. That event was immortalized by Longfellow, in the beautiful poem *Evangeline*. Countless lovers of poetry have read that poem; a great many have shed tears over it. Everyone who is interested in the subject would be thrilled to see the monument erected at Fort Anne park and to visit some of the scenes in that beautiful land of Evangeline.

New Brunswick has many important sites and tourist attractions, a number of which are marked. The ancient city of Saint John is the scene of the reversible falls; the tidal bore of the Bay of Fundy occurs at Moncton and the magnetic hill is just outside that city. One of the many historical monuments bears an inscription that the United Empire Loyalists made their first landing in Canada there, in 1783.

On Prince Edward Island there are a great many scenes to attract the traveller, and a number at Charlottetown are worthy of special attention. There beside the parliament buildings is a monument erected to commemorate the landing of Jacques Cartier in 1534. The Island has numerous spots of great natural beauty which, once seen, will linger long in the memory. Someone has appropriately said:

> White as the whitest lily of the stream
> These tender memories are,
> A fairy tale of some enchanted land we know not where
> But lovely as the landscape in a dream.

Those words apply to many lovely scenes throughout Prince Edward Island and the other provinces down by the sea.

In Quebec and Ontario the Historic Sites and Monuments Board has located some 130 places which they consider to be of special interest. Travelling along the roads of Quebec, you will often see a small shrine with a sacred image; there you will stop your car, remove your hat and pay tribute to the deep religious sentiments of the people of the area. The places marked in Quebec and Ontario range all the way from this type of small shrine to the mighty Niagara, the thunderous noise of whose falling water can be heard for a long distance. And of course one should not overlook the beauties of the driveways and flowers in this capital city of Ottawa.

Travelling westward on the Trans-Canada highway—which is rapidly being constructed —you will be able to reach before long the western provinces, with their particular western atmosphere, where the people are most hospitable, neighbourly and whole-hearted. In describing the people of this part of the country someone has written:

> Ask why the eagle flies in air
> And builds on high his craggy nest;
> Ask why the fishes swim so deep,
> Then ask me why I love the West.

The western prairies have peculiarities of their own. Sites that are marked in that part of the country are not battle grounds on which peoples of different races fought for the possession of land. Those great areas were obtained largely by peaceful penetration. Many places are marked in memory of the activity of Christian missionaries; and the ancient trading posts of the Hudson's Bay Company and the rival Northwest Company are marked to commemorate the negotiations and treaties by which Canada acquired that strange empire.

In the southern part of the prairie provinces one may visit the Cypress Hills, where ranching first took place. It was among those hills that Inspector Walsh, one of the early inspectors of the Mounted Police, built Fort Walsh, for the purpose of controlling the roving bands of Indians who were often on the warpath and often starving. Its purpose also was to control the wolfers, whisky smugglers and lawless men who drifted in from the south. That fort has recently been rebuilt, an exact copy of the fort of 1875.

Travelling westward along the trail which is rapidly becoming a paved highway, you will come next to a cairn erected at Cluny, Alberta, to commemorate the signing of Treaty No. 7, by which Canada obtained the land from the warlike Black Feet Confederacy. Although that treaty was signed back in 1877, one can still look at the great valley and visualize the time when it was covered with thousands of gaudy tents, when at night dogs barked, children screamed and the tom-toms were heard in the distance, and when out on the hills bands of shaggy buffalo could be seen. There today you can see the hill where the lieutenant-governor and Colonel McLeod stood, surrounded by some eighty Northwest Mounted Police dressed in their colourful uniforms of scarlet and gold.

The beauties of the magnificent scenery of Banff and Jasper need hardly be mentioned, for they are famous the world over.

After you go through the pass to British Columbia you will see cairns erected to the honour of the early explorers. In Stanley Park the scenery will amaze you. If you are fortunate enough your guide will point out the Siwash Rock, which marks the last resting place of that gifted Indian maid, Pauline Johnson, whose poetry will be read for many years to come. She brought great honour to her family and her tribe.

In many of the smaller districts of Canada there are historical societies gathering relics which indicate the way of life of the early days. Many of the tourists to Canada are said to be souvenir hunters, but of course they cannot carry away these relics. If the historical societies were encouraged to make available pamphlets giving historical facts, I believe many tourists would better appreciate the people and the country they are visiting. True, good roads, courteous service, welcome signs and reasonable prices are essential attractions; but if something of a historical nature were given to visitors many of them would make return trips to Canada.

Some Hon. Senators: Hear, hear.

Hon. J. J. Duffus: Honourable senators, at one time it was generally understood that Canada had four basic industries: agriculture, lumbering, fishing and mining. More recently, however, it has seemed appropriate to say that the tourist trade should be classed as Canada's fifth industry. I am one of those who have been sincerely interested in the promotion of tourist traffic in the province of Ontario. In fact, at one time I was vice-president of the Ontario Tourist Association. Consequently, anything relating to tourist trade or travel in Ontario interests me very much.

I desire to place on *Hansard* some information with respect to the rapid increase of the tourist industry. That industry is interwoven with agriculture and fishing: with fishing not only on the Atlantic and Pacific coasts but around the province of Newfoundland; with agriculture, throughout the province of Ontario, where, also, fishing is a sport enjoyed by many hundreds of thousands of people. In the light of a revenue from the tourist industry last year estimated at between $270 million and $280 million, and with a record number of 26 million visitors to Canada, everything points to these totals being continued if not surpassed in 1953. For their part, Canadians are the greatest travellers in the world, and when they travel they spend more money *per capita* than tourists of any other nation.

What is interesting and most encouraging is that to date this year the number of inquiries from potential visitors to Canada is 63 per cent higher than at the same time last year. This fact is partly due to extensive

advertising during 1952, at a cost of some $998,000. Much of this program was directed at the United States in the form of radio programs publicizing Canadian national parks, but the general idea was to encourage Canadians as well as Americans to see more of our great country.

General H. A. Young, the Deputy Minister of the Department of Resources and Development, stated that between April and December last year 2,548,870 persons visited Canada's national and historic parks—a record number, and an increase of 20 per cent over the previous year. Halifax Citadel, on which $100,000 was spent for renovation and repairs, and the fortification walls in Quebec, repaired at a cost of $20,000, attracted many tourists who had not visited these places theretofore. For their part, Canadians have shown a continued interest in everything which pertains to the American continent.

Canadian merchants and others were very generous, particularly during the first part of the year, in accepting United States currency at par. The differential of four to five per cent in favour of our dollar, although it proved an encouragement to Americans, later became quite a burden upon hotel-keepers, business people and others, and it was found necessary to discontinue to some extent this courtesy.

Foreign vehicles entering Canada on travellers' permits increased during February of this year to 58,599, a 20 per cent advance over the similar period last year. This is ample evidence that the tourist business for 1953 is away to a booming start.

Entrances through ports in Ontario this year have already risen to 28,598, from 25,862 last year. Other increases as reported are: British Columbia, to 11,996 from 11,620; Quebec, to 11,427 from 9,930; New Brunswick, to 9,999 from 2,938; Alberta, to 664 from 596; Saskatchewan, to 370 from 244; the Yukon Territory, to 149 from 120. The Manitoba figures, according to my information, show some decline, from 1,103 to 539. Entries by ship to ports in Newfoundland and Nova Scotia rose in February from 80 to 126.

It is my conviction that, with the improvement of highways, the unprecedented expansion in our Canadian economy, and prosperity generally in both Canada and the United States, Ontario will be crowded with tourists to an extent which will tax our accommodation to the limit. In my belief our tourist trade in Ontario will double in the next two or three years.

The city of Peterborough and the waters adjacent thereto are considered to be one of the most attractive tourist resorts in central Canada. The city itself is a mecca for home-seeking citizens and manufacturing concerns. It is blessed with low taxation, cheap electrical power, fairly satisfactory labour conditions and attractive living surroundings. From a tourist standpoint its main attraction lies in the numerous winter and summer resorts in the immediate vicinity; and skiing, boating, fishing and hunting facilities are right at the door.

All of us are aware that the attractiveness of a community is enhanced by the character of its people and its institutions, and in that regard Peterborough is supreme.

Hon. Senators: Hear, hear.

Hon. Mr. Duffus: Peterborough has more than eighty-one industries, small and large, of a diversified character. The customs receipts of the port are greater than they have ever been. This, I think, is ample proof of the prosperity which our industries and businesses generally have enjoyed. Peterborough is the gateway to the great recreation area known as the Kawartha Lakes district. which is visited by many thousands of people each year. The Trent waterway, considered to be among the most beautiful of its kind in the world, also is in this district.

Honourable senators, it is obvious that the expenditure of tourist dollars is of great value to our business people, hotels, restaurants and summer resorts, as well as to our farmers and gardeners.

I should like to say a few words now about the basic industry of agriculture which, all senators will admit, forms the bedrock foundation of stable prosperity. Farmers have been the founders of civilization, and agriculture is increasingly being honoured with a place among sciences. It is a science of necessity which has stood the test of time. The weal or woe of our country depends absolutely upon agriculture and our farmers. Empires have risen and crumpled into dust and various arts have been learned and forgotten, but agriculture has always survived. Many nations owe their very life and progressive advancement to the character of their agriculturists. Amid all the industrial skills that have characterized nations, farming has always held a distinguished position. In primeval ages agriculture was the commodity parent of traffic, and today it is still essential for the promotion of trade in general, which of course includes the tourist trade.

It is gratifying to know that on all vital matters—in nearly all the supreme things of life—the heart of the great nation to the south beats with that of Canada. These two countries hold common ideals, common aspirations and common truths. Much of the

future good will of the world lies in the maintenance of that free harmony.

Three thousand miles of border line! Nor fort nor armed host
On all this frontier neighbour ground from East to western coast;
A spectacle to conjure with—a thought to stir the blood!
A living proof to all the world of faith in brotherhood.
Three thousand miles of border line!—Nor has a century
Seen aught along this common course but peace and harmony.
O nations bound in brotherhood! O faith in fellowman!
What better way on earth to dwell than this God-given plan?
Three thousand miles of border line! One hundred years of peace!
In all the page of history what parallel to this?
God speed that surely dawning day, that coming hour divine,
When all the nations of the earth shall boast such border line!

Some Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: Honourable senators, on behalf of the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) I move that the debate be adjourned.

The motion was agreed to, and the debate was adjourned.

TRADE MARKS BILL

MEETING OF COMMITTEE

On the motion to adjourn:

Hon. Mr. Robertson: I wish to remind honourable senators that the Banking and Commerce Committee will meet immediately after the Senate rises, to resume consideration of the Trade Marks Bill.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 26, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRADE MARKS BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Banking and Commerce on Bill R-3, an Act relating to trade marks and unfair competition.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill R-3, intituled: "An Act relating to trade marks and unfair competition", have in obedience to the order of reference of February 12, 1953, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 4, line 2: after the word "person", where it first appears in said line, insert the word "only".

2. Page 5, line 12: delete the word "create", where it appears in the two places in said line, and substitute therefor the word "cause" in both places.

3. Page 6, line 17: after the word "forces;" insert the words "and used by the Canadian Red Cross Society".

4. Page 6, lines 40 and 41: strike out the words "or of any fraternal or charitable society".

5. Page 6, line 45: after the word "university" strike out the comma and the word "society".

6. Page 11, lines 5 to 14: delete subclause (1) and substitute the following:

"(1) The registration of a trade mark is invalid if

(a) the trade mark was not registrable at the date of registration;

(b) the trade mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced; or

(c) the trade mark has been abandoned; and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration."

7. Page 11, line 17: after the word "become" strike out the word "generally".

8. Page 14, line 19: after the word "numerals", add the word "and".

9. Page 14 line 20: delete the word "constitute" and insert the word "be".

10. Page 15, lines 20 and 21: delete the words "names of the countries" and insert the words "name of a country".

11. Page 17, line 27: after the word "date", add the words "which period shall not be extended".

12. Page 20, lines 39 to 46: delete subclause (2) and substitute the following:

"(2) An application to extend the statement of wares or service in respect of which a trade mark is registered has the effect of an application for registration of the trade mark in respect of the wares or sevices specified in the application for amendment."

13. Page 21, lines 1 to 8: strike out subclause (3).

14. Page 22, lines 1 to 4: delete lines 1 to 4 and substitute the following:

"4. (1) The Registrar may at any time and, at the written request made after three years from the date of the registration by any person who pays the prescribed fee shall, unless he sees good reason to the contrary, give".

15. Page 24, line 17: after the word "purposes" insert the words "or in any of the manners".

16. Page 24, line 20: after the word "purposes" insert the words "or in any other of the said manners".

17. Page 27, lines 11 to 44: delete clause 51 and substitute the following:

"51. (1) Where it is made to appear to a court of competent jurisdiction that any registered trade mark or any trade name has been applied to any wares that have been imported into Canada or are about to be distributed in Canada in such a manner that the distribution of such wares would be contrary to this Act, or that any indication of a place of origin has been unlawfully applied to any wares, the court may make an order for the interim custody of the wares, pending a final determination of the legality of their importation or distribution in an action commenced within such time as is prescribed by the order.

(2) Before an order is made under subsection (1), the plaintiff or petitioner shall be required to furnish security, in such amount as the court may fix, to answer any damages that may by reason of the order be sustained by the owner or consignee of the wares and for any amount that may become chargeable against the wares while they remain in custody under the order.

(3) Where, by the judgment in any such action finally determining the legality of the importation or distribution of the wares, their importation or distribution is forbidden, either absolutely or on condition, any lien for charges against them that arose prior to the date of an order made under this section has effect only so far as may be consistent with the due execution of the judgment.

(4) Where in such action the court finds that such importation is or such distribution would be contrary to this Act, it may make an order prohibiting the future importation of wares to which such trade mark, trade name or indication of origin has been so applied.

(5) Any order under subsection (1) may be made on the application of any person interested either in an action or otherwise and either on notice or *ex parte*."

The Hon. the Speaker: Honourable senators, when shall these amendments be considered?

Hon. Mr. Robertson: Next sitting.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION CONCURRED IN

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate I move:

That the report of the Civil Service Commission respecting the organization of the Library of Parliament, laid on the Table of the Senate on Tuesday, 24th March, 1953, be now concurred in.

The motion was agreed to.

THE LATE QUEEN MARY

PORTRAIT IN SENATE CORRIDOR

On the Orders of the Day:

Hon. J. C. Davis: Honourable senators, may I have your leave to offer a suggestion? We

are in a period of mourning for the late Queen Mary: throughout the country our flags are at half mast. There is in the Houses of Parliament but one pictorial reminder of Her late Majesty: a very large and fine painting, at the entrance to the Senate chamber, depicting her in her Coronation robes, wearing all her decorations, including the blue ribbon of the Order of the Garter, and with her Crown at her side—a most magnificent portrait. I suggest that, this being the only portrait of the late Queen in the Houses of Parliament, some mark of our respect and of our grief and mourning be placed on or around it.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: I am in agreement with the suggestion of my honourable friend, and I will undertake to see that it is brought to the attention of the proper authorities.

PRIVATE BILL

THIRD READING

Hon. Mr. Beaubien (for Hon. Mr. McKeen) moved the third reading of Bill R-9, an Act to incorporate Merit Plan Insurance Company.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Ross (for Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce) moved the third reading of the following bills:

Bill C-10, an Act for the relief of Clara Doris Jacobovitch Shepherd.

Bill D-10, an Act for the relief of Doris Esther Kimel Schwartz.

Bill E-10, an Act for the relief of Hans (Johann) Mueller.

Bill F-10, an Act for the relief of Joseph Henri Jacques Gaston Lareault.

Bill G-10, an Act for the relief of Joseph Nagy.

Bill H-10, an Act for the relief of Aime Arthur Roy.

Bill I-10, an Act for the relief of Sarah Juliet Montgomery Scott.

Bill J-10, an Act for the relief of Mary Ethel Flood Harding.

Bill K-10, an Act for the relief of Carrie Ruth Morbey Chenoy.

Bill L-10, an Act for the relief of Beatrice Sylvia Aston Sutton.

Bill M-10, an Act for the relief of Irene Toth Nagy.

Bill N-10, an Act for the relief of Henryka Ziernicka Bogdan.

Bill O-10, an Act for the relief of Mildred Ermine Bradshaw Moore.

Bill P-10, an Act for the relief of Shirley William Bales.

Bill Q-10, an Act for the relief of Marjorie Joy Hartley Tanner.

Bill R-10, an Act for the relief of Thomasine Elaine Mansfield Black.

Bill S-10, an Act for the relief of Patricia Mary Kearney Hollett.

Bill T-10, an Act for the relief of Margot Fairbanks Duff Pratt.

Bill U-10, an Act for the relief of Marguerite Rita Stevenson LaFerme.

Bill V-10, an Act for the relief of James Alexander Dougherty.

Bill W-10, an Act for the relief of Morris Fishman.

Bill X-10, an Act for the relief of Yvon Perras.

The motion was agreed to, and the bills were read the third time, and passed, on division.

TOURIST TRAFFIC

REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Buchanan for adoption of the report of the Standing Committee on Tourist Traffic recommending that the committee be authorized to print its proceedings.

Hon. T. A. Crerar: Honourable senators, the order for resumption of this debate stands in the name of the honourable gentleman from Halifax—

Hon. Mr. Quinn: Halifax-Dartmouth.

Hon. Mr. Crerar: That only goes to show that I am not as familiar with geography as I should be. The honourable gentleman from Halifax-Dartmouth (Hon. Mr. Isnor) is temporarily ill, and that is why I am taking part in this debate a little sooner than I otherwise would.

No member of this house need apologize for participating in discussion on a subject of so great importance as the one now before us. I think the development of tourism—I use this word which is now commonly employed by those who are responsible for charting our economies—is apparent to every one. In a way, tourism is the export of the beauties of our country. We encourage people from all corners of the world to come and enjoy our lakes, streams, mountains, prairies and rivers and we want them to go away with a sense of satisfaction after having spent substantial sums of money in our country. An export of this character does not diminish. When we export timber, pulp or paper we are using up, for a time at any rate, a natural resource. And of course when we export any of our mineral production it is

permanently gone. But this industry of tourism is a constantly recurring thing and does not diminish. It has added importance, therefore, of value to our country. A study of our tourist statistics indicates that the main source of tourists entering Canada is the United States. The importance of that source of wealth for the building up of this industry of tourism in Canada is one that should not be overlooked.

An Hon. Senator: Hear, hear.

Hon. Mr. Crerar: You may ask why I say that. I give these reasons: our neighbours to the south speak the same language that we speak; they have the same kind of newspapers; and fundamentally their system and practice of government is similar to ours. They are good neighbours. And because of these facts they are more at home when in Canada than when in most other foreign lands, just as the average Canadian is more at home in the United States than in Yugoslavia, Bulgaria, or South America.

I think the possibilities of developing this industry of tourism with the United States are almost unlimited. The United States today has a population of about 158 million. I have said before, and I repeat now, that a significant fact in the expansion of the Canadian economy is that this large population is adjacent to Canada, along an international boundary of 3,000 miles. At the present rate of increase, the population of the United States will probably reach 170 million, or even 175 million, by the year 1960. By the year 1975, less than twenty-five years from now, its population may well exceed 200 million. Long before that population is reached the United States will be obliged to look to Canada and other countries for many of its day-to-day requirements.

Another characteristic of our American friends is that they are a curious people: they like to go places and see new country. Canada offers them a convenient opportunity to do these things, and in recent years they have enormously expanded their knowledge of this country. Fifty years ago, and even twenty-five years ago, Americans had many cloudy ideas concerning Canada.

Hon. Mr. Reid: They still have.

Hon. Mr. Crerar: At that time they thought Canada was a land of ice and snow bordering the northern states. But their ideas about this country have undergone great change partly because many American soldiers visited and trained up here during the war. Also, the development of our resources—particularly our oil and minerals—has focused the attention of a great many Americans upon Canada. It is not without interest to us that scarcely a week passes but some newspaper or magazine in the United States publishes an article about Canada. The American people are learning about us—and I am always amazed at their capacity to gain knowledge when they set their minds to it.

Now what have we to offer in this important industry of tourism? And when I speak on tourism I refer to the natural desire of people to go on a holiday, to see a new country and to enjoy new environment. We have much to offer. In our provinces down by the Atlantic, for instance, there are a great many attractions for tourists. I do not know how many honourable senators have visited and travelled about Cape Breton Island, but in my opinion there is no lovelier spot in Canada. Beauty of a quality unsurpassed is to be found in all the Maritime provinces; and if I may I would make special mention of Cape Breton Island and New Brunswick—and of course Prince Edward Island, with its peaceful farming country and the waters of the gulf breaking upon the sandy shores of Brackley Beach. Scenery like this never fails to attract many people from the United States.

Another section of the country that is very popular with tourists is the great and historic province of Quebec. Its hinterland, containing countless streams, lakes and forests, is a paradise for sportsmen of every kind. The same can be said of Ontario, with its vast north country, its Niagara Falls and other natural beauties too numerous to mention. Or the traveller can then go west into the expanse of the prairie country and the northern regions of Manitoba, Saskatchewan and Alberta; and thence to view the great majesty of the mountains of British Columbia.

All these scenes are superb attractions in the industry of tourism, and the people who visit Canada derive great enjoyment from them. They spend their money here, and return home to talk about the good time they had.

But we have a special kind of attraction for tourists from the United States in our great National Parks. It is some years now since the development of a national parks system was decided upon, and it has proved to be one of the wisest moves that our statesmen of the past ever made. These great natural playgrounds will, I hope, be protected from vandalism for all time. National parks have been established in the Maritimes, in Central Canada, in the Prairie provinces and in British Columbia. They are places where enjoyment can be found by almost every kind of tourist; but I am sure that all who attended the recent meeting of the Tourist

Traffic Committee were much impressed by what were said to be the possibilities of making our national parks much stronger attractions for tourists.

If we are to encourage this great tourism industry in Canada we must give attention to a few things. Heading the list is good roads. On this point I am bound to say that in my thinking I have been somewhat at variance with what is the popular notion in Canada. But I may say, honourable senators, that is not a new experience for me.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: Canada needs good hard-surfaced roads, such as the Americans are used to, leading from the international boundary into the more northerly country.

I recall vividly that when I presided over the Department of Mines and Resources we considered trying to attract tourists across the international boundary south of Cranbrook and into the central part of British Columbia. But to enjoy the beauties of Banff, the national parks and radium hot springs, they would have to journey over a stretch of country known as the Skookumchuck prairies. Let me tell of my experience on a trip over that part of the country. Not only was the inside of the car completely covered with dust, as was also the compartment in the rear where I had my luggage, but when I opened my bag I had to shake the dust out of my pyjamas before I could use them.

Hon. Mr. Duff: What about your stomach?

Hon. Mr. Crerar: An experience of that kind discourages travel in Canada. As a matter of fact, by actual inquiry we learned that hundreds of American tourists who crossed the southern boundary of British Columbia drove a few miles over the class of road to which I have referred, and turned back. I do not blame them. Good roads are essential to comfortable travel. In my judgment they are more important, for the moment, if we are to build up this great industry of tourism with all its possibilities, than is the development, important though it may be, of the Trans-Canada highway. The construction of good roads through the Maritime Provinces will bring hundreds of thousands of tourists to those areas; and I think similar results will follow the building of good highways almost anywhere across the country.

Another requirement of the first importance is the provision of wholesome food, good service, and clean sleeping accommodation. We have yet a long way to go in this direction. Many of the people who are endeavouring today, across Canada, to provide this kind of service are inexperienced. They want to do the best they can, but they need a substantial increase in knowledge of how to go about it. Our tourist bureau, in co-operation with the various provincial bureaux, could usefully pay some attention to this matter.

The last thing I will mention is courtesy. I like the slogan which the late Sir Henry Thornton inscribed on the bridges and buildings of the Canadian National Railways: "Courtesy and Service". Courtesy and service combined are a very important factor in giving enjoyment to our visitors and encouraging them to spend some of their money in this country.

I shall not detain the house much longer. I think all of us are very much indebted to the honourable senator from Lethbridge (Hon. Mr. Buchanan), the Chairman of the committee, for the active interest he has taken, not only this session but in previous sessions, in the promotion of this important industry of tourism. Its potentialities are almost unlimited. I know a little bit, at any rate, about the problems involved, and it is my belief that if we go about this business in an intelligent way the industry can be made worth to us in ten years' time at least $500 million annually.

Hon. L. M. Gouin: Honourable senators, I should like to add just a few words to the very eloqent remarks which have just been made by the honourable senator from Churchill (Hon. Mr. Crerar). He has pointed out that Americans, when they come to Canada, feel at home; and I may say that we have the same feeling when we visit their country.

There is one point which I should like to stress. The honourable senator who has just spoken has praised the beauty of the rivers, lakes and mountains of good old Quebec; but may I say that American tourists come to that province not only because they do not encounter any language difficulty, but because we can offer them something different. They like to become acquainted with our French-Canadian culture—our art and our handicrafts. Though the reference is of a somewhat personal nature, I may mention that my brother, Paul Gouin, is recognized as having done excellent work to preserve for Quebec what we call its figure francaise—its French characteristics.

Sometimes we are called "New France", but as a matter of fact we are more a corner of old France. Some forty years ago my good friend du Roure, a professor from Paris who was in charge of the French Department at McGill University, and who was killed in the first world war, started the first French summer school at McGill; and every year there come to that good old university

to study French a couple of thousand lady teachers from the United States. My own *Université de Montreal,* though it took a long time to do it, finally followed the lead of McGill, and now on the other side of the mountain we also have our French summer school. Laval, in Quebec City, has its summer faculty. What interests me even more is that our good friends from McMaster University started at Trois Pistoles, some twenty-five years ago a French colony; students who go there and live with the farmers at their homes. This development has been an outstanding success from the point of view of good neighborliness.

At Murray Bay, where I have been going for more than fifty years, there is another American colony. The late President Taft may be termed the father of that colony. He used to say *Bonjour* to all the farmers and the good old women whom he passed on the road from his house as he went down the hill—and he was rather a heavyweight—to the golf club which he founded, and on his way back for lunch. I remember very well having met him when I was just a little boy. Senator Taft too has been coming to Murray Bay from the time he was three years old. It is, I believe, of much importance in the promotion of good neighborliness that such families as the Tafts and the Cabots have been coming to Murray Bay for more than half a century, and that for many of them it has actually become their home. At the end of the season there they say, for instance, "We are leaving home to go to Boston for the winter." They like all those things which are characteristic of French Canada. They enjoy our old churches, our folk songs and folk dances, our homespun goods or, as we say in French, *l'étoffe du pays.* Murray Bay is also a meeting place for many of our friends from Toronto and other English-speaking cities. They come to French Canada to find something different.

I wanted to make these few remarks because, after all, French Canadian culture is the heritage of all Canadians and not just those of French origin. This heritage belongs to all of us, just as does our parliamentary system, which is of British origin. I believe our French-Canadian culture is a first-class tourist attraction.

Some Hon. Senators: Hear, hear.

Hon. Calvert C. Pratt: Honourable senators, I did not intend taking part in this debate, but I feel compelled to say a word after listening to the eloquent address made by the honourable gentleman from Churchill (Hon. Mr. Crerar). He made a most excellent case on behalf of the tourist trade in Canada, but when he traced the attractions of the tourist trade from that beautiful island of Cape Breton to the west coast of Canada he inadvertently passed over another beautiful island further to the east and left the impression that the Gulf of St. Lawrence separates the province of Newfoundland from rather than joins it to the rest of Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Pratt: I know the honourable senator is a friend of Newfoundlanders and thinks kindly of us, but I want to correct the impression he may have given that Newfoundland is "way off there in the east" and cannot participate in this great tourist movement in Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Pratt: I entirely agree with what that honourable gentleman from Churchill said about tourist travel helping to bring about a better understanding among the peoples of the world. I cannot conceive of a better way in which the people of one country can learn about those of another country than by tourist travel. People throughout Canada have still a lot to learn about Newfoundland. That is natural, for there are a lot of misconceptions to clear up. For instance, Newfoundland has had the entirely undeserved reputation of being shrouded in fog most of the time. To many people the words "Newfoundland" and "fog" are synonymous. The idea that Newfoundland is enveloped in fog has sprung from the fact that the Grand Banks of Newfoundland, which are some three or four hundred miles to the south-east of the island, are a foggy area, through which thousands of people pass every year on ocean liners. I have heard it said, and I think there is something in it, that there is more fog in the minds of the people in other parts of Canada about Newfoundland than there is around the shores of our island. That is not an unkind remark. It is only natural that mistaken notions about Newfoundland should still persist in the rest of Canada, for we have only been in the family of provinces a short while.

I should like to take this opportunity to make a few remarks in regard to the tourist attractions of Newfoundland. Honourable senators have extolled the beauties of Quebec, the Maritimes and other parts of Canada, but not many people know of the beauties of Newfoundland. We have unexcelled scenery, with delightful bays and coves and arms of the sea, of entrancing beauty. Our rivers and lakes are a sportsman's paradise. I do not want to elaborate on the particular topic of fishing, for I cannot trust myself as to time, but I will take a moment to say

that we do have delightful sport fishing. Our sea fishing, which is available in the coves around the shores, can be a great attraction to tourists. Just come to Newfoundland and try it out.

Our tourist facilities are not developed to the same degree as in many of the provinces, but these are increasing. We have an active tourist organization which is rapidly expanding tourist facilities throughout Newfoundland. Our road-building program has progressed substantially, and the proposed ferry service will make the island more accessible as a tourist vacation-land. We have not yet got a national park. However, we have sites that would make as beautiful parks as you could find anywhere, and I hope that it will not be too long before we have a national park of our own.

Our splendid airports are located near centres of great attraction to tourists. Incidentally, we are getting some tourist trade from overseas, and it will increase, because of our airports being only a few hours from Europe. Not long ago I was fishing on a river, and as two people passed in a canoe I asked my guide who they were. He replied they were a man and his son from Belgium who had arrived the day before for a week's fishing on the river. I have fished with visitors who came to Newfoundland from as far away as Texas to fish.

There are many tourist attractions on the island, and we are endeavouring to set up first-class facilities. The honourable senator from Churchill mentioned scenery, facilities, and service as essentials in the development of the tourist trade. We have the scenery in Newfoundland, and are developing the facilities and service. He included courtesy also in his list. I can assure him that nowhere in the Dominion of Canada will he find courtesy more abounding than in Newfoundland.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: May I be permitted a word? Perhaps I owe an apology to our colleagues from Newfoundland, but when I mentioned the Maritime provinces I thought I included Newfoundland. It has not been my good fortune to visit the island yet, but that is an omission which I hope to remedy before long. I am glad, too, of the contribution made by our colleague from De Salaberry (Hon. Mr. Gouin). I could have dwelt at much greater length on the qualities of Quebec, and of the other provinces too, but I am one of those who, under the benign influence of my colleague from Waterloo (Hon. Mr. Euler), dislikes making long speeches.

Hon. Mr. Paterson: Honourable senators, before this subject is closed I would like to call attention to a matter of great interest to the Tourist Traffic Committee. In the April issue of *Reader's Digest*, an American magazine with a circulation in the millions, there is a full-page picture in colours of the Columbia ice field, which is between Jasper and Lake Louise and is a great tourist attraction in summer. That picture is cheap advertising for Canada, but it is highly effective.

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

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until Tuesday, March 31, at 3 p.m.

THE SENATE

Tuesday, March 31, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

BUSINESS OF THE SENATE

Hon. Wishart McL. Robertson: Honourable senators, may I make a brief reference to what should be, I suggest, our program in the immediate future and, perhaps, a little later. In a few minutes His Honour the Speaker will announce some legislation which has come from the other place. As to two items of this, namely the Interim Supply Bill and the bill granting supplementary supply for the year ending today, there is some urgency. As regards two other measures—the bill respecting the liability of the Crown for torts and civil salvage, and the Emergency Powers Bill —I suggest that they be placed at the foot of the Order Paper and, if copies have been distributed meanwhile, be considered this day. I am not suggesting that these bills be explained today, for there is no urgency about them.

Honourable senators, I intend to move later in the week, when we have cleared our Order Paper, that we stand adjourned until Tuesday, April 14; therefore, some of the bills coming to us today will be put down on the Order Paper for second reading on that date.

Hon. Mr. Reid: May I ask the honourable leader when it is intended that the house will adjourn?

Hon. Mr. Robertson: Some day this week, but I should not like to commit myself as to what particular day. I can assure my honourable friend from New Westminster (Hon. Mr. Reid) that just as soon as we have disposed of the business on our Order Paper I shall move the adjournment.

Hon. Mr. Reid: Very well.

Hon. Mr. Crerar: Did I understand the honourable leader to say that we shall proceed with the Emergency Powers Bill today?

Hon. Mr. Robertson: There is no urgency about it, but I thought that if copies of the Crown Liability Bill and the Emergency Powers Bill were distributed we might proceed with some discussion on them.

Hon. Mr. Crerar: I have not yet seen a copy of the Emergency Powers Bill.

Hon. Mr. Robertson: If honourable senators would prefer, these bills could be initiated tomorrow. I am only suggesting that we might proceed with some discussion in order to have some work.

Hon. Mr. Euler: The only urgency at the present time is in connection with the supply bills?

Hon. Mr. Robertson: That is right. As honourable senators know, the present Emergency Powers Act does not expire until May 31. There is really no urgency about the bill dealing with that.

Hon. Mr. Crerar: Could we not let second reading of that bill stand until tomorrow?

Hon. Mr. Haig: I would point out that copies of the Emergency Powers Bill have been distributed and are probably on the files of honourable members. I personally should like to see the Crown Liability legislation explained today. I do not wish to take part in any debate at this time, but if an explanation were given today it would help honourable senators in their study of this bill.

Hon. Mr. Robertson: I am in the hands of honourable members. Copies of the Crown Liability Bill have not yet been distributed but I hope that will be done within the next half hour. I have asked the honourable senator from Vancouver South (Hon. Mr. Farris) to explain the bill, but only with the idea of initiating some discussion. Perhaps honourable senators would prefer to have second reading moved tomorrow.

Hon. Mr. Roebuck: I should like to see second reading proceeded with today.

Hon. Mr. Haig: So should I.

APPROPRIATION BILL No. 2

FIRST READING

A message was received from the House of Commons with Bill 292, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1953.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, I move that this bill be placed on

the Order Paper for consideration later this day.

The motion was agreed to.

APPROPRIATION BILL No. 1

FIRST READING

A message was received from the House of Commons with Bill 291, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, I move that it be placed on the Order Paper for consideration later this day.

The motion was agreed to.

CROWN LIABILITY BILL

FIRST READING

A message was received from the House of Commons with Bill 105, an Act respecting the liability of the Crown for torts and civil salvage.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: With leave, honourable senators, I move that this bill be placed on the Order Paper for consideration later this day.

The motion was agreed to.

EMERGENCY POWERS BILL

FIRST READING

A message was received from the House of Commons with Bill 279, an Act to amend the Emergency Powers Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, I move that this bill be placed on the Order Paper for consideration later this day.

The motion was agreed to.

HISTORIC SITES AND MONUMENTS BILL

FIRST READING

A message was received from the House of Commons with Bill 110, an Act to establish the Historic Sites and Monuments Board of Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: On April 14 next.

FARM IMPROVEMENT LOANS BILL

FIRST READING

A message was received from the House of Commons with Bill 143, an Act to amend the Farm Improvement Loans Act, 1944.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: On April 14 next.

CANADIAN WHEAT BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 223, an Act to amend the Canadian Wheat Board Act, 1935.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: On April 14 next.

EXCISE BILL

FIRST READING

A message was received from the House of Commons with Bill 226, an Act to amend the Excise Act, 1934.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: April 14 next.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 227, an Act to amend the Customs Tariff.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: April 14 next.

INTERNATIONAL TRADE

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. McLean presented and moved concurrence in the report of the Standing Committee on Canadian Trade Relations.

The report was read by the Clerk Assistant as follows:

The Committee recommend that it be authorized to print 800 copies in English and 200 copies in French of its proceedings in respect to the inquiry into what, in their opinion, might be the most practical steps to further implement Article 2 of the North Atlantic Treaty, and that Rule 100 be suspended in relation to the said printing.

The motion was agreed to.

THE LATE ARCHBISHOP VACHON

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

[*Translation*]:

Hon. Cyrille Vaillancourt: Honourable senators, before we proceed with the orders of the day, I would like to call attention to the deep affliction which has stricken the whole country, through the loss of the Archbishop of Ottawa, the Right Rev. Mgr. Alexandre Vachon.

Not only was Archbishop Vachon a great churchman, not only did he devote himself heart and soul to his flock, but to Canada as a whole he was a man of science who helped to develop science in theory and in practice throughout the country. He shed great light upon science and its practical applications. He was recognized as a scholar by McGill and Queen's universities. He founded the Department of Science of Laval University. He was also one of the first governors of the newborn organization which has since become the C.B.C. He devoted himself to these tasks with a fervour and an affability which were almost proverbial.

He died at his task while serving God and the Church. If death came to him so far away from us, so far from his own archdiocese which he loved so dearly, it is because the higher authorities of the Church had recognized his exceptional ability, his great piety and his selfless devotion to duty and had entrusted him with the responsibility of organizing, or rather, of presiding over the organization of international eucharistic congresses.

As a French Canadian, as a Canadian without any hyphen, I wish to extend to the authorities of the archdiocese of Ottawa my deepest condolences. His memory will ever remain with us, for all those who met him admired him and immediately loved him.

May God, in his great mercy, give him the reward of the faithful servant and everlasting peace.

[*Text*]:

Hon. Norman P. Lambert: Honourable senators, on behalf of the people of Ottawa and its neighbourhood I should like to express appreciation of what our friend the honourable senator from Kennebec (Hon. Mr. Vaillancourt) has said in tribute to the late Archbishop Vachon, and to add a word of my own. It was my good fortune to have known the late Archbishop since 1932. To all classes in this community he was an outstanding figure. As my honourable friend who has just sat down knows, his background was Irish, as well as French. He was an outstanding scholar, especially in the fields of science and mathematics. He was one of the first Governors of the Canadian Broadcasting Corporation; and he contributed, more than most people know, to the welfare of the people of Ottawa and beyond it. In connection with the work of his church he was, of course, prominently identified, not only as the promoter but as the actual organizer, of the great Marian Congress which was held here a few years ago. In the minds and hearts of a great many who came in contact with him from time to time the deepest regret will be felt at his sudden passing. Although his great gifts have been exerted in the best interests of this country for a generation, he was still comparatively young, and his future could not but have been associated with much greater achievements than those he had already accomplished. I can only express, on my own behalf and that of the people I know and whom, in a way, I feel I represent, deep regret at his passing and profound respect for his memory.

TRADE MARKS BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill R-3, an Act relating to trade marks and unfair competition.

Hon. Mr. Robertson: Honourable senators, I move that the amendments be concurred in.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: With leave, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill Y-10, an Act for the relief of Joyce Elizabeth Purves Jones.

Bill Z-10, an Act for the relief of Marjorie Euretta Adams Mattinson.

Bill A-11, an Act for the relief of Myrtle Norma Epps Stewart.

Bill B-11, an Act for the relief of Joseph Alexandre Hyppolit McLish.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, I move the second readings now.

The motion was agreed to, and the bills were read the second time, on division.

The Hon. the Speaker: Honourable senators, when shall the bills be read the third time?

Hon. Mr. Aseltine: Next sitting.

TOURIST TRAFFIC

REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, March 26, the adjourned debate on the motion of Hon. Mr. Buchanan for adoption of the report of the Standing Committee on Tourist Traffic recommending that the committee be authorized to print its proceedings.

Hon. Thomas Reid: Honourable senators, it is not my intention to occupy your time in extolling any particular part or province of Canada. In the first place, the problem before us is too important to be confined to the merits of any one section of the country. I say that no less sincerely because I come from the most wonderful province in Canada; and having said that, perhaps I have said enough. There is an old and familiar saying, "See Naples and live." I would urge my honourable friends to "see British Columbia and live".

To speak personally; I have visited eight of the ten provinces of the Dominion, and I have seen places of beauty wherever I have gone. Beauty is not confined to any one district, but it is only natural to consider the place we call home to be the most beautiful of all. We must remember that different people see things differently and do not always seek the same things in their travels. For instance, many visitors to the Pacific coast from the Prairie provinces have made the comment, "We cannot see anything for the mountains". Many people complain about our rainy weather in British Columbia, but people from California, coming from a dry and arid country, seem to revel in it. Indeed, one of their greatest delights is to visit the evergreen province of British Columbia.

I should like to mention some of Canada's tourist attractions. First, we have the mountains of British Columbia.

Hon. Mr. Euler: I thought my honourable friend was not going to discuss the tourist attractions of British Columbia.

Hon. Mr. Reid: I assure my honourable friend that if I did it would take all day. I merely refer to our mountains in passing. Among Canada's attractions for the sportsman are mountain climbing, salt and fresh water fishing, skiing, big and small game hunting, and swimming. Many tourists like to visit our cities. We have all seen the great hordes of visitors who descend upon Ottawa every year. They come here not to see Ottawa as a city, for many other Canadian civic communities have more to offer, but because Ottawa is the seat of the federal government. Despite the fact that Washington, D.C., has the Congressional buildings and many other fine edifices, and each state has its own splendid legislative building, Americans are high in their praise of the dignity and solemn beauty of Canada's parliament buildings here in Ottawa. But Ottawa itself will never have much to offer tourists unless it does a lot more than it has done and is doing. It is the most poorly lighted city I have ever been in. Its streets are dark at night, and the pavement on some of the main streets is in a terrible condition.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Reid: It has not been mentioned in this debate, but Canadians themselves are a considerable attraction to American tourists. Americans just love to visit us because we are different from themselves. True, our parliamentary systems have a common origin, and we spring from the same stock, but there is in Canadians a distinct quality which most Americans admire. I have always looked kindly upon our neighbours in the United States, and have taken issue with Canadians who seek dollars from American tourists, while at the same time regarding the tourists themselves with suspicion. It has been stated in the Massey Commission's Report and by officials of the CBC that we are in danger of becoming Americanized if we continue to listen in to American radio and television programs as closely as we have in past years. Some people forget that Canadianism or the Canadian way of life is more than two hundred years old, and that the people of Canada and the United States are almost as distinct as are the people of England and Scotland. If there ever was a land where it might have been feared that there was danger

of one race absorbing another, surely it was Great Britain. But you have in the north of Britain that great country Scotland, whose people are as Scottish today as they ever were; and in the south of Britain you have England, whose people are just as English as they ever were. It is simply balderdash to argue that we are in danger of being contaminated or swallowed up by Americanism because of allowing American radio and television programs to enter our homes as freely as they do now. It simply is not true.

I wonder how many honourable senators have read *The American-Born in Canada.* This statistical study by R. H. Coats, former head of the Dominion Bureau of Statistics, and M. C. Maclean, an equally eminent statistician, is well worth reading. It is not generally known that at the beginning of the century, before the great immigration to Canada, American-born citizens made up 45·9 per cent of the foreign population of Canada. According to the latest available figures, those of the 1931 census, there were at that time some 819,000 people of American birth or extraction in this country. Of this total, 475,000 were Canadians born of American parents and 344,000 were born in the United States. It is important to note that these people have been evenly distributed throughout the country, and their assimilation into the Canadian way of life has been more rapid than that of any other people who have come here. It is interesting to learn that 72 per cent of all Americans settling in Canada have become naturalized Canadians, whereas only 45 per cent of other foreign-born immigrants have taken this step.

In support of what I've just said I should like to read a paragraph from this book:

> Great as are the penetrating powers of a common press, a common literature, and an overlapping radio, they probably do not transcend continuous daily personal contacts—though as yet we may not test such judgments with exactness. The even distribution, however, of the American-born over Canada spells, on the face of it, that they are at one and the same time disseminating their influence widely and themselves becoming Canadianized.

I bring this up this afternoon because, in various quarters, in high circles and low, there has been some sniping at our neighbours to the south. Great numbers of Americans who come to this country must wonder if our principal welcoming them here is, not to show them the great beauties of this country, but to take their money.

The tourist traffic figures, when one examines them, are astounding. Last year 12,619,000 vehicles crossed the border to come into Canada. Of these, 7,857,000 were foreign vehicles, that is, motor cars and trucks from the United States, driven by Americans. Returning Canadians totalled 4,744,000.

But what is also of great interest is the amount that was spent by Canadians in the United States, as against the amount of money spent by Americans in this country. Here again some doubt may be thrown on the accuracy of the sums of money quoted as having been spent by Americans in Canada, because there is not the same close check taken of the moneys spent by Americans in Canada as there is of the moneys spent by the Canadians in the United States, and for this reason: When one intends to travel in the United States, invariably he must convert his Canadian funds to American dollars, and there is an accurate record kept by the banks and forwarded to Ottawa of all the American currency which Canadians purchase. But there is no such procedure or check when Americans enter this country. I have always had my doubts as to the amount of money that they spend or are supposed to spend while here. I can quite understand that officials in charge of tourists bureaux and of certain government departments want to make out a very fine showing. It puts me in mind of the nice figures put out by people in charge of fish hatcheries. They tell you about the millions of eggs taken from the fish, and the millions of fingerlings or small fry put in the water. This builds up a beautiful picture, but the results are not so very encouraging.

It is, however, interesting to note that Canadians now spend more money in the United States in two months than was previously spent in the entire twelve months of any year up to 1939. What is the reason for this increased spending?

Almost every year I travel across several of the northern states, in a new car, and I know something of the cities that I pass through. Most Canadians who go across the line do more buying while over there than Americans do in Canada, because in the first place, there is a greater variety of most lines of goods in the United States. And besides, the goods do not cost so much as in Canada. I want to repeat what I've said on previous occasions, that Americans who live here, some temporarily and some permanently, complain there is no difference in price between goods of the same kind in Canadian stores from one end of the country to the other. The price in Vancouver is the price you pay in Ottawa and in Halifax. But it is not so in the cities and towns of the United States. Because there is greater competition over there, and the housewife, and the family man too has a better opportunity to shop around, and can

almost invariably buy cheaper than we can in this country.

It is interesting to note that quite a lot of people come to Canada by bus, by boat and by air; but I want to deal for a moment or two with the part that railways play in handling traffic, particularly the Canadian tourist traffic. When we are speaking of tourists we should take the broad view and remember that tourists include also our own people who travel in Canada, as well as visitors from the United States. Of course, we look mostly if not entirely to the United States for tourists, and perhaps not so many of them travel on our trains as by motor car. I think it was the senator from Blaine Lake (Hon. Mr. Horner) who mentioned particularly the cost of meals on our railways. I want to deal with that for a minute and refer to something that I believe is wrong with our railways. I have before me a statement which shows the loss of passenger traffic on our two railways. The figures are most enlightening. There is no doubt that it is the cost of transporting passengers and of catering to them that is putting the railways in the position they are in today. Now, why are they raising their freight rates? It is true that wages is one item which causes freight rates to go up, but the drop in number of passengers, and the loss the railways are suffering in hauling passengers, is in my opinion one of the chief reasons why the people who ship goods by railway are being called upon to bear an extra burden. That is, they pay not only for the hauling of the freight, but they help to make up part if not all of the loss that the railways suffer on their passenger traffic.

In coming back to the session just a few days ago I had some experience with the railway meal service. An ordinary breakfast, which is simple but good and ample enough for anyone when travelling, consists of oatmeal, cream, brown bread, toast and marmalade, and tea or coffee. The charge for that breakfast on the train was $1.85, which, with a tip, meant $2 or more. I was astonished to see only six passengers in the dining car, and I asked the head steward "Where are the crowds?" "Oh," he said "they are not coming in now; the price of the meals has driven them off". And, as pointed out a little while ago by the senator from Blaine Lake (Hon. Mr. Horner), you cannot possibly get a midday lunch or dinner on the dining car for less than $2.50 to $3.50. So it is no wonder that people are not patronizing the dining car.

A few days ago there was a very interesting hearing before the Board of Transport Commissioners, sitting in Vancouver. The Canadian Pacific Railway was on the stand on the question of an increase in passenger fares. Mr. Warren, the General Traffic Manager of that company, pointed out that the railway collected $1,285 from a coach carrying fifty passengers from Calgary to Vancouver; and that a sleeping car carrying twenty passengers over the same line showed a total revenue of only $798. He further pointed out that the railway lost 65 cents on every meal it served.

The traffic manager had something very pertinent to say about those who use drawing rooms and such accommodation. It might interest honourable senators to hear what Mr. Warren did say in that regard:

> The railways' love for the little man in the day coach came out when expert witnesses for the companies presented evidence to show the half-cent differential is justified in B.C. because it costs more to operate over the mountains.

Incidentally, that is disputable and something with which I do not agree.

His remarks continue:

> As far as the railways are concerned, the big shot—

And I may say that while I do not belong among the big shots, I usually take a bedroom or roomette when I travel home.

> —the big shot who pays for the lush drawing room in the observation car would be better off extinct.

That is a pretty strong statement, but I think it supports what I said a few minutes ago, that the loss of passenger revenue is the cause of the ever-increasing burden being placed on those who ship freight on the railways.

A rather amusing incident took place at the recent inquiry in Vancouver. It was shown that while the government of British Columbia was seeking to have the B.C. passenger rate cut from four and a half cents to four cents per mile on the C.P.R., the rate on its own provincially-operated railway, the Pacific Great Eastern was 4·6 cents, and so higher than that charged by the C.P.R. The spokesman for the government was red-faced when he was asked to justify that situation.

The railways are facing a most serious problem, and while I do not intend to discuss it exhaustively, there are a few points I should like to bring out. In my opinion the trains or coaches of today are too heavy and far too slow. A traveller can leave Vancouver, go south a hundred and twenty miles, board the Great Northern Railway and arrive in Toronto almost a day earlier than if he had travelled by either of the Canadian lines. It is notable that the fare on the Canadian and American routes is about the same, except for the 15 per cent tax which is added to the American purchaser. Many Vancouver people

who wish to go to Toronto and do not choose to travel by air can save almost a day by travelling via the Great Northern Railway. That line is taking passengers away from the Canadian lines, and what are they doing to meet the competition? Nothing.

When Donald Gordon was appointed head of the Canadian National Railways System I looked for great things, but there are some traditional hurdles and knotty problems which I doubt if any man can overcome. One of the hurdles is the unions' control of employees —and I am not against unions. Another hurdle is the practice of using the Canadian Pacific Railway as a yardstick.

In my early days in Ottawa I have left here on a train which arrived from Montreal six hours late and yet got into New Westminster right on time. Where did that train make up the six hours? I have said without fear of successful contradiction that but for the Canadian Pacific Railway, the Canadian National Railway could cut its schedule across Canada by at least ten or twelve hours. We may as well be frank: a dozen men like Donald Gordon could not surmount the yardstick hurdle. He may know a great deal about finance, but he is up against at least two practical problems that seem so far to be incapable of solution. Are we going to stand by and see passenger figures in Canada go down and down, while our railways continue to suffer losses?

The railways are also meeting serious competition from the airlines. The number of passengers now being carried by air exceeds by fourteen times those carried in 1935.

Hon. Mr. Roebuck: And that is a more expensive means of travel.

Hon. Mr. Reid: No, I do not think it is more expensive. When one pays the first-class fare and has his meals on the diner, rail travel is not much cheaper than air. However, the business man who is interested in saving time has a big inducement to travel by plane. And there is this further competition to which I have referred, by which passengers from Vancouver have their way paid to Seattle and come east via the Great Northern Railway, and save nearly one whole day. People living in these days of fast travel are not now content to spend three days and four nights on the journey from Vancouver to Toronto.

We know that the railways are facing ever-increasing problems. It sometimes seems to me that with the advance being made by the oil pipe lines, about all that the railways will have left to carry soon is lumber, coal, and other low-cost freight.

The honourable senator from Blaine Lake (Hon. Mr. Horner), when speaking on the tourist traffic of Canada, had something worth while to say about the attitude of our people towards visitors within our gates. The honourable senator from Kootenay East (Hon. Mr. King) posed, I think, a real problem. From his speech I gathered that he was worried about the millions of dollars Canada is spending on her national parks and on her travel bureau. When one considers the 1952 deficit, one wonders whether we are getting value for our money. We cannot expect many tourists from any country but the United States; therefore, we should encourage more travel by Canadians between the various provinces of Canada.

I venture to say that the people of British Columbia travel more than the people of any other province in Canada. A large percentage of the people now living in British Columbia came originally from the east, and therefore know more about Canada generally than most other people do. A further interesting fact is that British Columbia has more motor cars *per capita* than any other province.

I wonder how many honourable senators have visited the province of British Columbia. I think it is the duty of every one who enters public life to see how the people outside his own province live, move and have their being; although, I am sure other honourable senators, like myself, having seen things abroad, are always glad to come home again.

I should like to mention one more thing which I believe should be done. The honourable senator from Kootenay East (Hon. Mr. King), in referring to the need of good highways, suggested that the federal government should do more than it is doing, and should bear the entire cost. I heartily agree with him. In my opinion the federal government is simply fiddling around with this problem. The Minister of Resources and Development, when speaking of the work of the Travel Bureau, and looking to its further expansion, said: "Once we get started with the Trans-Canada highway things will be better." How long are we to wait until we have a modern highway across Canada? The modern car is built with a very low wheel-base, and as long as the driver is on a smooth pavement he has no trouble; but once he strikes a rough deep-rutted road, Heaven help him; he is liable to lose the under-part of his car. I have met visitors from the United States who told me that they will never come back here. Americans are used to wonderful modern highways, and are not willing to travel over some of our rough roads. There is an urgent need of improvement.

In this connection I would suggest that the Dominion government could well afford, in the national interests, to build a military

highway extending from one end of the country to the other. Under present conditions all we can depend upon in time of trouble is our railway system, and as 2,200 motor vehicles are needed to service one army division, the railroads, even if they were not put out of action by enemy action, would be unable by themselves to adequately take care of military transportation in case of a serious attack. For one thing, the movement of army trucks would be a matter of grave difficulty. I suggest that the federal government give some serious thought to this matter. In building such a highway it would not be necessary to consult the provinces; the dominion government could buy the land and construct the highway. I believe also that such a project could be made to pay its way, quite apart from its value for military purposes. In many parts of the United States, toll roads are being constructed on which travel at a speed of ninety miles an hour or more is permitted. I have in mind one such thoroughfare near Chicago, two hundred and fifty miles long; so many people are using it that another road nearby is under construction. This highway gives people a feeling of safety when travelling at high speeds.

After all, what is the use of motor-car manufacturers increasing the horsepower of automobile engines if travellers are restricted to speeds of anywhere between twenty-five and forty miles an hour? I am not advocating increased speed, but the fact is that people like to travel fast, and across the line they are patronizing these private toll roads to such an extent that more and more are being built. So that a trans-Canada road of this kind, though—properly—under rigid control, could be made to pay. Sound construction is essential, because there is no doubt that trucks of a weight of fifty and sixty tons would want to travel over these roads and in increasing numbers. So, if we intend to attack this road problem seriously, and to attract tourists and benefit from the money they bring in, more highways will have to be built, north and south as well as east and west.

Americans, of course, are great travellers. Millions of them visit their own national parks. One of the main things that brings them here is, as already said, their great liking for the Canadian people. I want to impress that point. None of us who have lived in the United States, even though briefly and as visitors, can fail to realize that Americans think highly of our people. What attracts so many tourists to Europe is the tie of tradition and family associations. Perhaps the parents or grandparents of the visiting Canadian or American lived in some Scottish or English or French hamlet; the strength of family tradition takes them back to their ancestral homes. In like manner, many Americans will make their way to Canada because their parents were born in this country. Let us encourage the influences which unite rather than those which may divide. I want to place myself on record as absolutely opposed to any policy which seeks to bar or block out the reception of radio or television from the United States on the theory that such things tend to Americanize us.

I have spoken rather longer than I intended to, and had there been more business before the Senate I might not have spoken at all; but I thought I would take this opportunity of making a small contribution to the debate by placing a few thoughts before you. I do so with all praise to the committee who are handling the subject and with the request that, if the committee sits again next year, as I hope it will, there will be an adequate breakdown of the figures presented to it. For instance, it would be well to know, in connection with the number of tourists, how many are visitors and how many are merely commuters; and as regards attendance at our parks, whether the same visitor is registered at three or four parks and how many Americans are comprised in the total number of persons registered. The committee would be well advised, I think, to go a little more deeply into the matters I have mentioned.

The debate itself has been very useful and some interesting figures and other facts have been brought out.

Hon. Mr. Robertson: Honourable senators, it is not my intention to participate in the debate, but I would be remiss were I not to say a word in appreciation of the excellent work which has been done by various committees that have considered this subject; not only the one whose very capable chairman is my honourable friend from Lethbridge (Hon. Mr. Buchanan), but—to delve a little into the past—the committee whose activities were initiated by the honourable senator from Halifax (Hon. Mr. Dennis). These two gentlemen, prominent business men and publishers, have brought to the activities of the committee during the time they presided over it the great experience, vision and knowledge which have characterized their operation of two outstanding Canadian newspapers; and I am sure the Senate will agree with me when I say how much we appreciate the services which, in their work on this committee, they have rendered the people of Canada.

Hon. Senators: Hear, hear.

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

The motion was agreed to, and the debate was adjourned.

APPROPRIATION BILL No. 2

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 292, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1953.

He said: Honourable senators will appreciate that this is one of the bills as to which there is some urgency. It covers the provision of additional sums for the financial year which ends today. There is another bill, which I shall move subsequently, to grant a interim supply a portion of the estimates for the coming year, 1953-54.

This particular bill in regard to the extra amount of money required for the public service of the expiring financial year, is to provide the sum of $77,680,383. There are a number of smaller items but the major one of $32,346,000 arises as a result of the embargo placed on the shipment of our cattle to the United States after the outbreak of the foot-and-mouth disease in Canada. The next largest item is in the amount of $25,000,000—which has almost become an annual appropriation—to provide for a further special government contribution to reduce the unamortized portion of the Civil Service Superannuation Account liability. It will be remembered that some time ago an actuarial inquiry disclosed that a large deficit existed in this account because insufficient moneys had been appropriated to meet this liability. I believe that since 1947 the government has been endeavouring to wipe out the accumulated deficit by means of bulk contributions.

The sum of $3,700,000 is provided as a further amount required for freight assistance on western feed grains. There is also a grant of $1 million to the Canadian National European Flood Relief Fund. This appropriation is of course made in connection with the flood disaster that struck England and the Lowlands a short time ago.

The amount of $32,346,000, to which I referred a moment ago, is to cover the net operating loss of the Agricultural Prices Support Board during the fiscal year 1952-53, including authority to credit to the account the net revenue received into the Agricultural Products Board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom. I shall not go into the details of this item except to say that the board suffered a net loss of $6,075,000 on the production of canned pork, and $23,006,405 on the beef account. It will be remembered that one of our major programs with respect to cattle was the acceptance of carcass beef for shipment to the United Kingdom in return for which New Zealand beef was sold in the United States to offset the cost of Canadian beef.

Vote 553 provides $9,660 in connection with the health of animals. Vote 557 provides $200,000 as a further amount required to provide for quality premiums on high grade hog carcasses and administration costs.

Vote 558 provides $300,000 as a further amount required for the Prairie Farm Rehabilitation Act and water storage. The amount of $250,000 is provided as a further payment required for major irrigation and reclamation projects in the Prairie provinces.

Vote 562 provides $276,000 as a further payment to National Gallery Purchase Account for the purpose of acquiring works of art, in conformity with section 8 of the National Gallery Act.

Vote 565 provides $100,000 as a contribution to the United Nations Refugee Emergency Fund, and vote 568 provides $153,856 as a grant to municipalities in lieu of taxes on federal property.

Honourable senators, there are some smaller items, such as the one to cover additional legislation costs which arise annually by way of remuneration of members of the Senate and House of Commons for days lost through absence caused by illness, and so on, but I have dealt with the main items of the bill.

Hon. John T. Haig: Honourable senators, I find myself in a rather peculiar position this afternoon, for I am one of those who thought it would be unwise this session for the Standing Committee on Finance to examine into the estimates. I must now confess that I greatly miss the information gathered by this committee in its annual study of the estimates. I have read many fine comments in the press on the work done by this committee in former years and regretting the fact that the committee did not meet this session. I was fearful that with a general election coming on within the next six months it might be argued that our committee was gathering information which would reflect the policies of one party or another, and I did not want to see members of our house involved in any political controversy. It must be difficult for newspaper editors to get information upon which they can rely, even from reading the estimates, unless the details are corroborated by evidence of expert witnesses before our Finance Committee.

Honourable senators, I should like to make a few complimentary remarks about the honourable senator from Churchill (Hon. Mr. Crerar), who comes from my province of Manitoba. He has been a success in both private and public life. As one who has been active in the fields of law, education and business in our province, I should be in a position to judge the contribution our esteemed friend has made to the public welfare of Canada. I firmly believe that his greatest contribution of all has been made through his chairmanship of the Senate's Committee on Finance these last four years, and his annual report from that committee to the Senate.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I do not intend at this stage of the session to go into the details of the estimates. As a matter of fact, I couldn't if I wanted to and I wouldn't if I could. Honourable senators, there is no legislative body in Canada better qualified to inquire into the financial position of this country than the Senate. Those of us who have successfully contested provincial or federal ridings know what a difficult task it is to tell the people of a constituency that parliament is going to have to cut down proposed expenditures for their district. I read just today that the President of the United States is encountering such difficulties. It seems Congress wants to reduce by $200,000,000 a proposed $650,000,000 expenditure by the Department of the Interior. The money is to be spent on an irrigation scheme in the Midwest and the Secretary of the Interior, who comes from that area of the country, is bitterly opposed to any such reduction. He has agreed to a cut of $50,000,000, but no more. It is difficult for elected representatives to face the people on questions of this type, and that is why senators are better qualified than members of the other house to analyze and report upon the financial structure of the country, and to advise the people how much the country can afford to spend and for what purposes. We do not have to be elected; and although, from a shortsighted view, they might be inclined to put us out, on a longer perspective they might be glad to keep us as members of this house. Recently, speaking in this chamber, I pointed out that in 1919 the Senate refused to cancel the Crowsnest Pass agreement. That action of the Senate means now an actual contribution of more than $30 million a year to the farmers of western Canada. We refused to pass the bill to cancel that agreement, although the House of Commons had passed it.

Hon. Mr. Euler: Excuse me, I think my friend is wrong. I was in the House of Commons at the time. The matter came up in committee, and there was some suggestion that the agreement be cancelled, but it was not cancelled.

Hon. Mr. Haig: Sir Robert Borden was then the Prime Minister of Canada, and a bill was passed in the other place to repeal the Crowsnest Pass Agreement. That was in 1919. As I have said, Sir Robert Borden's government passed in the other place a bill to repeal the agreement. When it came to this house the Senate, under the leadership of Sir James Lougheed, and with a Conservative majority refused to pass it. There is no doubt about that. In 1921 or 1922, when the King government was in office, they gave the agreement permanent effect. But that was not what saved it. If this house had voted against the agreement it would have gone.

It is things of this kind to which, under the constitution, we should give our attention. Of course, money bills can be introduced only in the other house. Now, if my honourable friend from Waterloo (Hon. Mr. Euler) thinks my statement is wrong he had better look up the record. The bill was passed by the other house when Sir Robert Borden, a Conservative, was Prime Minister, and it was sent over to the Senate. But although there was then a large Conservative majority in the Senate, this house refused to pass the bill. Those facts are fundamental, and there is no disputing them. By that one action enough money was saved to pay for the Senate from now until eternity.

Hon. Mr. Farris: How long is that ?

Hon. Mr. Haig: I don't know. Probably you and I will not be here that long.

I want to come back now to the duty of the Senate. I think that we in this country have got to play a larger part in national affairs. Today free enterprise is going out the window. With the income tax as it is, nobody today who earns money can save anything out of it. State management, state control and state handling may go on, and people may vote for that policy, but if a man saves money in his youth and pays taxes on it, and then later in life is to be taxed all over again on the same money, what is the good of earning enough to make any savings at all? I know medical men, lawyers, merchants and others in my city who go away for a two or three months' holiday, and they say to you afterwards that their money is all gone, but what is the good of keeping on working? Take the case of a very eminent doctor. He can, if he so wishes, make a big income, but he says: "What is the use? I would pay such a large part of it in taxes

that it is not worth the effort." Now, you may say that the man who makes the money should pay the taxes. But what about the man who invests his money in a corporation? We are told that corporations are "big people", but in fact corporations are the littlest people of all.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: They are made up of the fellows who cannot afford to have a business of their own. They invest, they buy stock, and so on, and they are taxed on the money put into the corporation; and afterwards they are taxed again on what they receive from the corporation. For instance, the Hudson Bay Mining and Smelting Company, of my own province, is a highly successful development. I cannot give you the exact figures, but I think that at the end of the last fiscal year but one they earned a net profit of about $8 million.

Hon. Mr. Davis: $13 million.

Hon. Mr. Haig: Was it $13 million? I had in mind the year before. If you look up the records you will find that the company paid half that sum to the dominion government in taxes. The other half went to the shareholders who made it possible to make the profit, and on what they got they paid taxes over again—probably 50 per cent, perhaps 25 per cent, or 19 per cent as the case might be. While these things are practised in our economy there can be no accumulation of wealth from investments; and that is why wealth is coming in from other parts of the world to develop our resources.

Now I want to deal more particularly with the budget. In one sense the budget is composed of two parts—the civilian part and the war part. Now, I do not need any investigation, or any Currie report, or any Auditor General's report to prove that government expenditure today is more widely spread than ever before. There is no use in denying it. Money is being spent without proper examination of whether the expenditure is justified; and the day will come, if present trends are not controlled, when we shall join the countries which already are clamouring for assistance. What will happen to trade with Great Britain and France? So long as the American people will put up cash so that countries in need can buy goods from us, well and good. But when they have not the cash to purchase our goods, what then? I think our beef contract with Great Britain was for $30 million. Great Britain sold us New Zealand beef, and we sold it to the United States for about $8 million. Is that good business? Would it not have been better to slaughter the cattle for home consumption, and pay for them—even to have given the beef to the people of Canada? You may say that would have cut the price. Well, how are we going to lower the cost of living in this country so long as the government uses the taxpayers' money in a way which has the effect of keeping prices up? That is what is being done. Whether or not it is good politics for me to talk in this way, that is the fact. Perhaps my wife goes into a store to buy a roast of beef and pays about 75 cents a pound for it; whereas if we had not put $22 million into that beef contract she might have had to pay only 50 cents a pound. Of course, so long as wages continue to rise, costs of materials will rise in consequence, and under our system of economy the primary producer will be the first to suffer. We must recognize the fact that heavy taxation is the greatest problem facing this country.

I would next turn to the matter of education and its ever-growing cost. Like the honourable member from Churchill (Hon. Mr. Crerar) and, perhaps, some others in this house, I began my career as a school teacher. For four years I taught for the magnificent sum of $35 a month. True, I paid only $10 a month for my board and room, but my annual income was only $420. Today the lowest teaching salary in the province of Manitoba is $1,600 a year, and the minimum is soon to be $2,000. But our young men and women can go into other occupations where there is less responsibility and better pay. For instance, a stenographer can leave business college and enter the employment of one of the railway companies at a starting salary of $165 a month, with the expectation of an increase to $185 within two or three months. Why should a young girl burden herself with the duties of a school teacher—a most difficult and important task—for a salary lower than she would get were she a stenographer in a railway office?

The cost of the construction of schools is a major factor today. I can recall when the city of Winnipeg built schools for about $5,000 per room; today, similar schools cost $10,000 and $12,000 per room. It must always be remembered that this cost falls on the owners of real estate.

The federal government last year appropriated $7 million to be divided, on a basis of population, among Canadian universities. Manitoba having a population of 800,000, our university received $400,000. One of the colleges affiliated with the university, of whose board I have the honour to be chairman, received $52,000 or $54,000. Without it we would have been in difficulty. I notice

that a university in Nova Scotia is complaining that it does not get enough help under this system.

Under the British North America Act education is a matter within provincial jurisdiction. But the dominion government, either by rental agreement with the provinces or otherwise, has taken over the great sources of revenue other than taxes on real property and licensing fees, with the result that municipalities have not enough revenue to meet the costs of education. It will be a bad day for Canada when our educational system is hampered because of our inability to raise enough money to maintain it.

I know that school teachers and trustees across Canada are demanding that the federal government shall hand out more money for education; on the other hand, some provincial authorities feel that if the government were to contribute for that purpose it would interfere with the jurisdiction of the province in the educational field. I recognize those fears, and I do not suggest that there should be any interference with provincial rights in that respect. But I do suggest that the federal and provincial governments should step out of certain taxation fields to enable municipalities to collect enough money to meet their local educational needs. The next government will have to face the problem of rising costs of education.

I make this plea, honourable senators, as a former school teacher, realizing full well the important role the teacher plays. As a former pupil, I can never forget my first teacher, at Alexander School. My greatest inspiration in life came from my teachers in high school—I can still name some of them: Wilson, McIntyre and O'Shea—and the things that I learned from my university professors have stayed with me through life. With the exception of the teachings of my mother and father, I can recall those of my teachers and professors better than any others. Our system of education is indeed the backbone of this country; and I plead with the people to send to parliament men and women who will appreciate the problem and make some provision for municipal revenue to meet the high cost of education.

I am not talking from a political point of view; I am only calling the attention of honourable senators to the fact that because of our position we have a great responsibility to the people of this country. That statement has been made before, and it will be made again by a new generation. I repeat: our good fortune in life as manifested by our position, our education and our friends places upon us the heavy responsibility of devoting our time to the solving of the country's problems.

In closing, I cannot give the house a better illustration of the type of contribution that honourable senators can make than by calling attention once more to the work of the senator from Churchill (Hon. Mr. Crerar) as chairman of our Finance Committee, and the enlightening reports which from time to time he placed before us. A great part of our population was thereby convinced that the Senate has the capacity and the ability to make a proper investigation of government expenditures and to bring out, not theories, but fundamental facts. The continuation of that kind of work on the part of honourable senators will be a real contribution to the welfare of Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: May I ask the honourable leader of the government (Hon. Mr. Robertson) if I correctly understood him as having said that about $6 million of the $32 million vote No. 560, for the Agricultural Prices Support Board, is needed because of the policy of price support on pork?

Hon. Mr. Reid: Beef.

Hon. Mr. Crerar: I should like the honourable leader to tell us whether the government has a supply on hand and whether it expects to recover anything in respect of this item.

Hon. Mr. Robertson: Honourable senators, perhaps I could best answer the question by repeating the information that I have before me, although it does not indicate what future costs may be.

On April 1, 1952, the Agricultural Prices Support Board held 5,492,520 pounds of canned pork produced to their specifications, and had a further 92,768,454 pounds produced to their specifications up to March 31, 1953—that is, today.

Hon. Mr. Crerar: They have that on hand?

Hon. Mr. Robertson: It is estimated that by March 31 the board will have re-sold 25,000,000 pounds of canned pork, principally in the domestic market, at a net loss to the Board of $6,075,000. Various pork-cut programs involving 101,437,581 pounds of products have been carried out, and it is estimated that about 10,000,000 pounds of these cuts will remain on hand as at March 31, 1953. The total loss on the cuts re-sold to March 31 is estimated at $2,733,828.08, which is mainly represented by the payment of certain storage, transportation and other handling charges which had to be added to the cost in calculating the net loss.

To answer my honourable friend's specific question, I may say this does not represent the total loss for which we shall be responsible, but it is the estimated loss on what has been disposed of to the present time. I have nothing to indicate what the possible total loss may be.

Hon. Mr. Euler: Honourable senators, I would not be understood as making a speech now, but I rise to give what may be the explanation of the difference of opinion which rose between the leader of the opposition (Hon. Mr. Haig) and myself with regard to the Crowsnest Pass agreement. I think we are referring to two different occasions.

Hon. Mr. Haig: Probably.

Hon. Mr. Euler: What I had in mind was the time, in 1922, when the King government was in office and a committee, of which the Honourable Mr. McLean was chairman, passed a resolution to report a bill whereby the suspension of the Crowsnest Pass agreement, which was then in force, should be made permanent: in other words, the people of the west were to lose the benefit of that agreement. Some of us objected, as we thought a breach of faith was involved, and the committee reversed its decision, and as a result the agreement remained, and still remains, in force. Perhaps the decision was wrong: I do not know.

Hon. T. A. Crerar: Now that we are in a reminiscent mood, perhaps the house will bear with me for a few minutes—

Hon. Mr. Euler: Not too long.

Hon. Mr. Crerar: —upon this point. I do not know whether I am in order, but with the indulgence of the house I may be permitted to make a few remarks.

Hon. Mr. Aseltine: This is a budget debate.

Hon. Mr. Euler: But whatever you say you will have to say now. You cannot speak again.

Hon. Mr. Crerar: I do not want to speak again. In 1919 the House of Commons passed legislation to abrogate the Crowsnest Pass agreement. That agreement originated in 1898, when the Canadian Pacific Railway, in recognition of certain assistance which it received from the federal government to build into the Crowsnest Pass, agreed on a statutory limitation for all time of a variety of rates, one of which covered the movement of grain to the head of the lakes. An interesting fact which I think I may reveal to the house is that on one occasion Sir Clifford Sifton told me that when this legislation came before parliament in 1898—he was then Minister of the Interior—he insisted that there be embodied in the statute the provisions that the agreement covered on freight rates. In 1919, because of very heavy increases in railway operating costs that came into effect after the war which ended the year before, legislation was passed to abrogate the rates. The bill came to the Senate, and it was then that the Senate performed for the people of Western Canada the inestimable service referred to by the leader of the opposition (Hon. Mr. Haig) this afternoon. The late Senator Watson, from Manitoba, and the late Senator Lougheed, from Alberta, insisted, when the matter was under consideration in the Senate, that the abrogation should not be permanent but that the suspension should be for three years only. This proposal was accepted by the government of the day and the bill so changed became law. In 1922 the question was on the doorstep of a Liberal administration under the late Mr. Mackenzie King. At that time legislation was introduced further to extend—indeed to make permanent—this suspension. The bill was referred to a committee, where, as the honourable senator from Waterloo (Hon. Mr. Euler) has said, the issue was fought out. A majority, after prolonged hearings, decided—

Hon. Mr. Euler: By one vote.

Hon. Mr. Crerar: —that the bill should be reported favourably, which of course meant that the Crowsnest Pass rates would go. It will be recalled that at that time there was in the Commons a group known as the Progressives, and your humble servant was at the head of them. The evening of the day on which this resolution to report the bill passed the committee, I asked the leading newspaper men in the Press Gallery to come to my office. I recall it was about 10 o'clock at night. I said, "Gentlemen, I have some news for you. You can send out word tonight to your papers that this legislation will not pass the Commons excepting under closure; we will obstruct it in every way we can". That news was published next day across Canada in the headlines of the papers. Another upset occurred when my honourable friend from Waterloo—whose action I hold in grateful remembrance—and several other members of the Liberal party whose names I could mention, intimated to Prime Minister King that if the bill was reported to the Commons without the amendment we sought they would support the Progressives in their stand. The upshot was that the committee was hastily reassembled and new evidence was submitted by an official of the Canadian National Railways. On the strength of this new evidence the bill was amended and the Crowsnest Pass

rates on grain were retained and have remained the same until this day.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Robertson moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

APPROPRIATION BILL No. 1

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 291, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

He said: Honourable senators, the purpose of this bill is to grant as interim supply a portion of the estimates currently before parliament. In order that the public business may be carried on it is customary for parliament to appropriate a certain percentage of the total estimates before the main supply bill is brought down.

This bill provides for one-sixth of the items to be voted in the main estimates for the fiscal year beginning April 1, 1953, and ending March 31, 1954. In addition, it includes proportional expenditures on certain items of which the major portion will be expended early in the year.

The bill comprises three schedules. Specifically, Schedule A votes one-quarter of the International Trade Fair estimate, as the greater portion of the money allocated for this purpose is spent early in the year. I believe the fair is to be held in Toronto in June.

Schedule B votes one-sixth of four special items. One of these items covers sessional expenses of both houses of parliament, since a considerable part of these expenses is incurred early in the year. Another item arises out of the Unemployment Insurance Commission's need for financing the cost of certain movements which, under agreement with labour-seeking companies, are later recovered. The seasonal character of such labour transfers accounts for greater expenditures at an early date.

Hon. Mr. Reid: May I ask the honourable leader if copies of this bill have been distributed?

Hon. Mr. Robertson: Yes.

I have dealt with Schedules A and B. Under Schedule C the bill provides for one-twelfth of six other items. Two of these are under the Department of Agriculture. One is designed to meet the heavy expenses connected with spring cropping in the experimental farm service; the other is for freight assistance on western feed grain for which the demand is heaviest during the early months. There is an item under the Department of Citizenship and Immigration to meet the needs of the field and inspectional service of the Immigration Branch abroad, and to cover the delay between the time when supply is authorized in Canada and when formal authority for expenditure reaches distant overseas offices. For these reasons it is necessary to release funds in Canada several weeks in advance of their actual use abroad.

The three remaining items relate to the Department of Trade and Commerce. Two are for electricity and gas inspection services, and weights and measures inspection services, which are carried out during spring and early summer months. The additional item is in connection with a winding-up of the 1951 decennial census for which funds will be needed early in the year.

Hon. Mr. Reid: Can the honourable leader advise whether bills are still outstanding in connection with the 1951 decennial census?

Hon. Mr. Robertson: The total estimate is $879,414, to cover the balance of payments necessary in connection with the census. Evidently there are expenses involved in the early winding-up of the census which require additional funds, but this will not be a continuing expense during the whole year, as it will be concentrated in the early part of the year.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Robertson moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

POST OFFICE BILL

FIRST READING

A message was received from the House of Commons with Bill 107, an Act to amend the Post Office Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave, next sitting.

CROWN LIABILITY BILL

SECOND READING

Hon. J. W. de B. Farris moved the second reading of Bill 105, an Act respecting the liability of the Crown for torts and civil salvage.

He said: Honourable senators, I do not think this bill is contentious in so far as this house is concerned. But it involves a most important principle which probably the lawyers in the Senate will appreciate more than the members who are laymen, because lawyers have a better understanding of the need for legislation of this kind and of the injustices which might occur were the law to continue in its present form. The bill relates entirely to the question of the right of a citizen to bring an action for damages against the crown.

As all honourable senators know, there is an old doctrine, which in its constitutional application, is still sound, that "the king can do no wrong." The king himself was the fountain-head of justice. Until recently, when legislation was passed to abolish such appeals, it was said, when we wanted to appeal to the Privy Council, that we would "carry the case to the foot of the throne," because the Privy Council was a committee acting on behalf of His Majesty the King, or, as it would be now, Her Majesty the Queen. The Judicial Committee of the Privy Council heard these cases and made a representation to the sovereign, who acted according to its recommendations. By that theory, no private citizen could bring any action against the crown. In the early days, that prohibition was modified by what was known as a fiat. A petition of right would be submitted to His or Her Majesty's government. Upon investigation, if the government of the day should so recommend to the crown, a fiat would be issued. The simple words would be endorsed on the petition, "Let justice be done." When that fiat was issued, an action, within certain limitations, could be brought. The first time this provision received statutory recognition in Canada was in the year 1876. The Petition of Right Act was brought in by Mr. Blake, who was then Minister of Justice, and it enabled a private citizen to bring an action against Her Majesty the Queen only on a fiat order, and on certain limited grounds. That was the means by which a man could make a claim against the crown. Of course you will understand that when I say "the crown", I mean the state, with the sovereign as head, having possession of lands or money upon which a private citizen has a right or a claim by reason of a breach of contract. So, by virtue of this statute, a private citizen was entitled to petition the crown to be allowed to bring an action to assert his rights to lands or to enforce his rights under a contract. He could bring an action under those circumstances after the issue of a fiat, but he had no right of action in tort. I take it that all honourable senators know what I mean by an action in tort.

Hon. Mr. Beaubien: I don't.

Hon. Mr. Farris: It is an action for damages.

Hon. Mr. Beaubien: Thank you.

Hon. Mr. Farris: And it may be based on many grounds. In 1887—I think Sir John Thompson was then Minister of Justice—the Exchequer Court Act was amended to extend the jurisdiction of that court to actions in tort against the crown, subject to two conditions. First, the issuance of a fiat; that is, the recommendation of the Minister of Justice to the sovereign that a fiat be issued, and when leave was given the petition was endorsed "Let justice be done." The second condition, a very broad one, limited an action in tort to one based on negligence. I should explain that there are other torts than mere acts of negligence. Honourable senators are familiar with the ordinary case of negligence, such as that resulting from an automobile accident. For instance, if I drive my automobile carelessly and without regard to traffic regulations, and hurt somebody, that person has a right to sue me in tort for damages, based on negligence, which is a violation of the ordinary obligation to take care.

That was the law of 1887, and it continued in force without variation until 1950. Honourable senators will appreciate the change in conditions which occurred during those years. In 1887 the crown had a very restricted field of activity; but later, and especially after the First Great War, the activities of the crown became so extensive that the limitations I have mentioned resulted in an intolerable injustice to the citizen. Therefore, in 1950 an act was passed by which crown corporations became subject in the same manner as private persons to actions in provincial courts for damages. In view of the extent of these creatures known as crown corporations, it was only a matter of common sense and decency that the Statute Law Amendment Act of 1950 should be passed.

In 1951 the Petition of Right Act was amended to do away with fiats; in other words, a writ could be issued against the crown in the same way as it is issued against an individual every day in the courts throughout our land. Action, however, had to be taken in the Exchequer Court of Canada, because that court had exclusive jurisdiction to decide claims against the crown.

While the law as it then stood did away with the necessity for securing a fiat, it did not get rid of the restrictions imposed by the Act of 1887, namely that the only kind of damages that could be claimed was with respect to property, or as a result of breach of contract, or for torts arising from negligence. The right of action in tort was still limited to negligence. For instance, if the crown was guilty of causing a nuisance which resulted in injury to the life or health of a citizen, he had no right of action against the crown, regardless of whether he secured a fiat.

The bill now before us—and I refer particularly to section 3 of Part I—eliminates negligence as the sole ground of action in tort. The result, upon the passage of this measure, will be that any action in tort can be brought against the crown as the representative of the state, without securing a fiat.

In order to illustrate the extent to which an action in tort can be taken under this legislation I should like to refer to what the honourable Minister of Justice had to say when the bill was before the other house on second reading. First, I would again remind honourable senators that heretofore an action could be brought for negligence, but for no other form of tort. The minister said that upon the passage of this measure actions can be brought against the crown based on:

(a) negligence; (b) nuisance; (c) trespass; (d) assault—

Her Majesty would of course not be guilty of assault, but an agent of the crown, believing he was performing his proper duty, might commit assault. Other types of actions coming within the classification of torts, as pointed out by the minister, are:

(e) false imprisonment and false arrest; (f) malicious prosecution; (g) libel and slander; (h) deceit; (i) interference with contract rights; (j) trover and conversion; (k) slander of title (l) infringement of patent.

I have no doubt that the Honourable Mr. Garson did not exhaust all possible claims for which action in tort may exist. But whatever they are, upon the passage of this bill any right of action that a private citizen has against another citizen he will have against the crown.

Hon. Mr. Euler: May I ask my honourable friend a question? Reference has been made to an action for false imprisonment. If a man were accused of murder, committed to jail, tried and found not guilty, would he have a right of action against the crown?

Hon. Mr. Farris: He would have the same right of action against the crown as he would have against a private citizen. But it must be remembered that a right of action for false imprisonment does not exist merely because a man has been charged with murder and found not guilty. In order to prove malicious prosecution an action must be founded on something more than a verdict of not guilty. If, for instance, on proper grounds, I suspected my honourable friend to be guilty of some offence—

Hon. Mr. Beaubien: And he is.

Hon. Mr. Farris: —not neccessarily murder—

Hon. Mr. Euler: Make it something a little less serious!

Hon. Mr. Farris: —and I had an honest belief that he was guilty, and I laid a charge against him, but not through spite, the fact that he was acquitted would not give him any right of action against me. In such a case I would have done only what it was my duty to do. But if deliberately, maliciously, out of spite, I tried to get even with my honourable friend by laying a charge against him, and he was prosecuted and acquitted, he would have, under proper circumstances, a right of action against me for malicious prosecution.

Hon. Mr. Euler: Was that not always the law?

Hon. Mr. Farris: Not as against the crown. All I am saying now is that the rights and remedies heretofore available to one citizen against another citizen are now extended to apply against the state, so that if an official acting purportedly on behalf of the state does one of these wrongful acts, the state can be sued as though it were a private citizen.

There are other provisions; but that is the sum and substance of this legislation.

I do not know whether honourable senators want to send this bill to committee. My own opinion is that it should go there. In the debate on the bill in the other house there was considerable discussion about certain matters. For example, it is provided, subject to one exception, that all actions against the state shall be brought in the Exchequer Court. The exception is that if a claim for damages is for less than $1,000 it can be brought in a county or district court of a province. The reason is obvious. There would be no sense in putting a litigant to the expense and trouble of prosecuting a claim for so small an amount in the Exchequer Court, with its headquarters here in Ottawa.

Hon. Mr. Euler: It would cost more than a thousand dollars to hire lawyers to come here.

Hon. Mr. Farris: That is right. The question was raised in the other place, why not

allow all these actions to be brought in our ordinary courts? The answer was—and I think it is reasonable—that the practice has been to bring almost all actions against the crown in the Exchequer Court. The court was really set up for this purpose, and as long as it exists its natural jurisdiction, with minor exceptions, is over claims of this kind. Sometimes I wonder whether it would not be better to make all actions triable in our ordinary courts and dispense with the necessity of a special tribunal to deal with crown matters; but that is not relevant to the present discussion.

Another question which came up in the other place was whether the crown should be compelled to give compensation for wrongful conviction and imprisonment: for example, a man has been wrongfully convicted and after he has served a term of five years in a penitentiary it is discovered that he was not guilty. But in my opinion the application of a new principle may be hampered or obscured if at the start it is made to cover too much. All of us have known that when advanced legislation is brought in there are people who say, "This does not go far enough; we ought to do this, or that". I do not say that this was the reasoning followed in another place, but that sort of thing happens sometimes. In any event, I doubt very much whether, under such circumstances, it is the federal crown that is affected. The prosecution of crime is vested in the attorney general of the provinces: the juries are selected in the provinces: and, although the judges are appointed by the crown, they may be said to be functioning as heads of provincial courts. But whether that be so or not, I am sure that this house will endorse the sentiment in the other house that this is not the time or place to consider that question. Let us get this new principle thoroughly established; let us have it recognized once and for all that in these modern times, when the crown, through the state, controls great activities with a wide extent of operations, the citizen's rights as against the state are no less than his rights against his neighbour. As time goes on, if other incidental matters arise, amendments can be made.

Hon. Mr. Reid: If this bill should become law will it affect the crown jurisdiction of the provincial governments?

Hon. Mr. Farris: No. As a matter of fact, at least four provinces have done away with the fiat. Whether their legislation on these lines is as extensive as that contained in this bill, I doubt. But that is not our affair. We have no jurisdiction to impose or exempt liability in regard to provincial matters.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: There is no urgency about this legislation. I have so advised the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I am willing to have it sent to committee, or held over for further discussion, or given third reading at this time. I should like to have the opinion of the house.

Hon. Mr. Aseltine: I spoke at some length on this matter in 1951, when the fiat provision was repeated. At that time I raised quite a number of points, and I am pleased to see that the bill rectifies several matters which at that time I thought should be changed. But I am not ready to speak to the bill at this time, and I do not think it should be rushed through. I am very much in favour of sending it to committee. There will be plenty of time to dispose of it after we resume on April 14.

Hon. Mr. Robertson: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Marguerite Irene Bastien Taschereau.

An Act for the relief of William Gordon Quinn.

An Act for the relief of Joseph Brennan.

An Act for the relief of Henry Collingwood.

An Act for the relief of Douglas Malcolm Stephen.

An Act for the relief of Mary Lane Taylor.

An Act for the relief of Stanley Gordon Fowler.

An Act for the relief of Ethel Florence Flack Towne.

An Act for the relief of Mary Katherine Randell Clarke.

An Act for the relief of Ralph Wellington Goodyear.

An Act for the relief of Donalda Gagnon Fontaine.

An Act for the relief of Marie Sylvaine Alain Dahlstrom.

An Act for the relief of Ruth Schwartz Cohen.

An Act for the relief of Annie Mislovitch Cohen.

An Act for the relief of Minnie Miki Simon Werkzeig, otherwise known as Minnie Miki Simon Werk.

An Act for the relief of Antonio Proietti.

An Act for the relief of Ida Hier Blant.

An Act for the relief of Hilda Irene Roddis Galbraith.

An Act for the relief of Ivy Helen Jean Morton Starke.

An Act for the relief of Barney Flegal.

An Act for the relief of Marie Renee Emond Walker.

An Act for the relief of Edwin George Chafe.

An Act for the relief of Phyllis Violet Perlson Wright.

An Act for the relief of Margaret Eadie Kerr Britton.

An Act for the relief of George Robert Stirling Henry.

An Act for the relief of Margaret Elizabeth Thelma Webb Crothers.

An Act for the relief of Pauline Lilian Baron Brumby.

An Act for the relief of Madeleine Blain Cousineau.

An Act for the relief of Angelina Maria Di Battista Gill.

An Act for the relief of Charles Snoade Hilder.

An Act for the relief of Rolph Julian La France.

An Act for the relief of Jack Gold.

An Act for the relief of Hazel Margaret MacRury Jordan.

An Act for the relief of Anne Agnes Costigan Entwistle.

An Act for the relief of Rachel Sturman Spirer.

An Act for the relief of Agnes Kathleen Small Finlayson.

An Act for the relief of Pearl Irene Balogh Katona.

An Act for the relief of Zoe Audrey Birch Butler.

An Act for the relief of Bessie Mewhirter Mitchell Cameron.

An Act for the relief of Elsie Smith Gray.

An Act for the relief of Rita Lowsky Blatt.

An Act for the relief of Anna Shulemson Heymann.

An Act for the relief of Cecile Lea Sauve Rheaume.

An Act for the relief of George Frederick Shaw.

An Act for the relief of John Arthur Dorsay.

An Act for the relief of Dorothy Green Wainer.

An Act for the relief of Mildred Isabel Lunan Aspell.

An Act for the relief of Minnie Martz Kurtzman.

An Act for the relief of Elizabeth Smaga Melnitzky.

An Act for the relief of Alexander Hillcoat.

An Act for the relief of Georgina Gibbons Bastien.

An Act for the relief of Alice Martha Sharkey MacInnes.

An Act for the relief of Gittel Gershonowitch Hammer.

An Act for the relief of Frances Louise Devenish.

An Act for the relief of Marguerite Evelyn Lucy Watts Paterson.

An Act for the relief of Joseph Edouard Charles Pichette.

An Act for the relief of Cecilia Rachel Baird.

An Act for the relief of Verna Kirstine Dam Credico.

An Act for the relief of Diane Parent Lablanc.

An Act for the relief of Blima Blossom Wendy Weitzman Thompson.

An Act for the relief of Joseph Edgar Roger Roland Bisaillon.

An Act for the relief of Catherine Lois MacLeod McPhee.

An Act for the relief of Dessie Fowler Taylor.

An Act for the relief of Florence Trudy Nugent Barnett.

An Act for the relief of Gordon Dampierre Ross.

An Act for the relief of Mary Rose Anne Rihel Kowalski.

An Act for the relief of Walter Critch.

An Act for the relief of Edwin George Godden.

An Act for the relief of Lottie Mendelman Brand.

An Act for the relief of Jacob Titsch.

An Act for the relief of Andrew Percy Bell.

An Act for the relief of Eileen Doris Martin Martin.

An Act for the relief of Annie Moulard Cumming Wright.

An Act for the relief of William James Dunn.

An Act for the relief of Jean Marion Oickle Joudrey.

An Act for relief of Alena Estella Welch Ball.

An Act for the relief of Elizabeth Rogers Guerin.

An Act for the relief of Richard Alfred Sutton.

An Act for the relief of Doris Edgar Choquette.

An Act for the relief of Jessie Hazel Kerr Coolon.

An Act for the relief of Laurence Christopher Bell.

An Act for the relief of Valorie Leslie Hylda Carson Wallis.

An Act for the relief of Jessie Allan Purdie McCulloch.

An Act for the relief of Alice Mary Barakett Zion.

An Act for the relief of Marcel Clark.

An Act for the relief of Sender Mines.

An Act for the relief of Robert Joseph Albert Pratte.

An Act for the relief of Leonard James Chadwick.

An Act for the relief Merle Minnie Esther Hoffman Nevard.

An Act for the relief of Doris Ethel Taylor.

An Act for the relief of Gordon Earl Page.

An Act for the relief of Yaroslava Glucka Levandosky.

An Act for the relief of Adelard Gilbert.

An Act for the relief of Celia Tarnofsky Edgar.

An Act for the relief of William Flookes.

An Act for the relief of Kathleen Ada Styles Labonte.

An Act to incorporate the Mercantile Bank of Canada.

An Act to amend the Canadian Vessel Construction Assistance Act.

An Act respecting the Saint John Bridge and Railway Extension Company.

An Act to amend the Canadian Overseas Telecommunication Act.

An Act to incorporate the Apostolic Trustees of the Friars Minor or Franciscans of Western Canada.

An Act to incorporate the Evangelical Lutheran Synod of Western Canada.

An Act respecting the Detroit and Windsor Subway Company.

An Act to incorporate Canadian Reinsurance Company.

An Act respecting the Apostolic Trustees of the Friars Minor or Franciscans.

An Act to incorporate the Callow Veterans' and Invalids' Welfare League.

An Act respecting a certain patent and patent application of Florence F. Loudon.

An Act to amend the Merchant Seamen Compensation Act.

An Act to protect the coastal fisheries.

An Act to amend the Statistics Act.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1953.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 1, 1953

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King, P.C.) in the Chair.

Prayers and routine proceedings.

INTERNATIONAL SITUATION

STATEMENT ORDERED TO BE PRINTED IN SENATE RECORDS

Hon. Mr. Lambert moved:

That a statement read to the Standing Committee on External Relations this day by Mr. L. D. Wilgress, Under Secretary of State for External Affairs, reviewing the international situation, be printed as an appendix to the *Minutes of the Proceedings and Debates of the Senate.*

He said: Honourable senators, I present this resolution on the unanimous recommendation of the External Relations Committee, with its warm appreciation of the review which was so ably presented to it by Mr. Wilgress.

Hon. Mr. Vien: Do I understand that this statement by Mr. Wilgress will appear in the Senate *Hansard* of today?

Hon. Mr. Lambert: Yes.

The motion was agreed to.

See Appendix "A" to today's report.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill Y-10, an Act for the relief of Joyce Elizabeth Purves Jones.

Bill Z-10, an Act for the relief of Marjorie Euretta Adams Mattinson.

Bill A-11, an Act for the relief of Myrtle Norma Epps Stewart.

Bill B-11, an Act for the relief of Joseph Alexandre Hyppolit McLish.

The motion was agreed to, and the bills were read the third time, and passed, on division.

LEFEBVRE DIVORCE PETITION

REPORT OF COMMITTEE—CONSIDERATION POSTPONED

The Senate proceeded to consideration of report No. 232 of the Standing Committee on Divorce, *re* the petition of Domina Emerius Lefebvre.

Hon. Mr. Aseltine moved that the report be concurred in.

Hon. Mr. Vaillancourt: Honourable senators, I notice that the committee's 232nd report contains this statement:

The committee recommend the passage of an Act to dissolve the marriage, Senator George Henry Ross dissenting.

I wonder if the honourable senator from Calgary (Hon. Mr. Ross) would be good enough to state why he dissented.

Hon. Mr. Ross: Honourable senators, this places me in a rather awkward position. I was Acting Chairman of the committee that heard this petition. The two other members of the committee were of the opinion that a divorce should be granted. I did not think it was a proper case for divorce, and for that reason I dissented. As I am still of that opinion, I cannot concur in the report of the committee.

In order to give my reasons for dissenting it will be necessary for me to review the evidence in the case; and as the matter is still fresh in my memory I think I can do that briefly. If I should err in my statement of any of the facts I hope the other members of the committee will correct me as I go along.

The first witness called was the petitioner, who said that he had married the respondent in 1915, that they had lived together for fourteen years, and then separated. After they separated the petitioner began living with a seventeen-year-old girl, and they lived together as man and wife for three years. Later he began living with a sixteen-year-old girl, and they lived together as man and wife for nine years, or until 1945. In that year he petitioned parliament for a divorce, but his application was refused. The petitioner further said he continued to live with this young girl for a period of three months, but that they did not cohabit during that period.

Two detectives testified that while on their way home from some other business at ten minutes to four one morning they saw a light in the upstairs of the house where the respondent lived. They parked their car and went to the house. One of them said he climbed up on the balcony and, looking in the window, saw the respondent and a man undressing. The other detective testified that he then got up on the balcony and that he also saw a man in there in the nude and a woman undressing. One of the detectives said that he later went to the respondent's house and got into a controversy with her, and that she ordered him out. That is perhaps as far as I need to go with that phase of the case, because, if the evidence of the detectives is to be believed, adultery is proved.

In her defence the respondent testified on her own behalf and denied that there was any light in the room at ten minutes to four in the morning or that there was a man in the room with her. In effect, she denied any allegations that would tend to prove adultery on her part. Her evidence was that to help her to pay her rent and household expenses she had two roomers, one of whom had resided at her home seven, the other five, years. The one who had been there for five years is the person with whom she was supposed to have been when the detectives—if they are to be believed—looked through the window and saw her. It was a little later that the woman ordered one of the detectives out of the house.

I am asked why I dissented. The reason is that I believed the story of the woman. Except for the evidence of the two detectives and of her husband, the evidence disclosed no reflection on her character. She gave her testimony in a direct and straightforward way; and it was my conclusion and still is that she is a good woman.

Both roomers stated that they were awakened by the ringing of the door-bell. The roomer who had lodged at her place for five years denied absolutely that he had been in her room and stated that he did not know anything about the light referred to. He too gave his evidence in a frank and straightforward way, and I believed him.

One of the detectives who had been at the house at about 4.10 returned there later and rang the door-bell. The woman of the house went to the door and there was some controversial discussion between them, after which the woman ordered him out. One of the roomers who had been awakened by the ringing of the door-bell stated that he heard a conversation going on but did not catch what was being said, except that he heard the woman order the detective out. He further stated that the detective did not leave, upon which the woman again told him to go, using some expression as "Get the hell out of here".

The other roomer also testified that the woman's record was a very fine one. His evidence impressed me as honest and reliable.

In short, as I believed the statements of the respondent and her witnesses, I could not support the recommendation that a divorce be granted.

Looking at the probabilities I could not credit the evidence of the detectives. It seemed unreasonable to me that the respondent and that man would be undressing together in her room at ten minutes to four in the morning, with light turned on. These people had been living in the same house for five years, and if they had wanted to get together they would not have had to do what has been alleged. That view cast strong doubt in my mind on the evidence of the detectives.

Another point is that in the courts, at least in my province, a person suing for a divorce has to come with a comparatively clean record. A man who has ruined the lives of two young girls has not a clean record. Apart from all other matters, I personally would have refused the granting of the divorce on that ground alone; but in reaching my own decision I relied solely on the evidence.

A few days after the case was heard, and after the committee had decided to recommend the petition, but before the committee's report had been presented to the Senate, a certain Montreal lawyer telephoned me that he had been consulted by the respondent, who wished to have further evidence adduced. He assured me this evidence would be of a material nature and that, in his opinion, it would influence the members of the committee. Under these circumstances, when the committee's report was brought into the Senate I moved that it be referred back to the committee for further consideration. I did not think it was my place to decide whether further evidence should be heard. My motion was agreed to, and the committee fixed a date for the hearing of counsel on the question of whether the case should be reopened.

Counsel for both the petitioner and respondent appeared, and counsel for the respondent gave four main reasons why the case should be reopened. First, he said that the detectives, if standing on the balcony, could not look into the upstairs window and see what was going on. Secondly, he said that if a detective could get up and look into the upstairs window he could not see into the particular room where the alleged act was supposed to have taken place. Thirdly, counsel for the respondent wanted to call the younger of the two girls with whom the petitioner had gone to live. He said that he would adduce evidence from her that the petitioner had had sexual relations with her in 1951. Finally, he said that the petitioner's counsel had taken up the matter with the respondent and wanted her to bring an action for divorce against her husband. Evidently the husband was prepared to make a settlement and pay her alimony if she would bring a divorce action against him.

The petitioner's lawyer produced a photograph in which someone appeared to be standing on the verandah of a house, looking into a window, but there was no evidence

before us that this was the house or window in question. The lawyer argued that it was possible to see into the room, so probably there would have been a conflict of testimony on that point. He contended that the reasons advanced for reopening the case were frivolous and that the purpose in presenting them was to delay disposition of the case. He said that there was no necessity for hearing further evidence, and that was the feeling of the committee.

Honourable members, I believe I have stated enough to explain why I feel that, this divorce petition should not be granted.

Hon. W. H. Golding: Honourable senators, I certainly regret that it has been found necessary to discuss in this chamber the details of a divorce case. It is most unusual.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Golding: In the other house discussions on divorce have always been confined to a general question of whether parliament should be asked to grant divorces. I never heard the evidence of a divorce case reviewed on the floor of that chamber.

Hon. Mr. Reid: Nor did I.

Hon. Mr. Golding: Unfortunately the Acting Chairman of the Divorce Committee (Hon. Mr. Ross) has found it necessary to discuss the evidence of a certain case. As one who recommended that this petition be granted, I feel I should justify my stand. Many couples seem to find it impossible to get along together, and so it was with these people. They were married in 1915 and apparently their troubles started just three years later. They separated in 1929 and have lived apart ever since. In 1945 the petitioner came to parliament seeking a divorce, but at that time he did not produce sufficient evidence. He based his allegations on incidents that took place back in the year 1918, when his brother was living with him.

In the present case reference was made to the situation in 1945, when he came here to seek a divorce. I looked up all the evidence. He stated in evidence at that time that his application was made because of adultery having been committed by his wife. Well, I found that the adultery alleged at that time was between his brother and his wife, and on another occasion as well. The whole situation was an unhappy one, dating from the year 1918. From my observation, I do not think that any of those people were in too high a grade—if you want to grade human beings—but we had to find on the evidence which was given. Two detectives gave evidence, and there was a conflict of testimony, as there usually is.

After we had given our decision, I was approached, and it was pointed out to me very emphatically that it was impossible for the detectives to have looked in the window as they said they did. The senator from Calgary (Hon. Mr. Ross) referred to an upstairs window. But the window in question was on the ground floor. There were steps up to the front door, and there was a railing around a platform. The detectives claimed that they stepped over that railing and looked into this window. As I say, I was told that it was impossible for them to do that. But when this matter was referred to the committee, photographs were produced of the same two detectives looking in the window. I hope no one will insinuate it was not the same house, for there can be no question in the world that it was.

Hon. Mr. Reid: May I ask if these photographs were disputed at the second hearing?

Hon. Mr. Golding: No, they were not disputed at all.

Hon. Mr. Reid: That is significant.

Hon. Mr. Golding: But statements were made about the case which were not according to fact. I was told that the man in the room was a young man. That is not true. The woman was 55, and the man was 54.

When the case was referred back to the committee for further consideration, a lawyer told us again that the detectives could not have looked in that window.

Hon. Mr. Vien: Would the honourable senator allow me to ask a question? Was the case referred back to the committee this session?

Hon. Mr. Golding: Yes.

The lawyer stated that they could not look in the window. After he was handed the photographs showing them there looking in the window, he said, "Well, they couldn't see anything even if they did look in." But the fact is, there was an arch with a curtain, and then the bedroom, and the detectives allege that the curtain was not drawn at that time. At the hearing the other day a photograph was produced showing the curtain drawn.

It was stated that a woman was going to come and give evidence of having been with the petitioner in 1951. But the petitioner and a man who has been living with him since 1946—that is, for six years—both swore there was no woman living there at all, and that they were doing their own housekeeping and chores. That is the sworn evidence.

When the committee is sitting, anyone who has evidence to give in a case should take

advantage of his or her right to appear before the committee in the witness box and make statements under oath. That is the only fair way, because then the committee will have the evidence before it, and will try to decide the case on that evidence.

I regret having had to say even as much as I have said, because I think that the details of divorce cases should not be discussed here at all. In this particular case we gave our judgment on the evidence that we had at the time, and when the case was returned and reviewed we were still of the same opinion as before. That is as far as our duty and responsibility go.

Hon. Mr. Vien: Honourable senators, I move in amendment that the report be not considered now but that consideration thereof be postponed until the 15th of April.

It is not customary for honourable senators to consider evidence taken at sittings of the Divorce Committee. The chairman and another member of the committee that heard this case have given an oral report to the house this afternoon. What has been said here will appear in *Hansard*, and I think that this, when read in conjunction with the evidence—though divorce evidence is generally not read by honourable senators, except those who are members of the committee—will be of considerable assistance to us when the matter comes before us for further consideration.

Hon. W. M. Aseltine: Honourable senators, I regret as much as anyone the difficulty that has arisen in connection with this divorce report.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Aseltine: As I may not be in the chamber on April 15 next, I should like to speak to the matter at this time.

I was unable to attend the hearing of this petition. The committee that dealt with it was presided over by the honourable senator from Calgary (Hon. Mr. Ross), as Acting Chairman, and the other members were the honourable senators from Huron-Perth (Hon. Mr. Golding) and Prince Albert (Hon. Mr. Stevenson). These honourable gentlemen have all had considerable experience in matters of this kind. Upon my return to Ottawa I read the transcript of the evidence carefully and came to the same conclusion as did the two members who made the majority report.

In my opinion the decision in this case was largely a matter within the discretion of the committee. The majority took into consideration the fact that the parties had been separated since 1919, and that the general conduct of both had been censurable. The majority apparently felt, therefore, that these people should not continue to be tied together by the matrimonial bonds.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Aseltine: And for that reason they recommended that the petition be granted.

Hon. Mr. Dupuis: Does my honourable friend suggest that a divorce should be granted on compassionate grounds?

Hon. Mr. Aseltine: No, no.

Hon. Mr. Dupuis: Then what does he mean?

Hon. Mr. Aseltine: I agree with the decision of the majority of the committee, that there was ample evidence on which to grant a divorce. I point out, however, that as I did not see the witnesses or hear their evidence, I am not in as good a position as they are to pass on the facts. Rather, I am somewhat in the position of a court of appeal which only reads the evidence taken at the hearing, listens to argument and comes to a decision.

Hon. Mr. Reid: Honourable senators, before a vote is taken I should like to say a word or two.

Although I have been in one or other of the two houses of parliament since 1930, this is the first time I have heard the facts of a divorce case discussed in either house. Some honourable senators may not agree with what I have to say. Nevertheless I draw attention to the fact that some members of this house for reasons of their own—and I recognize those reasons—refuse to become members of the divorce committee, though they may sometimes choose to sit in and listen to a particular case. Where are their scruples? While this case is being discussed in the chamber today, those honourable senators are sitting, as it were, in judgment on it. From what I have heard of it, I must confess that I am in no position to pass judgment one way or the other.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Reid: And I do not think that any senator who is not a member of that committee could come to an honest opinion on the case. However, I see no justification for the stand taken by the Acting Chairman of the committee. All of us have at times had to bow to the wishes of a majority vote. As a matter of fact, I have seldom been in the majority on any question.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Reid: But I always bow to the wishes of the majority, though not always kindly. In this case the majority recommended that the petition be granted, and

after the case has been reconsidered by them they still so recommend.

I asked one of the members of that committee whether the photographs which were displayed were disputed, and he said that they were not.

Hon. Mr. Ross: We were not receiving evidence at that time; we were merely hearing representations by counsel.

Hon. Mr. Reid: I realize that, but the photographs were displayed, whether they were accepted or not.

I come back to my original point, that not one of us, apart from the members of the committee who heard the case, is in a position to pass judgment on it. If the discussion in this chamber is a criterion of what may arise in future cases, it augurs ill for the carrying on of the work of the Divorce Committee.

Hon. Arthur W. Roebuck: Honourable senators, I think something should be said in defence of the position taken by the Acting Chairman of the Standing Committee on Divorce (Hon. Mr. Ross), particularly in view of the remarks of the member from New Westminster (Hon. Mr. Reid).

An honourable senator may function in two capacities in connection with a matter of this nature: first, he may serve as a member of the committee; and second, he may participate in the debates in this chamber. Because an honourable senator sits as a member of a committee, his hands are not tied when a report from that committee is before the house. If that were not so, a senator might hesitate to take his place on a committee. The Acting Chairman of the Divorce Committee is, in my opinion, entirely justified in the position he now takes. He disagreed with the majority opinion of the committee, and he still disagrees, and he now gives his reasons for doing so. The result is that the decision of the committee has been passed to this general assembly, and each one of us bears his responsibility in regard to it.

The discussion here today is the first mention I have heard of this case. I am therefore not in a position to pass judgment on it, and I support fully the amendment that consideration of the report should stand until after the Easter recess.

I have just now been handed a copy of the evidence, which I have had no opportunity to read. I should like to review the record carefully, so that after the recess I may be in a position, in the light of all the facts accumulated, to give my best judgment on the matter.

Hon. Mr. Vaillancourt: Honourable senators, this case seems to have provoked considerable debate. I should just like to point out that when a court case which has been heard by three judges is decided, it is not unusual for the court to divide two to one.

I have read the report in this case, and my impression is that some of the witnesses swore falsely. In my opinion there seems to have been some kind of frame-up against the respondent. Therefore, I share the view held by the Acting Chairman (Hon. Mr. Ross).

As honourable senators know, I am wholly against divorce under any circumstances, and I do not like to hear these things aired in this honourable chamber.

Hon. Mr. Aseltine: We are not debating the general question of divorce.

Hon. W. D. Euler: Honourable senators, I happen to be a member of the Divorce Committee, but it usually divides into two sections and I was not on the section that heard this particular case. I am in favour of accepting the opinion of the majority of the committee. I do not see what else we can do unless we as a Senate are to review all the evidence; and I agree with those who regret that a debate of this kind should be held at all. I have a great deal of respect for the senator from Calgary (Hon. Mr. Ross), who functioned as Acting Chairman of the committee when this case was considered, and I have no less respect for the two other members. Under those circumstances what am I to do? The senator from Toronto-Trinity (Hon. Mr. Roebuck) has said that he would like to read over the evidence. When each of us has read that evidence are we to come back here and have a complete discussion of all the details?

Hon. Mr. Reid: I hope not.

Hon. Mr. Euler: So do I. The Chairman of the committee, the senator from Rosetown (Hon. Mr. Aseltine), who has read the evidence, is of the same opinion as the majority of that committee; and I have a good deal of confidence in his judgment. I am not imputing any blame to the Acting Chairman because he believes that the respondent told the truth and that those who testified against her did not tell the truth; but the other two members seemed to believe those who were called to support the petition. On the basis of the evidence itself, then, I as a member of this chamber am quite willing to accept the opinion of the majority. In this country the majority is supposed to rule.

I will go a little further, because there is another consideration which to my mind is important. It is quite evident that under

no circumstances will these parties ever consent to live together again. Then why keep them legally joined? I see no purpose in doing so if they will not live together. My personal opinion—though this may not be the place to express it—is that the grounds of divorce should be made a little broader than they are, although not so broad as in the United States, where practically anybody can get a divorce. There are other causes than adultery, however, which I believe are sufficient to justify a divorce decree.

In any event, what purpose is served by the maintenance of this marriage? As far as I am concerned, I am ready to settle the question here, today.

Hon. Mr. Farris: Honourable senators, I know nothing about the case in question, and I had not intended to speak on this matter, but I am rather disturbed by the remarks of the honourable senator who has just spoken. After all, we are required to vote upon a bill. The Senate appointed a committee to make a recommendation; but to say that the majority in a committee composed of three members should determine our judgment when their decision is being questioned, is wrong in principle. I concede that it is highly undesirable to have somewhat unsavoury cases discussed in this house, but I think it is far more undesirable.

Hon. Mr. Roebuck: We can do it in camera if we wish.

Hon. Mr. Farris: —to require us to vote blindly on an issue on which a committee is divided.

On more than one occasion, when discussing the role of the Senate as a divorce tribunal, I have sought to justify it on the ground that in my opinion it is the most effective court in Canada, because the committee itself is competent, and if any question should arise there is a competent court of appeal, which in substance is this Senate. But to require any court of appeal blindly to vote assent upon the recommendation of two persons as against one is, I think, entirely contrary to sound practice.

Hon. Mr. Euler: I do not know of any better principle than to accept the finding of the majority. I have to do that.

Hon. Mr. Farris: Oh, no, that is not so. We lawyers are frequently confronted with cases in which a trial judge, or it may be a jury, comes to a certain decision, and the matter then goes to the court of appeal. The members of that court read the evidence, and in studying it they give a great deal of weight to the findings of the trial judge or the jury, but in the last analysis they must exercise their own responsibility to decide whether the decision of the court below shall be sustained.

Hon. Mr. Euler: I am speaking of my own responsibility, and only my own.

Hon. Mr. Farris: I have no objection to my honourable friend voting upon any principle he chooses, but I do object to being told that the principle which must guide this Senate is that we should shun our duty on an issue that requires us to peruse evidence and come to our own decision based on that evidence.

Hon. Mr. Euler: I object to my honourable friend's insinuation. I made no such suggestion.

Hon. Mr. Farris: I leave that to the judgment of honourable senators. I certainly gathered from my honourable friend that he intended to accept the report of two of the committee as against one.

Hon. Mr. Euler: That is my right.

Hon. Mr. Farris: Well, I suppose it is his right.

Hon. Mr. Euler: I am not speaking for anybody else.

Hon. Mr. Farris: I say, I suppose it is his right; but as senators we have a higher duty. When a case is submitted to us for consideration we should review the evidence and come to a conclusion in the same manner as a court of appeal would do.

Hon. Mr. Roebuck: Exercising our own judgment.

Hon. Mr. Farris: I strongly support the amendment of the honourable senator from De Lorimier (Hon. Mr. Vien).

Hon. John T. Haig: In view of the remarks of the honourable member from Vancouver South (Hon. Mr. Farris), I think I should say a word or two. The subject is a very difficult one to deal with. All honourable senators know the Acting Chairman and his associates on the committee. With one of them I have sat on many divorce cases in the past eighteen years, and I have the highest regard for his judgment. But the difficulty which arises is this. We have a responsibility to the people of Canada which we must discharge. We refer divorce petitions to the committee of which my honourable friend from Rosetown (Hon. Mr. Aseltine) is the Chairman—and, irrespective of the fact that he is a friend of mine and that he sits next to me here, I will say that he is a very able chairman.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: But there is no question about it: our duty as senators is to read the evidence, to come to our own personal conclusions, and be prepared to vote. At the same time, in reading the evidence there are certain considerations to be kept in mind. Apart from those honourable senators who are members of the committee, none of us sees or hears any of the witnesses.

Hon. Mr. Euler: That makes the difference.

Hon. Mr. Haig: The committee, or a judge who sees witnesses, is in a much better position to decide whether the witnesses for the petitioner or those for the respondent are lying. Speaking from a long experience—for I suppose that in the eighteen years I was Chairman of the Divorce Committee I heard fifteen hundred cases—I never found any difficulty, after seeing the witnesses on the stand and hearing their testimony, in deciding who was telling the truth and who was not. I think that in this matter a lawyer is somewhat better equipped than a layman, not because he is personally more competent, but because of his experience in dealing day by day with this or that client. Sometimes when a person gives his story you intuitively say to yourself "That does not sound reasonable," and as a result of further questioning you come to the conclusion that he has no case at all. When you serve on the Divorce Committee you adopt an impartial attitude, but while listening to the evidence you are able to make up your mind as to who is telling the truth.

There is a difficulty in asking this house to vote on matters of divorce, for some honourable members do not believe in divorce at all. This is their perfect right, but it makes it difficult for them to vote.

Hon. Mr. Reid: The Senate is not able to act as an impartial body on these occasions.

Hon. Mr. Haig: That is true. Whether or not the honourable gentleman from Waterloo (Hon. Mr. Euler) admits it, the Senate is not an impartial court. If a person adheres to a certain policy he will certainly be influenced by it when voting on any question affecting the policy. This is true of any legislation in which you have a personal interest, for you are bound to be influenced no matter how fair or honest you want to be. I entirely agree with those who say we should read the evidence in this case before assuming the responsibility of making any decision, and I would warn those among us who do not believe in divorce to examine their consciences and base any decision they come to solely on the merits of the case.

Hon. Mr. Roebuck: If they feel they cannot give an impartial decision should they not absent themselves from the house when a vote is taken?

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: That is right.

Hon. Mr. Haig: I do not feel I have the right to go so far as to make that suggestion.

Honourable senators, I hate this whole divorce business, and I feel it is an imposition on the public life of Canada to saddle the federal parliament with this work. The sooner each province has its own divorce jurisdiction the better it will be for all of Canada. You do not have to listen to many divorce cases to see what a dirty business it is, but let us not forget that we all have a responsibility to discharge. I for one am ready to carry out that responsibility. A few years ago a distinguished member of the other house, a former judge, said that whenever he sat in judgment on a divorce case he utterly disregarded the fact that he was personally opposed to divorce, and I think honourable senators should adopt the same attitude here.

I am in favour of the amendment of the honourable senator from De Lorimier (Hon. Mr. Vien).

The amendment of Hon. Mr. Vien was agreed to, on division.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill D-11, an Act for the relief of Taschereau Pierre Charles Joseph Rodier.

Bill E-11, an Act for the relief of Berniece Gertrude Doran.

Bill F-11, an Act for the relief of Florence Mildred Fine Crelinsten.

Bill G-11, an Act for the relief of Gerard Richer.

Bill H-11, an Act for the relief of Thomas John Rivet.

Bill I-11, an Act for the relief of Dorina Perelroizen Wallerstein, otherwise known as Dorina Perlraizen Wallerstein.

Bill J-11, an Act for the relief of Gabriele Laure Josephine Girard Steinbach.

Bill K-11 an Act for the relief of Reine Cesarine Berthe Leborgne Deyglun.

The bills were read the first time.

SECOND READINGS

Hon. Mr. Aseltine: Honourable senators, with leave, I move that these bills be now read the second time.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. Aseltine: Honourable senators, with leave, I move that these bills be now read the third time.

The motion was agreed to, and the bills were read the third time, and passed, on division.

BUSINESS OF THE SENATE

On the Order:

Second reading of Bill 279, an Act to amend the Emergency Powers Act—Hon. Mr. Robertson.

Hon. Mr. Robertson: Honourable senators, at this time I should like to make a brief explanation as to our immediate program. One honourable member who wishes to speak to the Emergency Powers Bill is not ready to proceed today, and as there is no urgency about this legislation I am going to ask that it be placed on the Order Paper for second reading on Tuesday, April 14.

Hon. Mr. Roebuck: Could we not have the explanation of the bill today?

Hon. Mr. Robertson: I wanted to have today's Order Paper cleared of all business.

Hon. Mr. Roebuck: All right.

Hon. Mr. Robertson: Since yesterday afternoon I have ascertained that there is no urgency about the Post Office Bill, item No. 4 on the Order Paper, and so I am going to ask that it too be set down for second reading on Tuesday, April 14. But I move that the second item now standing on the Order Paper for Tuesday, April 14—for the second reading of Bill 143, an Act to amend the Farm Improvement Loans Act, 1944—be placed at the foot of today's Order Paper, for consideration later this day. While it is true that the Royal Assent will not be given to this legislation before we adjourn for Easter, it is necessary that commencing today certain arrangements be made with the banks. It would be advantageous, therefore, if the house could consider this measure before we adjourned this afternoon.

The motion was agreed to.

TOURIST TRAFFIC

REPORT OF COMMITTEE CONCURRED IN

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Buchanan for adoption of the report of the Standing Committee on Tourist Traffic recommending that the committee be authorized to print its proceedings.

Hon. W. A. Buchanan: Honourable senators, at the time I brought this report into the chamber I did not anticipate that there would be a discussion on tourist traffic. However, members of the Senate from different parts of the country have expressed opinions and offered criticisms, and I think what they have said, as a whole, will be helpful not only to the committee but to all who are interested in this important matter.

I presume I am closing the discussion, since I am Chairman of the committee and sponsored the report. I am speaking now, therefore, in anticipation that my remarks will close the debate.

First of all I wish to endorse the complaint that was paid yesterday by the honourable leader of the government (Hon. Mr. Robertson) to the senior senator from Halifax (Hon. Mr. Dennis). It was through his initiative that a special committee of the Senate was appointed, in 1934, to inquire into the possibilities of developing the tourist business. In that inquiry we—and as I was a member of the committee, I think I can say "we"—heard evidence from all classes of people interested in the promotion of the tourist business in Canada. It was a thorough inquiry, under the chairmanship of the senator from Halifax, and at the conclusion of its work the committee reported to the Senate and made a number of highly important recommendations, many of which have been adopted. In the previous year, 1933, the tourist business of Canada amounted to only $117 million, as against some $309 million in the boom year of 1929. I imagine that my friend from Halifax (Hon. Mr. Dennis) was convinced by those figures that an inquiry was necessary to ascertain why the tourist business was falling off in Canada, and whether something could not be done. I compliment him now on his achievement in improving that situation. His originality and his aggressiveness were chiefly responsible for bringing the committee into existence and for the report that followed.

There was, of course, a depression in 1933, whereas 1929 was a boom year. It is only natural that in a boom period the tourist traffic would be better than during a depression. In 1933 most people did not have money to spend on travel.

One suggestion that arose from that special committee was that Canada should aim at an annual tourist business of $500 million. The honourable member from Churchill (Hon. Mr. Crerar) mentioned that figure the other day in this debate. We have not reached that goal yet—we are only about half way there. Last year our total tourist traffic was estimated at some $270 million.

I am impressed by the information, which was not available when the committee met a week or so ago, that up until 1951 we always had a balance in our favour from the tourist business. Before that year we had never had a deficit. But in 1951 there was a deficit

of $6 million; and in 1952 there was a deficit of ten times that amount. This means that Canadians spent in 1952 on tourist travel outside of Canada $60 million more than tourists from the United States and elsewhere spent in Canada. I am quoting figures which were given to the press a few days ago by the Dominion Bureau of Statistics. What is the explanation of that remarkable change? Probably one explanation is the improved position of the Canadian dollar. Canadians now feel they can get more for their dollar in travel outside of Canada. We know that during the winter months thousands of our people take a vacation in Florida, California, Arizona and other southern states; and also there is a very considerable movement in the winter from western Canada to Hawaii, one of the territorial possessions of the United States. On the other hand, except in the months of June, July and August and September, Canada is seldom visited by tourists from abroad. In the winter season there is skiing in the Laurentians and at Banff and in other parts of western Canada, but I doubt if these resorts are patronized widely by people from outside of Canada. Ours is really a four-month tourist country, whereas parts of the United States attract tourists throughout the year.

The head of the Travel Bureau quoted to the Tourist Traffic Committee a statement from a committee of the United Nations. I have not the exact figure, but as I recall it he said that Canadians spent on tourist travel $5 more per capita than the people of the United States. That is remarkable; it shows that we are travel-minded in this country. Not only do our people travel in the United States of America, but they travel to Europe in large numbers. More and more of them have been going there every year. They also winter in the West Indies, perhaps almost as much as in the southern states. Nevertheless, we still have the tourist revenue goal of $500 million, and the question is, how are we going to reach it? Can we get that much business during the four summer months of tourist traffic, or shall we have to develop our winter trade to help reach the objective? These are matters which the Standing Committee on Tourist Traffic must consider.

When the Canadian Government Travel Bureau was created, at the instance of a special committee of the Senate, it was given the modest appropriation of $150,000 to be expended on the development of tourist trade in Canada, but now the bureau's publicity alone costs nearly $1 million. And on that item we are not wasting money: the publications in which the advertising is placed, and the publications issued by the bureau, are reaching a large number of people throughout the United States who say that it is splendid advertising. But it has not brought us $500 million worth of tourist trade.

In the light of the discussion which took place in our special committee of 1934, we should recall the setting up of the Standing Committee on Tourist Traffic and the creation of the Canadian Government Travel Bureau, which resulted from the committee's recommendations.

A travel bureau is not a unique organization today. I suppose that every state in the American union has such a bureau for the purposes of promoting tourist traffic; and every province in Canada has its own organization, each doing its utmost to attract visitors to that province. I am told that every country in Europe has a travel bureau, most of them under government auspices. So Canada is not distinctive in this regard. However, the Senate, which at times is not given much attention, is the only legislative body that I know of on this or any other continent that has a committee devoted to the study of the tourist business, to the hearing of evidence and the making of recommendations. Further, it is notable that a body which is sometimes called aged is dealing with this modern subject which requires the inspiration and vigour of youth. I think it is a compliment to the Senate that we have such a committee and that we continue to be interested in the promotion of tourist business.

Some Hon. Senators: Hear, hear.

Hon. Mr. Buchanan: When our Travel Bureau was established, a most aggressive man, Mr. Leo Dolan, who has become well known all over the continent, was appointed as its head, and I may say that he has never at any time let Canada down.

A further recommendation which came out of the special committee of 1934 was that Canada should have more national parks. It was pointed out at that time—and this was before Newfoundland came into Confederation—that none of the Atlantic coast provinces had a national park. We are now into 1953, and every maritime province, with the exception of Newfoundland, has a national park. They are all attracting tourists and will attract more as people become acquainted with the varied beauties of the parks. I look to the day when the new province of Newfoundland also will have its own national park. From what I have read and heard of that province I am sure it has scenic beauty as good as or better than is to be found elsewhere in Canada. When I hear someone talk about the fishing on the Humber River and the scenery of that area, I can envision the day when it will be set aside as a national park.

We are entitled to credit for the report of that special committee—I say this not as an

individual, but on behalf of the committee—which sat in 1934. As I said, many of its recommendations have been adopted. True, its recommendations in the matter of improved highways have not been entirely implemented. However, we are moving towards the acquisition of better highways, through the construction of the Trans-Canada highway. My feeling, honourable senators, is and will continue to be that if we are to reach the objective of $500 million from tourist business we must have better roads from coast to coast. It should be made unnecessary for tourists travelling east or west to go through the United States and there spend some of their money before reaching our western or eastern provinces.

I think that if today Canadians lack national understanding it is because they do not know their own country well enough. There are countless people in western and central Canada who have never visited the Maritime provinces; and no doubt it can be said that many people living in the eastern provinces have never visited central or western Canada.

A few years ago I made my first trip to Prince Edward Island, and while in Charlottetown I went to see the parliament buildings and the chamber so historically connected with the creation of this great confederation of Canada. I felt at that moment it was a real pity that more of our Canadians did not visit that historic chamber, and likewise the citadel in Quebec City. I love to roam around the province of Quebec, not only in its cities but throughout the countryside. But I wonder how many of our people have visited the memorial at St.-Lin, commemorating the birthplace of that great statesman, Sir Wilfrid Laurier. It is most interesting to view the humble home and surroundings in which he began his life. Our people should also go to see Kingston, the burial place of Sir John A. Macdonald. They should make of such places a shrine, and there pay their respects to our great men, just as the American people pay their respect at Mount Vernon to the memory of Washington, at Monticello to the memory of Jefferson, and at the many memorials which stand as a tribute to Lincoln. We must build up in Canada a strong Canadian spirit, and a loyalty to the memory of the men who have served us in the past. We can best do this by visiting the places where they lived and learning something about their beginnings. Most of them started in a humble way and rose to positions of prominence in Canadian life by rendering services which will be of lasting benefit. The greater the distance which divides us from the period in which they served, the more we value what they have done for us.

The honourable senator from Medicine Hat (Hon. Mr. Gershaw) made some reference to the Historic Sites and Monuments Board. There will be an opportunity for honourable senators later on to discuss this organization, as, I understand, a bill dealing with it will shortly be before us. Historic sites are spread all over the country. I like to think of those that are associated with individuals who by their statesmanship laid the foundations of Canada. I think also with admiration of those men who participated in the discovery of this country, who in the early days faced all the trials and hazards of exploration. We should have memorials of these men that are appropriate to their great achievements.

There is another aspect of this commemorative work which should be helpful in attracting tourists. I cite a local instance because, in thinking of these things, one inevitably reverts to the part of the world in which one lives. Not very far from the city in which I live is a mass of rock which resembles more than anything else the worst ruin that could be created by an atomic bomb. Possibly it is not the kind of site which the board could appropriately mark, but nevertheless it is, I imagine, potentially of great interest to tourists. Most people who pass through that locality would be unlikely to know its significance; but it marks the place where the top of a mountain fell on a mining village. My honourable friend from Kootenay East (Hon. Mr. King) is in a better position to give the particulars; but in a word, the avalanche wiped out the village of Frank, in the Crowsnest Pass, and all that can be seen today is a great mass of rock.

I recall having noticed many years ago a little cabin amongst some trees near the old Canadian Pacific Railway hotel at Banff. I inquired to whom it belonged, and was told that it had formerly been used by Sir John A. Macdonald, who had then been dead for some time. I do not know whether the cabin is still in existence, but if it is it should be preserved as a feature associated with Banff National Park,—itself, I think I am right in saying, the first of our national parks. The late Hayter Reed, who was well known in Western Canada, and for some time connected with the Canadian Pacific Railway at Banff, made it his business to see that this little cabin was set aside for the use of the man who was then Prime Minister of Canada. If it is still there it should be preserved.

I end on the theme which I have been trying to emphasize. We have been talking about how to attract tourists from outside Canada, in the hope that they will spend more money and enable us to attain that

$500 million objective; but I believe it would be well to concentrate a little more on ways and means of encouraging our own people to move from one end of the country to the other. This they cannot do unless there is a Trans-Canada highway. I do not think that a man in Alberta who wants to see Prince Edward Island or some other part of Eastern Canada should have to make a great part of his motor tour through the United States. At the present time he is apt to say "I will go down to Coutts, cross Montana, travel to, say, Port Huron, and cross the St. Clair river into Ontario". By this route he travels as much through the United States of America as he will travel in Canada. If a Canadian wants to tour in the United States, well and good, but if his purpose is to see as much as he can of his own country it is to be hoped that the time will soon arrive when he will be served by a direct all-Canadian route. All through northern Ontario, which the road must penetrate some time or other, will be found great riches of natural beauty in lakes and streams and forests, as well as abundant opportunities of fishing. Once a road has been constructed through that area there should not be much difficulty about completing the Trans-Canada highway. As I see the matter, a nation of intelligent Canadians well-informed about their country at large and understanding the problems of the various provinces, will not be possible unless our people are able to move around and become acquainted with all parts of Canada, their resources and their problems. One of the values I have derived from public life over the many years I have been coming to Ottawa is the opportunity of meeting people from the far east as well as the far west, because through that acquaintanceship I have come to know Canada better. Would not similar benefits accrue to any Canadian citizen who, with an adequate highway system, could move around by automobile from place to place in his own country?

There are also, of course, great attractions in parts of Canada which cannot be reached by automobile but which are now accessible by other means of transportation. There is Churchill, on the Hudson Bay, where, and only where, most people from the United States, or Canada itself, may get a glimpse of the Hudson Bay. There is the great Mackenzie river, flowing through a territory which in the not remote future may prove the richest area of Canada, and to which travellers may go by aeroplane or steamer.

I have tried to set forth some of the aims which the Tourist Traffic Committee may be able to achieve in the years to come—objectives which I think should be in the minds of all members of the committee and should be passed on to other members of the Senate.

The motion was agreed to.

FARM IMPROVEMENT LOANS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 143, an Act to amend the Farm Improvement Loans Act, 1944.

He said: Honourable senators, the Farm Improvement Loans Act was enacted in 1944. The purpose of this legislation was to fill a gap in the credit system which had been developed to meet the needs of agriculture. That gap related mainly to the provision of intermediate credit and certain types of short-term credit to farmers for the improvement and development of farms, and for the improvement of living conditions thereon.

The principle of the Act is that the government undertakes to reimburse the chartered banks for losses incurred on loans made under the Act up to a maximum amount of 10 per cent of the aggregate principal amount of loans made by each bank.

The original Act established a limit on the total amount of loans that may be made from time to time. The practice has been to set this over-all limit for three-year periods. The first period was the three years ended February 29, 1948, and the limit was set at $250 million. In that period loans were made aggregating $35 million.

The second three-year period ended February 28, 1951, and had a limit of $150 million. Of this amount $135 million was loaned.

In March, 1951, the Act was further extended for a period of three years ending February 28, 1954. The limit was set at $200 million and practically all that amount has now been loaned.

The bill now before us does four things. First, it shortens the present three-year period to a period of approximately two years, ending March 31, 1953. Secondly, it creates a new three-year period, ending March 31, 1956. Thirdly, it sets a limit of $300 million; and fourthly, it raises the maximum loan that may be granted from $3,000 to $4,000.

The success of the operation of the Act is reflected in the fact that out of $350 million loaned since the inception of the Act to the end of December 1952, total losses paid to banks amounted to only $38,383.93, in respect of eighty claims, and of this amount over $2,000 was later recovered from the borrowers.

Hon. Mr. Roebuck: That is the amount which has been written off as the loss, but that figure does not necessarily indicate the total losses.

Hon. Mr. Robertson: No. I am only taking the statement as of the end of the period. What is in store for the future is another matter.

The loans made under the act from its inception to December 31, 1952, have totalled 331,965, and at that date only 28,916 were in default. Demands have increased so sharply recently, however, that during the first twenty-two months of the current three-year period over $183 million has been loaned of the $200 million provided, and it is, therefore, necessary to extend both the amount and the time limit for the operation of the act.

Borrowings under the act have been more numerous in Western provinces than in central and eastern Canada. This is readily understood when it is realized that for the most part the financing was sought to purchase agricultural implements. Of approximately $337 million loaned up to September 30, 1952, over $306 million was used for buying farm machinery. As is well known, the cost of combines and tractors for western operations greatly exceeds the sums needed for the smaller acreages in the East.

However, during the same period over $16 million has been borrowed to repair farm buildings, and $8½ million for purchase of livestock.

I have in my hand a table showing the loans classified by provinces, and with the consent of the Senate I should like to have this printed as an appendix to today's *Hansard*.

Some Hon. Senators: Agreed.

See Appendix "B" to today's report.

Hon. Mr. Robertson: Honourable senators, it is desirable that this legislation be approved by the Senate at the earliest possible date. The lending authority under the present act is practically exhausted and it is felt that there should be no interruption in the granting of loans, especially at this time of the year. The Minister of Finance has advised me that he would like to be in a position to inform the Canadian Bankers' Association that the bill has been passed by both houses of parliament and only awaits Royal Assent. The association has intimated that on the strength of such information from the minister its member banks would continue making loans under government guarantee. I would ask honourable members to give this legislation their immediate consideration.

Hon. John T. Haig: Honourable senators, I was not at all impressed by this legislation when it was first introduced. I feel that we may have to face a much greater loss than $38,383.93. As honourable members know, these loans are made by our chartered banks. From time to time in my office in Winnipeg I have been called by officials of these banks who have said something to this effect: "Back in 1948 you made a loan to a Mr. Smith for the purchase of a half section of land. Will you check your records to see if this farmer has made his principal and interest payments whenever they have fallen due?" They also want to know the amount still owing on the land. Spring and fall are the two busiest seasons for making loans under this act, and bank officials are always checking up on prospective borrowers. If my memory serves me rightly they make sure that the farmers pay one-quarter in cash.

Hon. Mr. Beaubien: One-third.

Hon. Mr. Haig: All right, one-third. That is on the amount to be financed.

If money is to be lent at all for farm improvements, I do not know of a better way than how it is being lent now. The farmer borrowing from his local bank believes, quite naturally, that he owes the money to the bank itself. He knows that the bank is protected by government charter, and as long as he farms in the same locality he will do business with the local bank. I could name a town in Manitoba with only one bank. A man in that town said to me: "I am surprised at the punctuality with which payments on loans are made to the bank by borrowers." I said, "Well, you had better ask the manager about it." He went to the manager, who told him: "Some people have been doing business here for ten years. Once in a while they get pretty short of money and come to me. This is the only bank here, and they want to keep their credit good." Payments on bank loans in a farming community are more certain of regular collection than payments on loans made by a body other than a bank.

I will certainly vote for the bill. As my friend on my left (Hon. Mr. Aseltine) and my friend from Blaine Lake (Hon. Mr. Horner) would both tell me, farming in our three western provinces is done mostly by machinery, and the high expenditure on wages and improvements has been noticeably affected by reason of up-to-date machinery. I think every farmer in western Canada would agree that farming methods have

improved considerably. Whether or not the high cost of machinery will be justified if the price of grain goes down is a matter about which I shall express no opinion. But with grain at its present price, machinery is best financed the way it is now. If it were not financed by the present method, the farmer would have to pay a higher rate of interest to get his machinery—and a great many would be without machinery. The present method of financing affords the man whose credit standing is not too high an opportunity to buy up-to-date machinery, so that he can farm side by side with the man who does not need the same assistance.

I am in favour of the legislation. I hope we pass the bill, so that the credits to the farmers of Canada will be continued.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

EXCISE TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 225, an Act to amend the Excise Tax Act.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: This is one of the Budget bills, two of which have already been set down for second reading on April 14. I have made arrangements to have them all explained at the same time, and I therefore ask that this bill also be set down for second reading on that date.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, our order paper has now been cleared, and I know of no legislation that would be ready for presentation to this house tomorrow. Therefore, I move that when the Senate adjourns today it stand adjourned until Tuesday, April 14, at 8 o'clock.

The motion was agreed to.

The Senate adjourned until Tuesday, April 14, at 8 p.m.

APPENDIX "A"

Statement read to the Standing Committee on External Relations

WEDNESDAY, 1st April, 1953

by

Mr. L. D. Wilgress, Under Secretary of State of External Affairs

on the

INTERNATIONAL SITUATION

Introduction

I am grateful for the opportunity to appear before your committee and to outline some of the more significant problems in international relations which are of concern to Canada and the rest of the free world. Naturally a survey of this kind cannot hope to be comprehensive since in the complex and inter-locking world of today any event in one area may influence developments half way around the globe. What I shall try to do is to indicate a few of the topics which we in the Department of External Affairs regard as having particular interest and importance.

Soviet Changes

Throughout the free world the death of Stalin and the succession of Malenkov have stirred speculation. These events raise a very important question: What will be the foreign policies of the new Soviet regime? I do not need to emphasize the importance of the question. You are probably aware, too, of the wide variety of answers which have been suggested by many observers of Soviet affairs in the past two or three weeks.

Let me say at the outset that I do not know the answer. It may be useful, however, if I review the circumstances and suggest some lines of reasoning which appear to be sound.

In the very brief period between Stalin's death and the announcement of the new composition of the Soviet Government, two possible courses of future Soviet action were suggested in the West. One theory was that if the new régime proved to be weak and unsure of itself, it might seek to strengthen its position by rallying the country and the whole Soviet bloc against an external enemy. The other theory was that the new régime might be firmly established, but that it would nevertheless desire a period of relative calm, internationally, in order to consolidate its internal control.

If either of these theories was valid, it was the second one. For, as we now know, the question of succession in the Soviet Union was settled very quickly indeed, and with every evidence of smoothness and efficiency. Indications that the Soviet leaders might wish to remove some causes of tension with the West were forthcoming within a few days. The absence of the usual tone of belligerency in the funeral orations made by Messrs. Malenkov, Beria, and Molotov was one indication. Then on March 15, Mr. Malenkov said before the Supreme Soviet of the U.S.S.R. that there were no international problems which could not be resolved by peaceful means. Two more concrete bits of evidence were the offer of the Soviet Government to use its good offices with a view to obtaining the release of British civilians interned in North Korea, and the proposal made by General Chuikov in Berlin that a conference be held to consider ways of avoiding incidents along the air boundaries of Eastern Europe. There have also been the developments of the last few days which hold out the prospect for the conclusion of an armistice in Korea.

Taken together, these indications, and various others that have been noted in recent weeks, appear to reflect a change in tactics at least, though it should be noted that there

have also been incidents which do not seem to indicate a reduction in tension, and in any event, a change in tactics does not necessarily mean a change in policy. As Mr. Pearson said in the House of Commons on March 23, we have no concrete evidence that an actual change in Soviet policy has occurred. This being true, our own policy should clearly be one of caution.

Nevertheless, Western leaders have already indicated that while peaceful overtures from the Soviet Union may be welcomed cautiously, they will be welcomed all the same. At his press conference on March 19, President Eisenhower made it clear that the United States Government wished to make it as easy as possible for the new Soviet leaders to adopt different policies towards the Western nations. This seems to us to be important. This would not be an appropriate time to make Western demands on the Soviet bloc sound in any way like an ultimatum.

The Western nations have developed effective policies for meeting the threat of Soviet expansionism and for dealing with Soviet intransigeance. It would clearly be the height of folly to abandon these policies on the basis of a few tentative peace-feelers. So long, however, as we do not relax our vigilance, we have nothing to lose and everything to gain in any moves which may lead to a reduction in the tension which has existed in the world since the last war.

European Integration

Undoubtedly the most important step taken by the Western nations to meet the Soviet threat has been the creation of the North Atlantic Treaty Organization, to which I will refer a little later. But since this survey began in Eastern Europe it seems logical to move Westwards and before touching on NATO to consider for a few minutes a related question, namely the problems facing Western Europe in its search for greater political, economic and military integration. On the whole the trends are encouraging. The Schuman Plan for the creation of a six-nation coal and steel market has been inaugurated, and is already functioning to a limited extent with respect to coal; steel, too, is about to be brought into the great common market that is slowly in the process of creation. A draft constitution for the proposed European Political Community has been drawn up, and will now have to be considered by the ministers of the various governments. In this constitution an effort has been made to create a body whose initial task would be chiefly to coordinate the functions of the European Coal and Steel Community and of the future European Defence Community; but which would later be able to assume other functions to be decided upon by the participating nations. There are also plans under continued discussion for integration in health, agriculture and transport, and most recently, the Netherlands Government has made proposals for the eventual creation of a customs union in connection with the proposed European Political Community. It is too early as yet to know what will eventually be decided with respect to these various plans and proposals, but there is a general recognition, which has been repeatedly expressed in the Council of Europe, and elsewhere, that the closest possible links must be maintained between those countries of Europe which are participating in one or more of the various plans for integration, and those which are not. The United Kingdom and a number of other countries have established delegations to the High Authority of the Coal and Steel Community, and measures of cooperation with non-member countries have been agreed on both by the Coal and Steel Community, and by the drafters of the proposed constitution for a Political Community. The Council of Europe will have a large part to play in giving effect to these measures of co-operation.

However the future of the European Political Community, and possibly of some of the other plans for integration, depends to a large extent on the fate of plans for integration in defense, for the European Defence Community Treaty—or the E.D.C. Treaty, as it is commonly called—has in recent months become a major source of controversy in Europe.

European Defence Community

This Treaty was signed in May, 1952 by representatives of France, Germany, Italy, Belgium, the Netherlands and Luxembourg. It provides for the creation of a European defence force which would be not simply an amalgamation of national armies and air forces but an international force under an international or as it is more commonly termed a supranational authority. The plan is constructive and of far-reaching importance; it is also not an easy one on which to secure agreement from public opinion in some of the member nations. Since the Treaty was signed almost a year ago, progress towards ratification has been slow both in France, which originated the plan and in Germany, whose controlled participation in Western defence, was, of course, one of the main objects of the plan. The other signatory countries have understandably enough, tended to wait and see what France and Germany would do before they themselves acted.

An important step forward was taken on March 19 when the Lower House of the German Federal Parliament passed by a vote of 224 to 165 the bill concerning the ratification of the E.D.C. Treaty. The bill now goes to the Upper House where Chancellor Adenauer does not command a majority, so that there is some doubt as to the outcome. A further hurdle in the path of final German ratification is the determination of the Social Democratic Party (S.P.D.), the main opposition party, to challenge the constitutionality of the E.D.C. Treaty before the Federal Constitutional Court, the highest legal body in Western Germany.

The position in the other countries which signed the Treaty varies a good deal but early ratification by any of them does not appear likely and there is a tendency to await action by France. Understandably, French public and parliamentary opinion is divided on the issue. Problems such as the status of the Saar, French overseas commitments and the reluctance of the United Kingdom to become a full partner in the E.D.C., have led the French Government to seek additional guarantees before ratification. They are therefore negotiating with the United Kingdom Government on the question of more direct association of United Kingdom forces with the E.D.C. forces. They are also asking their E.D.C. partners to accept additional protocols to the Treaty. These protocols would permit France to withdraw forces from the European Army for use overseas more or less at will, maintain armament works to equip her overseas troops outside the provisions of the E.D.C. Treaty, and place French officers and men in the European Army on the same footing as those serving in her overseas forces, all this without affecting France's voting strength in the E.D.C. Council of Ministers.

The Treaty has nevertheless been introduced into the National Assembly and is being subjected to close scrutiny by two committees of that body. Without going into further details, I think I may say that it will be some months before the French Government is in a position to ask the National Assembly for a final vote on ratification. Honourable Senators will have seen that M. Bidault, the French Foreign Minister, has recently suggested that it might even be necessary to place the whole issue before the French people by means of a referendum.

NATO

I should now like to turn to the North Atlantic Treaty Organization which has done much to strengthen the forces of the free world. Total defence expenditures of NATO countries have more than tripled since the Treaty was signed four years ago. The European members of NATO have increased their forces from approximately 2,450,000 in 1949 to nearly 3,300,000 today. By the end of 1952, the goal of fifty divisions in Europe, half active and half in reserve, had been substantially achieved. By the end of 1953 there will be approximately 4,000 aircraft available, more than double the number available two years ago. Firm goals for land forces for the end of 1953 have not yet been agreed. These figures are sound evidence that NATO is producing the results hoped for when the Treaty was signed.

It might be of interest if I were to describe briefly the functions of the North Atlantic Council and its subordinate civilian and military bodies. In the Council resides the authority vested in the Organization by its member governments. Originally, it was convened only periodically and was attended by the Foreign, Defence and Finance Ministers of the NATO countries. It soon became clear that Ministers could not provide the time necessary to transact NATO business on the continuing basis required. Eventually it was decided to organize the Council in such a way that it could function in the absence of the Ministers. This was done by appointing to it Permanent Representatives of member countries who would meet in permanent session in Paris. Each Permanent Representative is responsible to his own government and the Council, whether attended by Permanent Representatives or Ministers, is in no sense a sovereign body. All decisions must be unanimously agreed, though it is possible to agree with reservations and to put different views on record. The chairmanship of the Council rotates annually among foreign ministers, according to the alphabetical order of the member countries. The Vice-Chairman of the Council is Lord Ismay, who is also Secretary-General of the Organization, and he normally presides over meetings of the Permanent Representatives.

Directly responsible to the Secretary-General, and through him to the council, is the International Secretariat, consisting of 146 officers from twelve different nations. It functions as the NATO Civil Service. It assists the Council and its subsidiary committees in their deliberations by collecting and analyzing information on the subjects discussed. It follows up their decisions and sometimes also initiates discussions.

Responsible to the Council are a series of committees, both civil and military. The most senior on the military side is the Military Committee, consisting of Chiefs of Staff of member countries, which meets periodic-

ally to give guidance to the Council on military matters. Its day to day responsibilities are undertaken by the Military Representatives Committee, which consists of representatives of the Chiefs of Staff of NATO countries, and which meets regularly in Washington. The executive arm of both these committees is the Standing Group, consisting of the Chiefs of Staff of the United Kingdom, France and the United States, or their deputies, which also has its headquarters in Washington. It has a Liaison Office in Paris to ensure close co-operation with the Council. The NATO military commanders are directly responsible to the Standing Group. There are two Supreme Commanders, as you know; General Ridgway is Supreme Allied Commander Europe, with his headquarters (SHAPE) near Paris; and Admiral McCormick is Supreme Allied Commander Atlantic with his headquarters at Norfolk, Virginia.

Because military planning for the integrated forces of fourteen countries involves such complex and far-reaching considerations, it is now undertaken as part of an Annual Review by the Council of member countries' defence plans which embraces the whole picture of forces, production, defence expenditure and economic conditions in every NATO country. This review begins with reports by the NATO Supreme Commanders on the status of the forces under their command. Assumptions are then made about relevant external factors, including the strength and intentions of the Soviet Union and on this basis an estimate of the risk is drawn up by the NATO military authorities. This estimate is taken into consideration when the Supreme Commanders draft recommendations about further strengthening of their forces. At the same time, on the civilian side a picture is obtained from the review of the economic and political positions of NATO countries. It is then the task of the Council to weigh the military recommendations against the capabilities of countries in deciding how many forces, and what types and quality of forces, should be put at the disposal of NATO in future years.

The Canadian contribution to General Ridgway's forces as of December 31, 1952, was one infantry brigade group and two air force wings of three squadrons each. By the Spring of 1954 it is planned to have an air division of four wings assigned to SHAPE in Europe.

I know that many of you are interested in the progress that is being made in the implementations of Article 2 of the North Atlantic Treaty. Article 2 reads as follows:

"The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them."

Although NATO has had to give priority to its military activities because of the urgent need for organizing military defence, a good deal of attention has been given to non-military matters. The North Atlantic Council from time to time has had useful discussions on problems of foreign policy of concern to all members. There have been exchanges of views on information policy, that is, on the policy to be followed by NATO itself, and by member governments, in making better known the objectives of NATO and in developing the concept of the Atlantic community.

The Council has set up a Committee on *Labour Mobility* which, while avoiding a duplication of the activities of existing international organizations, is investigating both the domestic and international aspects of the problem of labour mobility.

A Committee on *Social and Cultural Co-operation* has been established under the chairmanship of the Canadian Permanent Delegate to the North Atlantic Council, Mr. Heeney. This Committee is working on various projects for co-operation in the social and cultural fields.

It is important to remember that the members of NATO are also members of other international organizations in which they co-operate with one another and with other countries in many kinds of activities. There are, therefore, definite limits to the social, economic and cultural co-operation that can be developed within NATO without impinging on the useful work of other international organizations.

As time goes on, however, it is hoped to broaden the non-military activities of NATO, so as to make of the organization a positive expression of the North Atlantic community as well as a defensive alliance.

United Nations

Any review of international events must take account of developments in the United Nations, for while the original high hopes of its founders have not been realized it remains an organization of great importance. It may not, because of deliberate Soviet obstruction be able to do the things we would like it to do but we must not under-estimate either its present usefulness or its future possibilities.

The Seventh Session of the General Assembly of the United Nations which began last October has not yet come to an end and it would therefore be premature to attempt an assessment of what it has accomplished.

Before entering into detail, I may say that in general this Session appears to have been important and fruitful, that it has dealt in a moderate and constructive spirit with several potentially explosive issues and has given grounds for hope that, at least for those who sincerely wish to make it work, the United Nations is still the best means we have available for the achievement of a world at peace, united in its striving towards material progress and spiritual development. The honour conferred upon the Secretary of State for External Affairs in his election to the office of President of the Assembly has both emphasized and enhanced the role which the Canadian Delegation has been able to play at the current Session.

Korea is of course the most important matter that has been discussed. Before Christmas, the political aspects of the problem received consideration and during a debate lasting almost six weeks the Assembly endeavoured to find a solution to the *impasse* in the armistice negotiations arising from the unwillingness of many North Korean and Chinese prisoners-of-war to accept repatriation. This was the principal issue preventing the completion of an armistice agreement, since both the Communist Chinese and North Korean Governments insisted upon repatriation of all prisoners without exception. The resolution proposed by India and adopted on December 3 by an overwhelming majority of 54 favourable votes to the five of the Soviet bloc and one abstention would have provided that 90 days after the signing of an armistice the disposition of such prisoners would be referred to the political conference to be called under Article 60 of the draft agreement drawn up at Panmunjom, and that within a further 30 days, the responsibility for the care and maintenance and subsequent disposition of any remaining prisoners would be transferred to the United Nations, which "in all matters relating to them, shall act strictly in accordance with international law". As the members of the Committee are aware, both the Communist Chinese and North Korean Governments rejected this offer, but in the last two days there have been developments favourable to the conclusion of an armistice.

At the resumed Session, some further debate of the political issues relating to Korea served a useful purpose in that it again underlined the complete isolation of the Soviet bloc and gave a number of delegations, including the Indian, the opportunity to reaffirm their support of the stand taken in December. In addition, the Assembly has adopted by a vote of 55 to 5 and no abstentions a resolution commending and continuing the work of the United Nations Korean Reconstruction Agency, the organization which was set up by the General Assembly in December 1950 to conduct the United Nations program of relief and rehabilitation in Korea. Up to the present time Canada has contributed $7,250,000 to this work.

Of the other principal political issues before the assembly, four were dealt with before Christmas: the Tunisian and Moroccan questions, the question of race conflict in South Africa resulting from the policies of *apartheid* of the Government of the Union of South Africa, and the Palestine item.

There are racial and colonial conflicts implicit in all these subjects and with the exception of the Palestine issue they all raise the difficult problem of reconciling the domestic jurisdiction of sovereign states with the legitimate interest of the United Nations in human rights and fundamental freedoms. The Governments of France and the Union of South Africa, who might be termed the defendants in these questions, adopted diametrically-opposed policies at the Assembly; France refused to participate in the discussion of the Tunisian and Moroccan questions, while South Africa argued its case ably and at length. It is a hopeful sign that the resolutions adopted on the first three questions were on the whole fairly moderate and constructive. Those on Tunisia and Morocco, which the Canadian Delegation supported, referred to the United Nations "as a centre for harmonizing the actions of nations to the attainment of their common ends under the Charter", expressed the hope that the parties would continue their negotiations, and appealed to them to conduct their relations in an atmosphere of goodwill and settle their differences in accordance with the spirit of the Charter. A very encouraging development in this debate was that the compromise resolutions which eventually proved acceptable to the Assembly were proposed by a group of Latin American states, which suggests that this group of underdeveloped countries may in future be able to play a moderator's part in the colonial and racial issues which are likely to arise at later sessions. The resolution on race conflict in South Africa had two parts. The second, which Canada supported, solemnly called upon all member states to bring their policies into conformity with their obligation under the Charter to promote the observance of human rights and freedoms. The first part, which we did not support, set up a commission to study the problem and

report thereon to the eighth session of the General Assembly. There has been no sign that the Government of South Africa will co-operate with the commission and the eventual outcome of the resolution must therefore remain uncertain.

The Palestine problem was placed on the Assembly agenda on the initiative of the Arab states, which were chiefly concerned to have a boundary settlement with Israel on the basis of the 1947 recommendations of the General Assembly, since these are more favourable from their point of view than the territorial clauses of the 1949 armistic agreement. It was hoped for some time, and the Canadian Delegation worked intensively to this end, that a resolution could be adopted which would have urged the parties to undertake direct negotiations for a peace settlement, and which instructed the Palestine Conciliation Commission to help if requested. As matters turned out, however, the resolution recommended by the committee was subjected to amendments in Plenary Session which failed to gain a two-thirds majority, and consequently no resolution was adopted. Though this was perhaps a somewhat disappointing outcome, it may be that the full and free debate at the session, by giving the Arab states a chance to air their grievances, will actually facilitate the opening of direct negotiations at a later date.

In the economic and social field, the Seventh Session of the Assembly did not strike out on any new paths, but was chiefly engaged in reviewing the work of its various ancillary organizations. As at previous sessions a good deal of time was devoted to discussions falling under the general heading of the economic development of underdeveloped countries. In particular, the expanded 1953 program of $25 million for technical assistance proposed by the Economic and Social Council received final approval. The Canadian Government, subject to Parliamentary approval, has offered a minimum of $750,000 for technical assistance provided the total amount pledged reaches $20 million and a maximum of $850,000 if the objective of $25 million is reached. At the present time about $22 million have been pledged. On the social and humanitarian side the most important intervention by Canada was made in the closing days of the pre-Christmas Session when the Acting Head of the Canadian Delegation, Mr. Paul Martin, drew the attention of the Social Committee, in a vigorous statement, to the breach of human rights and fundamental freedoms represented by religious persecution in Eastern Europe—at that time exemplified by the four death sentences passed in Bulgaria on a group of Catholic priests.

To sum up, I may say that the achievements of the Seventh Session of the General Assembly and the tone of debate have so far been fairly encouraging. The Soviet bloc, though it has continued its policy of obstruction and has used the General Assembly as a forum for its routine propaganda manoeuvres, has not yet at least reached the heights of abuse and invective displayed at some previous sessions. Moreover, the voting on many issues has on the whole tended to emphasize the isolation of the Communist group of states and has seemed to show a flexibility on the part of other groupings, particularly in the discussion of the Tunisian and Moroccan questions when, as I have mentioned, a group of Latin American states produced the compromise resolutions which commanded a majority of the Assembly votes.

International Trade and Payments

I should like now to turn, in concluding my survey, to some of the more significant recent developments in the field of International Trade and Payments. Since the signing of the Bretton Woods Agreements at the end of the war most of the countries of the free world have been formally committed to the objective of multilateral trade and payments in an expanding world economy. But this objective has not moved appreciably closer with the passage of the post-war years—years which have been marked by restrictions on trade and payments, by inflation, by the emergence of discriminatory economic blocs, and by recurrent economic crises. In many parts of the world, trade discrimination has become the rule rather than the exception; measures of restriction which were to have been transitional have become permanent impediments to the natural flow of trade. The need to eliminate conflicts in economic policies was recognized in Article II of the North Atlantic Treaty and it is perhaps not too much to say that the full strength and well-being of the free world will not be realized until a more harmonious economic relationship can be established between all the main trading countries, NATO and non NATO alike. As a great trading nation, we in Canada must, I think, continue to press for a solution to international economic problems on the widest possible basis.

The question arises whether the time has not come to reaffirm our basic objectives and to take some more positive and constructive steps towards their achievement. I think the international climate is ripening for such action. There is undoubtedly an increasingly widespread appreciation of the need to break

down undesirable barriers to trade and there is growing awareness of the relationship between sound internal policies and countries' balance of payments. Moreover, countries are realizing that the maintenance of quota and other restrictions on trade and payments not only tends to mask fundamental weaknesses but also helps to perpetuate the very conditions which make reliance on such devices necessary.

I am pleased to report that an important initiative looking towards freeing the exchange of goods and services has already been taken. I refer to the proposals developed in the recent Conference of Commonwealth Prime Ministers. At this meeting it was decided to seek the co-operation of the United States and the main European countries in a plan to create the conditions for expanding world production and trade. The stated aim was "to secure international agreement on the adoption of policies by creditor and debtor countries which will restore balance in the world economy on the lines of 'trade not aid' and will, by progressive stages and within reasonable time, create an effective multilateral trade and payments system covering the widest possible area". An integral part of the approach considered at London would be the gradual removal of import restrictions and the restoration of the convertibility of sterling. It was specifically stated in the Communique that there was no intention of seeking the creation of a discriminatory Commonwealth Economic bloc.

You will be aware from the recent visit of Mr. Eden and the Chancellor of the Exchequer to Washington that the United Kingdom has already brought the proposals developed at the Prime Ministers Conference to the attention of the new United States Administration. The conversations in Washington were exploratory and informal and, as was expected, no commitments were made. There was, however, a very considerable measure of agreement on the objectives to be pursued. It was agreed that the solution of the economic problems of the free world was vital to its security and well-being and that the essential elements of a workable and productive international economic system would include the freeing of trade and currencies and the pursuit of sound internal policies. It was specifically stated in the Joint Communique that one of the objectives should be to bring about a relaxation of trade restrictions and discrimination in a way which, in the words of President Eisenhower's State of the Union Message, would "recognize the importance of profitable and equitable world trade".

The Government of the United States welcomed the initiative taken by the United Kingdom in bringing forward its proposals and has undertaken to give intensive study to the suggestions resulting from the Commonwealth Economic Conference, and to possible alternative approaches, in order to arrive at a sound judgment with respect to specific courses of action which might be taken. All this will, of course, take some time. The co-operation of the European countries will now have to be sought and there will certainly be further discussions with Commonwealth countries and with the United States and various international organizations, before concrete steps are taken.

As I have indicated, throughout the discussions at the Commonwealth Economic Conference and during Mr. Eden's and Mr. Butler's talks in Washington, it was always contemplated that the countries of Western Europe would be associated with any moves towards freeing international payments and the progressive removal of restrictions on international trade. If further measures for the liberalization of trade and payments can be concerted with the countries of Western Europe the more effective are these measures likely to prove. The co-operation of the European countries is necessary and I am hopeful that now the proposals have been explained to them it will be forthcoming.

You will have noticed that Mr. Eden and Mr. Butler attended one of the regular private meetings of the Council of the Organization for European Economic Co-operation on March 23 and 24. At this meeting consideration was given to a number of questions concerning the future of intra-European trade and payments, and Mr. Butler took the occasion to explain the general line of the approach to world economic problems which was considered at the Commonwealth Conference and to suggest how European countries might be associated. This is a first step in the process of consultation with the OEEC countries. At the present time these countries are discussing arrangements for the extension of the European Payments Union for another year after June 30, and it is encouraging that attention is being given to possible modifications in the workings of the Union so that it can contribute more effectively towards the freeing of payments and a return to world-wide multilateral trade.

Partly as a result of these various international discussions, partly because of the greater realization of the real nature of our economic problems, and partly because of the improved financial and economic situation of many of the countries concerned, I am confident that the time is more propitious now for an advance towards our objectives in the field of trade and finance than at any other time since the war. The full co-operation of

the United States is, of course essential and if it were not forthcoming all countries would wish to re-examine the position. My own view is that we must move forward. I do not think we can safely contemplate an indefinite continuation of the present situation in which the unity of purpose of most of the countries of the free world is not balanced by sound relations on the economic side. In moving away from the present system of restrictions and discrimination there will be difficult adjustments to be made; many new problems will have to be faced and the process will take time. But there is at least the hope that in the end we could emerge from the shadow of economic crises and dislocation which has hung over world economic relations during the post war years.

APPENDIX "B"

THE FARM IMPROVEMENT LOANS ACT

LOANS CLASSIFIED BY PURPOSES AND PROVINCES

YEARLY SINCE INCEPTION

1945 to September 30, 1952

	British Columbia		Alberta		Saskatchewan		Manitoba		Ontario	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		$ cts.		$ cts.		$ cts.		$ cts.		$ cts.
1945 (10 Months)	71	66,849 83	1,633	1,250,447 85	1,035	834,498 85	751	537,450 53	586	523,518 11
1946	467	343,706 21	4,798	3,388,114 70	4,075	3,140,157 35	1,928	1,397,538 74	1,443	1,369,371 47
1947	525	444,078 50	8,169	6,537,872 92	7,798	6,464,263 64	3,237	2,518,362 19	1,876	1,845,830 86
1948	765	747,323 27	10,962	10,634,375 65	10,725	10,505,458 91	4,788	4,532,345 37	2,427	2,260,050 52
1949	1,344	1,358,712 27	14,430	14,659,490 19	15,588	16,497,396 97	7,128	7,242,324 01	4,340	4,260,504 55
1950	1,693	1,709,994 57	17,161	18,508,716 74	20,090	22,557,445 30	7,712	8,263,981 50	7,914	8,043,339 45
1951	2,010	2,070,467 54	20,309	23,240,815 82	23,272	27,876,923 08	10,120	11,370,755 09	11,323	12,178,465 30
1952 (9 Months)	1,626	1,758,793 43	18,404	22,226,055 93	23,974	30,343,023 98	8,262	9,392,948 34	9,193	10,051,377 17
TOTAL	8,501	8,499,925 62	95,866	100,445,889 80	106,557	118,219,168 08	43,926	45,255,705 77	39,102	40,532,957 43

	Quebec		New Brunswick		Nova Scotia		Prince Edward Island		Newfoundland		TOTAL	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		$ cts.		$ cts.		$ cts.		$ cts.		$ cts.		$ cts.
1945 (10 Months)	150	111,965 75	29	26,437 20	37	23,213 40	19	7,360 50	.....	.....	4,311	3,381,742 02
1946	193	146,639 00	42	34,541 16	76	55,617 11	8	4,880 00	.....	.....	13,030	9,880,565 74
1947	315	246,366 81	55	46,392 35	56	46,223 20	15	11,431 00	.....	.....	22,046	18,160,821 47
1948	530	447,359 12	83	85,595 33	90	72,615 83	61	46,006 70	.....	.....	30,431	29,331,130 70
1949	1,388	1,341,867 92	168	182,255 66	163	132,450 91	226	204,077 87	.....	.....	44,775	45,879,080 35
1950	3,003	3,097,204 42	348	358,755 50	340	274,940 47	706	605,518 45	2	966 66	58,969	63,421,363 06
1951	5,405	6,125,621 89	655	696,750 78	695	619,719 71	1,271	1,144,295 31	3	2,412 50	75,063	85,326,227 02
1952 (9 Months)	4,596	5,426,270 73	669	698,508 65	704	679,203 10	1,281	1,237,538 52	30	37,864 00	68,739	81,851,583 85
TOTAL	15,580	16,943,295 64	2,049	2,129,236 63	2,161	1,903,983 73	3,587	3,261,108 35	35	41,243 16	317,364	337,232,514 21

THE SENATE

Tuesday, April 14, 1953

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

Prayers and routine proceedings.

PRIVATE BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill D-5, an Act to incorporate Mid-Continent Pipelines Limited, and to acquaint the Senate that they have passed this bill with certain amendments to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

Page 2, line 14: Strike out the words: "or outside".
line 19: Strike out the words: "and/or international".
line 26: After the word "that", strike out the words "the main" and insert the word: "all"; strike out the words: "line or".

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Robertson: Next sitting.

CANADA WATER CONSERVATION ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 109, an Act to authorize the grant of assistance to a province for the conservation of water resources.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: Honourable senators, this is one of several measures from the House of Commons which I am presenting for first reading tonight. With the leave of the Senate, I shall ask that this and other measures be placed on the Order Paper for second reading tomorrow. While it is unlikely that they will be proceeded with at that time, their presence on our Order Paper may facilitate the work of the honourable senators who will explain them.

BUSINESS OF THE SENATE

Hon. Mr. Haig: Honourable senators, I have no objection whatever to the suggestion made by the honourable leader of the government; however, I would call his attention to the fact that the Divorce Committee has a heavy agenda before it tomorrow. While ordinarily I do not act on that committee, I promised the Chairman, the honourable senator from Rosetown (Hon. Mr. Aseltine), that I would help out in his absence. One case which has been referred back from the Senate to the committee will be heard by the Deputy Chairman, the distinguished senator from Calgary (Hon. Mr. Ross), and the two honourable members who sat with him when the case was first heard. In addition there are three unopposed cases which, together with the case to which I have just referred, can be heard in the morning. Then we propose to start at 1.30 the hearing of a lengthy case in which there is strong opposition. We shall continue on the case until the Senate meets, at 3 o'clock, and perhaps the house may see fit to adjourn at 4.30 to allow us to resume hearing that case.

Further I would draw to the attention of the honourable leader the fact that the Committee on Immigration and Labour is scheduled to meet when the house rises tomorrow afternoon. I am quite sure that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) will agree that we should allow that committee to sit tomorrow to consider the matter that has been referred to it.

I would strongly suggest that the work of these committees be facilitated as much as possible, particularly that of the Divorce Committee.

Hon. Mr. Robertson: Honourable senators, I am quite willing to fall in line with the suggestion of the honourable leader opposite. True, there is considerable legislation before us, but as far as I know there is no urgency about it. I had in mind asking the honourable senator from Toronto (Hon. Mr. Hayden) to explain the budget bills tomorrow afternoon. After the bills have been explained, any honourable senator who wishes to do so may adjourn the debate on them. In this way we could facilitate the work of the committees.

INCOME TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 228, an Act to amend the Income Tax Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

YUKON BILL

FIRST READING

A message was received from the House of Commons with Bill 230, an Act to provide for the Government of the Yukon Territory.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave, next sitting.

NORTH PACIFIC FISHERIES CONVENTION BILL

FIRST READING

A message was received from the House of Commons with Bill 293, an Act to implement the International Convention for the High Seas Fisheries of the North Pacific.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

EMERGENCY GOLD MINING ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 329, an Act to amend the Emergency Gold Mining Assistance Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: Thursday next.

TRANS-CANADA AIR LINES BILL

FIRST READING

A message was received from the House of Commons with Bill 330, an Act to amend The Trans-Canada Air Lines Act, 1937.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Thursday next.

FISHERIES RESEARCH BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 331, an Act to amend the Fisheries Research Board Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Thursday next.

PRAIRIE FARM ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 333, an Act to amend the Prairie Farm Assistance Act.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Thursday next.

THE LATE SENATOR DOONE

TRIBUTE TO HIS MEMORY

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, it is my unhappy duty to officially report to this house the passing of one of our most distinguished members, the honourable senator from Charlotte, New Brunswick.

The late Senator James Joseph Hayes Doone was born on August 8, 1888, at Deadman's Harbour, New Brunswick, a son of the late John and Mary Hayes Doone, and received his formal education at Fredericton High School, the University of New Brunswick, St. Joseph's University and St. Francis Xavier University, which he later served as a member of its Board of Governors. He was married to the former Maude Muriel Logan, who predeceased him some thirteen years ago, and he is survived by nine children.

Following his admission to the New Brunswick Bar in 1913, and a short period of practising law in Fredericton, he joined the Canadian Army and served overseas during the First World War with the 104th Battalion. On his return he practised law in St. Stephen, and subsequently became Export Manager of Connors Brothers, Limited.

He was first elected to the New Brunswick Legislature in 1935, representing Charlotte county, and was re-elected in 1938, 1944 and 1948. In 1940 he was appointed Secretary-Treasurer in the cabinet of A. A. Dysart, and held that position in the MacNair government as well, until he was summoned to the Senate, on June 25, 1949. In provincial affairs he will be chiefly remembered for his activity on behalf of the province in reaching tax agreements with the federal government in 1940, 1945 and 1947. In 1948 he attended a meeting of the Commonwealth Parliamentary Conference in London, England, as representative of the New Brunswick Government.

My personal relationship with our late colleague preceded by several years the date when he was appointed to this chamber. Though he was far from enjoying good health in the last year or two, he gave unselfishly of his time and energy to any respon-

sibility that was his. During his long period as Secretary-Treasurer of the province of New Brunswick, and an even longer period as a member of the legislature, he gave most careful and conscientious consideration to all matters that came before him. He never refused help to anyone in need, and among those who knew him best his friends were legion.

In this house he was instrumental in setting up the special committee investigating the sale and distribution of salacious and indecent literature. He was elected chairman, and the committee had just about completed its work after sitting for two sessions.

He served his time and country well. We extend to his children our deepest sympathy in their bereavement, through which they have lost a kindly parent and his country a distinguished son.

Hon. John T. Haig: Honourable senators, the honourable leader of the government has well expressed the feelings of this house on the passing of Senator Doone. I will not refer to his public career in his native province of New Brunswick, beyond saying that I have always understood it was very distinguished and that he was a very painstaking member of the provincial government. I had only known him since he entered this house in the fall of 1949. I liked his personality. I think he felt that through his efforts in this chamber he could contribute something that would be of benefit to the people of Canada in the years to come. I fear that the work and energy he devoted to the chairmanship of the special committee on salacious literature during the last two years hastened his death. He must have found the work far beyond what any of us expected it would be. He worked diligently for long hours, on a very, very difficult subject: those of us who have given any thought to the matter at all know how difficult it is. When an onerous task of this kind is undertaken by a man so extremely conscientious and so determined to deal fairly with both sides, it is almost certain that if the work is prolonged his health will be seriously affected.

During his all too brief period as a member of this chamber, the late Senator Hayes Doone added something of great value to my life, and I am sure to the lives of all of us here. To his children I would wish to say that in the years to come they will be able to look with pride upon the achievements of their father on behalf of not only his native province of New Brunswick, but of Canada as a whole.

Hon. A. Neil McLean: Honourable senators, in the passing of Senator Doone this honourable body has lost a very gifted and conscientious member. I probably have been more closely associated with the Honourable Hayes Doone, both in business and politics, than most other members of this chamber. We were warm friends for over a quarter of a century. It is now nearly twenty years since he, although of a retiring nature, was persuaded to enter the public service, and once he put his hand to the plow, he never looked back. On going over his record we see it is one that probably few indeed may be able to attain.

He served his native province long and well, first as a member of the legislature and then for many years as Secretary-Treasurer in the government, and his record in handling the provincial finances is one the people of New Brunswick can be proud of.

His appointment to the Senate, just a few years ago, was well received by the citizens of our province, for they well knew he deserved the honour. His whole record since he first entered public life was that he gave everything he had to the service of his fellowmen, regardless of their station in life. I know that in the county of Charlotte where he lived everyone was his friend. He was always ready to do his utmost to aid the unfortunate, or those who might be in need of something, no matter what the sacrifice meant to himself. In fact, I had felt at times that he was really trying to do too much, for his health had not been the best for some time past.

Although Senator Doone was a highly gifted man in many ways, his friends, whom he could count by the thousands, knew him as a most kindly and humble gentleman upon whom they knew they could depend.

I attended his funeral at Black's Harbour last Thursday. It was one of the largest I have ever seen in the county. Citizens from all over the countryside, young and old, and from all walks of life, were there to do honour to a man they loved. They all realized New Brunswick had lost a fine and noble native son, and Canada a truly great Canadian whose place will be most difficult to fill.

I wish to express to his family my deepest sympathy and regrets at his untimely passing.

Hon. G. P. Burchill: Honourable senators, I join with the previous speakers in paying tribute to a colleague whose friendship I have enjoyed since our college days in Fredericton. Senator Doone, as has been said, served the state well: first, overseas in the Great War of 1914-18; and later while the representative of the county of Charlotte in the legislature, he was provincial Secretary-Treasurer in the cabinets of the Honourable A. A. Dysart and the Honourable J. B. McNair. And honourable members of the Senate are

quite familiar with the valuable work that he did since coming to this chamber.

Preceding speakers have remarked that Senator Doone gave freely of himself in the service of his fellowmen. I was particularly impressed by the great concourse of people who came last Thursday morning to Black's Harbour to pay respect to his memory. They came from all over the province of New Brunswick; and the attendance of so many at his funeral was the greatest testimonial one could possibly imagine to the place that Senator Doone held in the affections of his fellow citizens.

His life was a great example wherever he was known, and his memory will be a lasting inspiration.

I join with my fellow senators in extending sincerest sympathy to the members of his family.

[*Translation*]:

Hon. Cyrille Vaillancourt: Honourable senators, I join in the tribute paid to the memory of Senator Doone by my honourable colleagues. Since his coming to this house, a few years ago, I was fortunate enough to win his friendship, and from his very first speech, I had the pleasure to appreciate increasingly his great intellectual and moral worth. It is my ardent wish that we should perpetuate his memory by continuing his works. He was greatly concerned with, among other things, the moral culture of our youth. Our distinguished colleague has left for a better world, but I hope we shall be able to find in this house someone who will continue his fight against unwholesome literature, a fight in which he had put his heart and soul. We could not pay a better tribute to his memory than by continuing the pursuit of his lofty ideals and the splendid mission which he had set for himself: the moral education of our youth. The best wish that I may express to his bereaved family, along with my deepest sympathy, is that the great mission which was so near and dear to him may be continued and brought to a successful conclusion.

[*Text*]:

Hon. Arthur W. Roebuck: Honourable senators, I should like to add a few words to the tribute that has been paid to the late Senator Doone, particularly having to do with the remarkable industry which he demonstrated.

Unlike many honourable senators, I knew our late colleague for only a relatively short time. I first met him in Ireland on the occasion when he represented the province of New Brunswick at the Commonwealth Parliamentary Conference, to which the honourable leader has already referred. One section of the conference was on an occasion entertained by the county council of the county of Antrim at a banquet which took place within sight of the mountains of Mourne which sweep down to the sea. Upon being asked by the delegation to express their thanks, the late Senator Doone gave an impressive address. We who have since heard him speak in this house know of the energy and application, the spirit and inspiration, which went into any address he made.

Taine, in his History of English Literature, speaks of the exalted thought of Shakespeare, and points out that the remarkable thing about him was that after writing his great works he was able to retire as a country squire. I mention Taine's observation to illustrate the effort required for the production of exalted literature.

Although I have known the late Senator Doone only since 1948, having occupied a seat close to his in this house I have in that time formed a great admiration for him. I take this opportunity of paying tribute to him, to his remarkable energy and application, and the high public spirit and industry which he demonstrated in the speeches he made and in all his undertakings in this house.

EMERGENCY POWERS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 279, an Act to amend the Emergency Powers Act.

He said: Honourable senators, this bill seeks to extend for another year legislation that has already been before us on two occasions. The Emergency Powers Act was first introduced and passed by parliament in 1951, after the outbreak of the Korean War. It contained provision that the act should expire on May 31, 1952, but might be renewed for a period of one year by addresses to the Governor General by the Senate and the House of Commons, and a subsequent order in council. An extension was accordingly effected by joint addresses and the act became effective until May 31, 1953; and it is now deemed necessary to seek a further extension of the act for a period of one year, until May 31, 1954.

Honourable senators will recall that while the government felt in 1951 that certain emergency powers were necessary under conditions that then existed, the need was not such as to justify procedure under the War Measures Act. Accordingly, the Emergency Powers Act was proposed, and enacted by parliament, and subsequently extended. In the opinion of the government the conditions that justified its original adoption still

exist, and it is proposed to extend it for another year, until May 31, 1954.

During 1952 the following orders in council were passed:

(1) P.C. 389, dated January 1, 1952, which revokes a previous order in council, P.C. 3415, passed under this legislation in the previous year.

(2) P.C. 3197, dated May 30, 1952, which was the last in a series of orders in council relating to the Great Lakes seamen's security regulations.

(3) P.C. 4116, dated September 24, 1952, revoking previous order in council P.C. 5122, dated September 26, 1951, deferring the weigh-over of grain.

(4) P.C. 4525, dated November 19, 1952, revoking P.C. 1608, dated April 4, 1951.

(5) P.C. 4410, dated Ocotber 30, 1952, dealing with the licensing of pilots under the Aeronautics Act and the issuing of certificates of proficiency for radio operators under the Radio Act, in order to provide in relation to that field additional security along the lines of the orders in council relating to the Great Lakes seamen's security regulations.

In one respect, however, this bill differs from the act passed in 1951. In the terms of the former measure there was provision for the extension of the act for one year, by joint resolution of both houses of parliament. This procedure was adopted last year, and it was proposed to follow it again this year, but in response to representations it has been decided to amend the act by repealing this provision and simply providing for extension until May 31, 1954 by act of parliament.

Hon. John T. Haig: I have followed the remarks of the honourable gentleman as closely as I can, and the question which I want to put to him is, whether any of the orders in council he has cited—and if so, which—relate to any emergency which could not have been dealt with by parliament. The last case of this kind came before us on November 19 and action was taken upon it by this house the following day.

Hon. Mr. Robertson: I cannot undertake to deal in detail with the various legal arguments which may be raised in connection with these matters, especially by one so versed in the law as my honourable friend opposite. There is involved, of course, the general principle of the wisdom or otherwise of extending legislation which, rightly or wrongly, parliament thought it desirable to pass in 1951 and 1952, but I submit that, while the international outlook gives some ground for hope, nothing has occurred which would justify the government in divesting itself of the powers which it, and parliament, thought were rightly and properly committed to it over the past two years.

To revert to my honourable friend's question, it seems to me that, if the house should see fit to adopt the bill in principle, and it were then referred to committee, he could obtain from those qualified to deal with the aspects he has in mind a more satisfactory explanation than I can give him.

Hon. Mr. Haig: I do not intend to delay the house very long. I have always been opposed to taking from parliament part of its authority. In an emergency, I remember, the Borden government did so when it passed the War Measures Act. When the Second Great War began, the government of the day by proclamation again brought the act into effect. I was never greatly enamoured of that way of doing things, and I like it even less as it appears in the present bill. The tendency in our day and generation to take power from the elected representatives and put it in the hands of the executive is utterly contrary to the principles of democracy. A nation cannot feel a sense of responsibility if responsibility is shifted from its elected representatives to some other body. Remember that the Senate itself is elected, in that its members are appointed by those whom the people have elected.

Today the world faces the menace of dictatorship; and encroachments on the rights of parliament, whether by an individual or an aggregation of individuals, by a cabinet or any other organization, are semi-dictatorial. I am not suggesting that there is dictatorship in this country, but every time we deprive parliament of some of its powers we make it easier for the government of the day to do whatever it wants to do. There is no more wholesome influence than public opinion. To my mind the strongest argument for the existence of the Canadian Senate is that legislation initiated by the government must come before this body for consideration, and if we do not like it we can express our views, and thereby give the public some realization of what is at stake. What we now have before us is a type of legislation which does away with that possibility. I know that a certain number of days after parliament meets the government must lay its orders in council on the table, but that is not at all the same thing.

My second reason for objecting to this legislation is my belief that we are now in what may be called normal times. I do not believe that we are in a "hot war" or a "cold war", but rather that we are living under conditions which will not vary substantially in my lifetime.

Hon. Mr. Roebuck: A permanent emergency.

Hon. Mr. Haig: A permanent emergency. It is here, and it is something to which we have to adjust ourselves. I admit to being one of those who would like to return to the "good old times" of Queen Victoria. To

me, whatever it may be for others, the Victorian era appeals as a time in which life could be lived quietly and without much disturbance. In those days the ordinary citizen was but little affected by events which happened abroad. Indeed, until the beginning of the last war the public as a whole were not very directly concerned. It is true that the First Great War directly affected those of us whose relatives—perhaps sons or brothers—served overseas, and our incomes were reduced because of the heavy military expenditures, but the emergency was not, so to speak, brought home to our doorstep. Since then, conditions have changed. Today the newspapers of the Prairie provinces and British Columbia are advocating the construction of military roads to permit quick dispatch of our forces to parts of the country which may be threatened, or even attacked, at a moment's notice. Maybe the danger is over-stressed; I am saying nothing about that; but the fact remains that, so long as the existing world turmoil continues and the causes of it are unsolved, the present emergency will continue. We who are older may feel that we are now living in abnormal times, but I know that my children are not worked up like I am about this "abnormal" world. They do not think it is abnormal; and I am sure that my grandchildren—and I have quite a few of them—will look upon these as normal times. This legislation would tend to suggest, however, that we are not living in a normal world.

I am not fearful that the Canadian government will do something detrimental under this act, but I would remind honourable senators that we have a responsibility. The Senate is really the bulwark of our constitution and provides the greatest guarantee for protection under the constitution. How can an elected representative of the people get up in his own constituency and say what he really thinks ought to be done over the next fifty years? If he does he may not find himself re-elected, but members of the Senate are not faced with that risk. As one who has had long experience as an elected representative of the people, I know that in that capacity I looked upon things differently from what I do now.

Hon. Mr. Fraser: Shame!

Hon. Mr. Haig: I was just as honest then as I am now, but as a member of this house I can take a long view of things and know that as long as I live I shall be able to support what I have advocated.

I think that the continuance of this Emergency Powers Act suggests that our democracy is not capable of meeting the demands that may be made on it. It is unwise in principle to place too much power in the hands of any cabinet, be it Conservative, C.C.F., Social Credit, Liberal, or anything else. Better legislation results when public questions are discussed by both houses of parliament rather than left solely to the members of the cabinet. I admit that all the orders in council that I have read as having been passed under this act could have been passed by parliament with little discussion. One of these orders was passed on November 19, 1952, and parliament met the very next day. Why was parliament not called sooner if it was important to pass legislation in such a hurry?

Now, I do believe that the bill before us is an improvement over its predecessors, in that it does not provide that the act may be extended next year simply by the passing of a joint resolution of both houses of parliament. The extension is until May 31, 1954.

I have a pretty good memory and I recall when members of another place vehemently argued that appeals to the Privy Council should be abolished. Well, eventually all appeals to the Privy Council, except in the matter of cases already in progress, were done away with.

Hon. Mr. Roebuck: That is right.

Hon. Mr. Haig: Then in one case the trial court in Manitoba and the Court of Appeal of that province, together with all the judges of the Supreme Court of Canada—how many judges are there?

Hon. Mr. Roebuck: Nine.

Hon. Mr. Haig: —were unanimous in giving a certain judgment. Then the government, under the power that had been given to it, directed an appeal to the Privy Council, and the decision of our courts was thrown out. No cabinet should be given that kind of power. The members of both houses of parliament, regardless of their politics, had passed legislation doing away with appeals to the Privy Council, and the cabinet had no right to appeal to the Privy Council a decision that had been reached by our courts.

Honourable senators, I am not going to ask for a division on this question, for I am aware that there are not enough supporters behind me, but I think we should seriously consider our responsibilities and realize that we are the last people in the world who should place in the hands of any cabinet in Canada the arbitrary powers given under this legislation. If a war should break out at any time the government could then bring in a "Borden bill" to give it all the powers it required.

I see no reason for asking that this measure be sent to committee, but I would warn honourable members that in passing the bill we are, fundamentally, abrogating our powers as legislators and placing them in the cabinet. We should not do this.

Hon. T. A. Crerar: Honourable senators, to me it is a matter of regret that the government has thought it necessary to reintroduce and seek to have continued, if only for another year, the Emergency Powers Act. To my way of thinking, it is fortunate that the legislation is to be extended for only one year. I quite expect, however, that it may come before us next year again.

Honourable senators should consider the bill most carefully. I cannot see why this legislation is necessary now. It is true that we are at present spending a great deal of money for defence purposes, but I would remind the house that under the Defence Production Act the Minister of Defence Production has extraordinarily wide powers in everything relating to what may be essential for our defence. Parliament granted those powers because in the work ahead it may be necessary for the Minister to seize materials, take over plants and so on. On the other hand, if unhappily war should break out we could immediately invoke the War Measures Act, which is still on our statute books.

What, then, is the need for giving the government the very broad powers that are contained in this Emergency Powers Act? I say "very broad powers," because under this Act the government has power to do practically anything it wishes to do, with a few limitations. It could not, under the act, deport people from Canada; it could not impose taxation; it could not arrest people, unless incidentally to a violation of some regulation passed under the act. But, if you take out those and a few similar exceptions, its powers are almost unlimited. Under the Emergency Powers Act the government could take over all the bus systems in this country and regulate them. It could take over the highways of the nation, if it thought it were essential to do so—and the government is the judge of whether or not it should do so.

The honourable leader of the opposition (Hon. Mr. Haig) referred to what is now the rather famous Nolan barley case, to which I would draw your attention. In the year 1941 the prices of oats and barley were frozen under the freeze order set up by the Wartime Prices and Trade Board, and it fixed ceiling prices above which barley and oats could not be traded in, in Canada. That situation continued until 1947. But after the war the prices of these feeding grains in the United States advanced until they were almost three times higher than those in Canada. The government desired to raise the prices here, so it issued an order—not under this Act, but under its predecessor, the Transitional Measures Act—and seized all the oats and barley at midnight on a certain date in March 1947. Then they said, "We shall give this barley back to the owners of it at a much higher price"—as I recall, for barley, something like 30 cents a bushel. Nolan, a Chicago grain merchant trading in Canadian grain, owned 40,000 bushels of barley in an elevator at Fort William, and he said, "I am going to find out whether or not it is possible in Canada for the government to seize a man's property and dispose of it in this way." Court actions were commenced. The Canadian courts, every one of them—from the Manitoba Court of King's Bench where, in the first instance, the Chief Justic heard the case, and the Manitoba Court of Appeal, in which the decision was unanimous, to the Supreme Court of Canada, in whose judgment all the judges, except two concurred—all the courts decided that the government should not have taken Nolan's barley. The government then carried the appeal to the Privy Council, and the Privy Council reversed this judgment. On what basis? On the basis that the government was the judge of whether or not these things should be done. That was the extent of the power that was placed in the hands of the government by the Transitional Measures Act. And that is the extent of the power that we today give the government under this legislation.

Now, if there were any great emergencies pending so that it might be necessary to give the government this almost unlimited power to legislate by decree, it would be a different matter. Because that is what this is, power to rule by decree. It is true that the laws made by order in council are tabled after the event. It is true that if some time afterwards parliament decides in its wisdom to revoke an order in council, it can do so; but this legislation in effect, as I see it, gives the government power to rule over a very wide field by the simple process of order in council, or, as it is more commonly called in Europe, by decree.

Now, should any government have those powers in peacetime, under the conditions we have today? I cannot see that it should. After all, what is parliament for? Is not parliament elected and called together to consider these questions? Is not the very purpose of parliament that it shall be the means and the agency through which the

freedom and liberty of the people are to be protected?

It may be stated—and I will say at once that in a large measure I am in agreement—that you can trust the government. I have not any fear that this government will rush out and seek to abuse the power given to it under this law. But that is not the basis upon which the principle of this legislation should be judged. We should not freely give away the powers of parliament simply because we think that they will be exercised wisely by a government. This law goes on the statute books. Let us suppose, by a far stretch of the imagination, that in the election which it is expected will come this year a socialist government is returned, or even a communist government. They would have, under the powers that parliament has granted to the executive, practically everything required to set up an authoritarian state.

As I say, I myself do not think the government will seek to abuse these powers. But, I repeat, that is not the basis upon which we should grant these powers to the executive.

For these reasons, honourable senators, I regret that this legislation has been brought before us again; and I certainly express the fervent hope that when its term expires at the end of the period for which it is extended, we shall have heard the last of it.

Hon. Arthur W. Roebuck: Honourable senators, I think I can put my sentiments in a very few words. I thoroughly agree with the general tenor of the remarks of the speaker who has just sat down, and with the leader of the opposition, in my dislike of this type of legislation. There is an old saying that "Hard cases make bad law". It may also be said that good governments, when great confidence is placed in them, may bring about bad precedents. The confidence of the people in Canada in the administration headed by the late Right Honourable Mackenzie King and by his successor, the Right Honourable Louis St. Laurent, has been so great that no violent objection has been taken when proposals are made to hand to the executive the most extraordinary powers. Thus, good governments may sometimes bring about bad precedents.

This type of legislation is wrong in principle. It is wrong because it seeks to set aside the corrective influence of parliament and debating assemblies where the clash of views may bring out new facts and spread knowledge throughout the nation.

The measure now before us provides for Star Chamber legislation which I do not like. I do not suppose it is liked by anybody in Canada, and there is no outcry against its passage only because of the implicit confidence of the people that the government is not likely to abuse the powers which this measure would give it.

I join with the honourable senator from Churchill (Hon. Mr. Crerar) in the expression of a fervent hope that government will realize that this type of legislation does not meet with the approval of informed Canadians, regardless of party, and that means should be found of getting along in the future without such legislation. The men who form the executive body deserve the confidence the people have placed in them. They are men of ability and good will, and they are democrats everyone. That being so, I hope they will not find it necessary to tax our good nature further with this kind of legislation.

Hon. W. D. Euler: Honourable senators, it is not my intention to speak at any length on this bill. I do, however, want to express my belief that the legislation is wrong in principle, and I should not like to see this bill given second reading without my making a protest against it. I think it is the duty of the members of the Senate who are opposed to the measure in principle to speak out against it.

For my part, I have not yet heard any argument advanced as to what type of emergency might have to be dealt with under this legislation. I agree pretty well with the observation of the leader opposite (Hon. Mr. Haig) that we are now in normal times. In spite of the fact that there appears to be an approach towards the establishment of peace between the Soviets and what are sometimes called the free nations, we constantly hear expressions from the people to the south of us—and I am sorry for it—that they do not believe in the sincerity of the peace proposals. Regardless of where such statements are made—whether it be in the United Nations, in the United States or in Canada—we must do our part to arrive at a peaceful settlement of the conflict. Certainly we have nothing to lose by negotiation, and we have everything to gain.

I repeat, I have not heard one positive statement as to what possible emergency might have to be dealt with under this legislation. It is a common saying that the greater includes the lesser; and certainly the War Measures Act includes powers proposed under this bill. In any event, if an emergency, such as the outbreak of war, should arise, parliament would immediately be summoned and the necessary powers given.

When the leader of the government cited the various orders in council passed under this act since 1952 he did not indicate whether any one of them had to do with a real emergency. I think it would be worth

while to study this question in committee with a view to establishing whether or not during the past two years any emergency has been dealt with under this legislation. A positive answer to that question might be, to my way of thinking, a fair reason why we should continue the legislation.

It is pointed out to us that the bill would extend the emergency powers for one year only, and not for two years. To me that is scarcely an argument in favour of the passage of the bill. The matter could be brought up again next year merely by a resolution by the two houses, and it could be debated at that time.

I believe that the measure before us is wrong in principle. And if honourable senators share that view, I think it is their duty to say so.

Hon. Mr. Robertson: Honourable senators, as I said in my earlier remarks, I am not in a position to indicate the particular nature of all the orders in council to which I referred. However, the two new orders passed in 1952 had to do with security regulations on the Great Lakes.

Hon. Mr. Euler: Were they regarded as dealing with an emergency?

Hon Mr. Robertson: In that particular case I think they were.

I should like to attempt to answer the specific question as to what emergencies may arise to be dealt with under this legislation. That, it seems to me, is the "$64 question", and no one can anticipate its answer. While, as has been pointed out, there is reasonable prospect that certain of our difficulties will be resolved, I think it is hardly fair to suggest that when men are giving their lives for a cause in a far-off country conditions are normal. I do not think that that is a reasonable suggestion. Casualties may be light, but that does not change the fact that we are at war. At present the war is confined to a relatively limited area. But those charged with the major responsibility in this connection, who have the advantage of a wide knowledge of the existing situation, have asked the governments and parliaments of our own country, of the United States and of Great Britain to authorize extraordinary expenditures for defence. I believe my honourable friend pointed out last year that the then current costs of the defence budget had only been exceeded in one or two previous years during actual hostilities. The war picture has, of course, changed since, and there are good reasons for what is being done, but I am unable to admit that there is anything normal about it, or anything comparable with what we have known hitherto.

The second argument we have heard is that, because parliament is in session, neither an Emergency Powers Act nor a War Measures Act, nor anything of the kind, is necessary. I ask my honourable friend why, if that is so, it was necessary to have a War Measures Act during the last war. Parliament could have been called to discuss whatever needed attention.

Hon. Mr. Crerar: Parliament was not sitting constantly.

Hon. Mr. Robertson: True, but parliament is not sitting constantly now.

Hon. Mr. Euler: There is no great war now.

Hon. Mr. Robertson: I will concede that, in respect of magnitude, it cannot be called a great war, but I suggest that what we are going through now is far from a condition of peace. If your boys are being killed, is that peace? Of course not.

Hon. Mr. Euler: May I suggest that it is termed not a war, but a police action.

Hon. Mr. Robertson: If my honourable friend wants to call it a police action he has a perfect right to do so, but as far as I know that is not the term applied to it by the government.

But to come back to the point. Under the conditions which existed during the war the government of which my honourable friend was a member saw fit, although parliament could have been assembled at any time, to press for powers far in excess of those which are asked for now.

Hon. Mr. Crerar: May I interrupt my honourable friend to say that, in a war such as we were engaged in from 1939 to 1945, a multitude of things had to be dealt with immediately, and parliament could not be assembled for several weeks. But that condition does not exist today.

Hon. Mr. Robertson: My honourable friend is quite right in saying that it does not exist today, but neither he nor anybody else is in a position to say that it could not arise over night.

Hon. Mr. Crerar: Oh, no.

Hon. Mr. Robertson: My honourable friend says "no", but as to that, he knows no more than I do, and he is in no better position to read the minds of the occupants of the Kremlin than I am.

Hon. Mr. Euler: Would not the leader's argument hold equally good in peacetime? One could not tell what might happen the next day.

Hon. Mr. Robertson: I admit that. But if the existence of such legislation as this should

be the means of saving one life, to enact it would be, I think, the part of wisdom. I am sure my honourable friend will not attempt to argue that the conditions we face at this time correspond to those which existed before the first war, although I will not deny that they, also, held possibilities of danger. But today we are at war, whether we like to call it such or prefer, as my honourable friend seems to do, to speak of it as a police action. It is a cold war for us, but it is a hot war for the boys who are fighting it: make no mistake about that. And that there are no more men being killed than there are, does not change the principle at all. The simple truth is, as the Prime Minister has said time and time again, that we cannot tell what emergency may arise. It is this consideration, I assume, that prompted parliament to support through thick and thin, during the war, the War Measures Act. Today, relatively speaking, and perhaps because we think in terms of Korea, which is a long distance away, the danger may not be as great as it was in the two great wars. On the other hand, it is very generally believed that if this continent should be attacked, that attack will come with a suddenness unmatched in any other war.

Hon. Mr. Crerar: If my honourable friend will permit me—

Hon. Mr. Robertson: Yes.

Hon. Mr. Crerar: If his assumption should prove correct, and there was a sudden outbreak of war, the government could within twenty-four hours bring in the War Measures Act.

Hon. Mr. Robertson: If that be true, my honourable friend would be living under exactly the same kind of legislation as we find in this bill. My honourable friend says that there is on the statute books an authority which, without referring to parliament, the government can invoke if an emergency should arise. Is that so?

Hon. Mr. Crerar: Certainly.

Hon. Mr. Robertson: Then I repeat that what, in an emergency, the government could do under the War Measures Act, is precisely what can be done if parliament approves this bill.

Hon. Mr. Euler: Then why do we need this?

Hon. Mr. Robertson: Because, upon legal interpretations of the effect of the War Measures Act, the government thought it was desirable to be assured of the possession of certain powers which they felt would be necessary in an emergency, and that there were other powers which they did not need, which they would not seek, and which could be dropped.

Hon. Mr. Roebuck: Is not this the distinction, that the War Measures Act applies to war, while this bill applies to times of peace prior to war?

Hon. Mr. Robertson: I suppose that is true, and that one might get into a legal argument as to whether we are in a war or a police action, but primarily the bill is designed in the interests of the defence of Canada and the people of Canada. This, I think, is evidently true as regards the two orders in council which have to do with the Great Lakes seamen's security regulations. Under modern conditions war may come with a suddenness which would necessitate very quick action by the government, and perhaps, as my honourable friend has said, in that event the much more stringent provisions of the War Measures Act would be applied. So the bill may perhaps be more aptly described as one to promote the security of Canada.

There are many ramifications to the bill, and if honourable senators see fit to give it second reading I shall move that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Euler: May I ask the leader a question? Is there similar legislation in the United States and the United Kingdom?

Hon. Mr. Robertson: I cannot answer that question, but it is one of those pertinent questions which could be answered in committee. This is an important matter. I am convinced that this government would have been derelict in its duty if, since the outbreak of hostilities in Korea, it had not secured powers which it felt might be necessary in an unforeseen emergency. This house saw fit to pass similar legislation both last year and the year before. The honourable leader of the opposition (Hon. Mr. Haig) opposed that legislation in principle, but I do not think there was much discussion when those bills went through the Senate. The government does not feel that the international situation has changed sufficiently to make this legislation less desirable now. On the contrary, it is felt wise that parliament should extend these powers for another twelve months.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion for the second reading of this bill?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Roebuck: Honourable senators, I strongly support that motion because, after all, actions speak louder than words and one may judge what we may expect of this legislation in the months to come by what has happened during the months that have gone by. I should like to know the contents of the orders in council and why they were passed. Would it be possible to have copies of the orders in council supplied to us before we deal with this measure in committee? I think we should be given an opportunity to read them.

Hon. Mr. Robertson: Yes. I believe that all the orders in council have been tabled, except one passed in 1951. I would point out that three of the orders in council this year were revocations of orders passed in 1951, and two are new.

The motion was agreed to.

POST OFFICE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 107, an Act to amend the Post Office Act.

He said: Honourable senators, the purpose of this bill is to facilitate the adjustment of payments to contractors for the conveyance of mail. Honourable senators will appreciate that in many cases tenderers have been known to submit prices for carrying mail which are too low and frequently cause a hardship to the contractor. In other cases conditions may have changed since the contract was awarded. Under present practice, virtually all contracts for carrying mail are based on the tender and contract system, although the department at present has authority to award, without tender call, contracts involving $1,000 or less. In those cases it has been possible to take remedial action by way of upward adjustment, but there is a rather obvious difficulty where the contract exceeds $1,000. This legislation will assist in removing that difficulty by enabling the department to make an upward adjustment, provided the amount to be paid is generally the same as that paid for comparable services in the same area.

There are, however, certain safeguards in the bill, in that more than one increase will not be authorized during the term of the contract. Adjustments can only be made after one year from the date of the contract to those contracts or renewals which are in effect at the time the bill is passed, and after a period of two years in the case of those contracts which are entered into after the bill becomes law. This will protect the tenderers who initially put in a fair price against those who otherwise would put in a low price to freeze them out with a view to obtaining a financial adjustment once the contract had been secured. In other words, a contractor would be required to carry on for a reasonable period before being eligible for any financial adjustment.

There are also amendments to provide that the Postmaster General shall report to the Treasury Board his reasons for not accepting the lowest tender, and the approval of the Treasury Board is required before awarding a contract involving over $5,000.

Honourable senators, that is a brief outline of the legislation. It occurred to me that the activities of the Post Office Department have such a wide effect all over Canada that this bill might well be referred to committee, if the house sees fit to give it second reading. If I remember correctly, it has been some time since Post Office legislation has been before this house, and if the bill is sent to committee departmental officials will be available to answer questions.

Hon. John T. Haig: Honourable senators, I am pleased that the leader of the government (Hon. Mr. Robertson) proposes to send this legislation to committee. I would only be repeating myself to say that difficulties invariably arise when upward adjustments are made in contracts that have already been let. If a man puts in a tender and is awarded a contract, I do not think that within a short period of time he should be given an upward adjustment. I know something about the Post Office regulations and the work of the department in the rural districts. Difficult problems are presented to anyone not familiar with the matter. I am persuaded that the department needs this legislation in order to carry on its services, and I would be satisfied to have this bill sent to committee, provided that I may reserve the right to speak at a later stage if I so desire.

Hon. Thomas Reid: Honourable senators, I should like to take a few minutes to place on the record one or two matters which I think should be considered in committee.

First, may I say that the question of remuneration, and the calling for tenders on rural mail routes, as far as I know, has come before the House of Commons every year for perhaps the past twenty-five years. I quite realize, as does everyone else who has studied the matter, how difficult it is to solve this problem to the satisfaction of rural mail couriers. It has been said by the rural mail couriers' association that the calling for contracts by tender should be dispensed with and that these men and women should be taken into the Civil Service. I realize the great difficulties in a

move of that kind. In some districts the rural mail delivery is only once a week, and in other districts it is twice a week, and so on, whereas there are busier sections where rural mail service extends to six deliveries a week. Then there are delivery services over distances of sixteen, eighteen or twenty-one miles, in contrast with deliveries once a week over routes as long as 150 miles. Moreover, there are particular road conditions and weather conditions to be taken into account. Rural mail courier service may be over pavement or over gravel roads. Snow and ice conditions in winter time in some districts and in some provinces make necessary the use of sleighs. Looking at the entire picture, one sees how difficult it would be to put such a branch under the Civil Service.

Here is another point. There are men and women giving faithful service delivering mail, day after day and year after year, who have now reached the age of 65, and in some instances 72 years of age. Among them are men who have served overseas. I have often wondered, if the Civil Service idea were adopted, what would happen to that great group of splendid servants who, having given such service, are now well past the retirement age. I doubt if they could be accepted by the Civil Service, and it would certainly be a grave injustice to dispense with their services.

I have looked over the records of the House of Commons committee, and it seems to me they have missed one particular point, which I am now going to emphasize. Those who submit successful tenders are usually granted a contract on the basis of mileage, and if one gets a contract after submitting the lowest tender for service of a route covering, say, twenty miles, no note is taken of the increase in mail boxes on that route as the weeks and months go by. The only time the department has taken note to date, is when the mail route has been extended by half a mile or more. But the conditions in the district I come from are so outstanding that it is worth taking a moment to place this matter before the Senate tonight. We have mail routes in Canada with as few as eleven boxes on the route, and the average in some provinces is around thirty-six, but in the province I come from, and particularly in the constituency in which I live, the lowest number of mail boxes on any of the routes is 350. There is one route, twenty-one and a half miles long, with 700 mail boxes. I wonder if many senators understand what that involves. The man having that route has to come down early in the morning, sort out mail for 700 families—a job probably taking an hour and a half to two hours before he even starts out—and then deliver to the 700 boxes. And I may point out that a few years ago when the routes were increased from seven to fifteen on R.R. 1, New Westminster, the lowest number of boxes on any of the fifteen routes was 310. It started out with 310 mail boxes—310 families—and within six months some of the routes had increased by 150 boxes. The growth of people in that district is such that the department is at its wits' end to know how to handle such an enormous number of mail boxes on each of the routes.

I come back to my original point. A man puts in the lowest tender and gets a contract, and he may start out with 300 mail boxes. Within a year he may have 150 more boxes, that is, 150 more families, to deal with, and yet he receives no additional remuneration. On the other hand, if the mail route were increased to half a mile in a year, taking in more people, the department would give him a *pro rata* increase in his contract. But there is no increase given to the rural mail courier in my province when the boxes greatly increase in number. As I say, I have looked through the records of the committee which dealt with this subject, and I was surprised that that particular point had not been placed before the department. In my humble opinion, something should be done, some change should be made, to recompense those rural mail couriers who are handling from 300 to 700 mail boxes within a distance of twenty-one miles. Some new system should be evolved, because when a district gets so congested that there are 700 mail boxes in a twenty-one mile area, it amounts to almost door-to-door delivery.

Another point I want to emphasize is that people who live in those districts have to depend on the rural mail couriers for stamps and parcels. While there seems to be serious difficulty in the way of setting up proper facilities for the sale of stamps throughout rural areas, I have noted that in the city of Ottawa and other large cities there are sub-post offices selling stamps sometimes within a quarter or half mile of the main city post office. Country people very often have to stand out in all kinds of weather and wait for as long as two hours for the mail carrier to come and sell them stamps or deliver a registered letter. No mail carrier in the country who has to serve 700 families has time to sell stamps all along his route.

Hon. Mr. Euler: Could stamps not be bought by mail order?

Hon. Mr. Reid: Probably they could. Perhaps the suggestion has never been put forward. But the people in the rural areas are told that they must obtain their stamps from the mail carriers. I think the department should make a close examination of some regulations which, I believe, have been in existence for forty years at least.

I am pleased to note that the bill proposes to offer some assistance by way of giving better mail contracts. The mail carriers who operate heavy routes through the country are carrying mail at the lowest cost in Canada.

Hon. Mr. Barbour: Are they allowed any commission on the sale of stamps?

Hon. Mr. Reid: I understand no commission is allowed. That is an extra chore they have to do.

Hon. Mr. Roebuck: For what term are mail contracts made?

Hon. Mr. Reid: I think it is three years. Although the holder of a mail contract may apply for extra remuneration, very little attention has been paid by the Post Office Department to the increasing number of mail boxes on the routes. True, some provision is made for extra remuneration to the contractor by reason of an increase in the mileage of his mail route.

The most highly paid letter carrier in the city gets, I think, $2,200 per year; but the man who is serving as many as 700 rural families under contract for $2,500 and supplying his own means of transportation is giving the cheapest service in Canada today.

I am sure honourable senators will agree with me that serious consideration should be given to the problems of the rural mail carrier, with a view to provision of better service to the people in the country.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 15, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION CONCURRED IN

Hon. Mr. Beaubien: Honourable senators, with leave of the Senate I move:

That the report of the Civil Service Commission respecting the position of Assistant Librarian, Library of Parliament, laid on the Table on Tuesday, April 14, 1953, be approved.

The motion was agreed to.

STRIKE OF GRAIN HANDLERS

PLEA FOR SETTLEMENT

On the Orders of the Day:

Hon. R. B. Horner: Honourable senators, I wish to refer to a matter which to my mind is of great public importance—the strike of the grain handlers at Vancouver. This strike has been going on for about two months, and according to the press it is estimated by men familiar with shipping and demurrage costs that the loss which the tie-up has caused to shipping alone runs into many million dollars. Some vessels have been waiting at the port twenty-five days to load grain. When I was in Western Canada recently I heard that a number of farmers have been able to deliver no more of their crop than about five bushels to the acre, as the elevators are already full. The tie-up is also causing great loss to the railways, because the cars cannot be emptied and returned; all two-way shipping is suspended, and there is a huge loss to everyone concerned. There is also the danger that our sales of grain in certain quarters may be reduced or cancelled. It seems to me, and probably other senators have had the same thought, that by now we should have devised a simpler and more economical way of adjusting wages than through strikes. Duelling and other violent means of settling disagreements have long disappeared. The labour unions have at the head of their organizations men who are highly educated, and some of whom receive salaries larger than the Prime Minister. I suggest that they might sit down and keep on working until an agreement is reached as to what are fair wages, so that the country shall not be put to all this loss and inconvenience. It would be well to do what we can to assist those who are labouring to evolve some better method of settling labour disputes.

EXCISE TAX BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 225, an Act to amend the Excise Tax Act.

He said: Honourable senators, the present bill contains a number of clauses to amend certain sections of the Excise Tax Act. These amendments are beneficial; in some instances, substantially so. I think the simplest way of dealing with them is to take the sections in the order in which they are printed in the bill, and explain their effect. I think I can do this with reasonable dispatch.

Section 1 deals with the definition of net premiums. It has to do with the provisions in the Excise Tax Act under which premium tax is levied on premiums received by insurance companies; and the definition of "net premiums" is being amended by the addition of the words "or receivable". The explanation is very simple. Fire and casualty insurance companies, by virtue of the definition of net premiums, have an option of doing their accounting for premiums earned on a cash basis or on an accrual or revenue basis. But the net premiums of life insurance companies have always been defined on a cash basis; that is, the definition has used the words "premiums received" and omitted the words "or receivable". In the United States and in the United Kingdom life companies may proceed on a cash or revenue basis.

Hon. Mr. Roebuck: Who exercises the option?

Hon. Mr. Hayden: The option is exercised at the discretion of the life insurance companies themselves, but the trend as indicated in the United States and United Kingdom is towards an accrual or revenue basis. The revenues of the country are not affected whether the accounting for the premium tax is done on a cash or an accrual basis. It is true that if a life insurance company moves from a cash to an accrual basis it may pay a little more tax in the first year of the transition than if it were still paying on a cash basis, but substantially the revenues of the country are not affected. This is simply to provide the option and put life insurance companies on the same basis as fire and casualty companies under the Act.

Section 2 provides for the deductions which an insurance company may make from premium tax otherwise payable. The language of this section, as it has existed for many years, has been very general and in some

instances, although not many, has led to dispute with insurance companies. The departmental practice has been to permit the companies to deduct from the federal premium tax payable only the provincial premium taxes paid. But several provinces make a further levy on premium income. I know that British Columbia and Ontario, for instance, impose a tax for the support of the fire marshal's office. In one or two instances a company has asserted that it had the right to deduct the amount of the fire marshal's levy from premium tax otherwise payable to the federal treasury. However, the practice of the department throughout the years has been consistent in asserting that the only thing deductible is the straight premium tax paid to the province. The underlined words in this amended section are for the purpose of making certain beyond all doubt that the only deduction from federal premium tax is any general tax of the same nature paid to a provincial government.

The second part of section 2, which is found at the top of page 2, deals with fraternal benefit societies. In the past the premium income of fraternal benefit societies has not been subject to premium tax. Some fraternal benefit societies have grown so large they want to expand into mutual organizations while continuing to do all the fraternal benefit society business that they have heretofore been doing. In such cases the question arises whether the premium income continuing to be paid on the earlier fraternal benefit business of the societies should still be exempt from premium tax. Subsection 7, at the top of page 2, is being added to section 14 of the Excise Tax Act for the purpose of making it clear that even though a fraternal benefit society does move into a larger field of operation where the premium income would be subject to federal premium tax, nevertheless, the amount of premium income that accrues from policies that were written while the organization was a fraternal benefit society would still continue to be free from any federal premium tax.

Sections 4 and 5, dealing with penalties for late filing, have to be read together. Roughly, under the present law, where a registered insurance company has filed a late return on premium income, a penalty is provided not exceeding $50 per day for every day after the due date for filing. There is no provision for a penalty for not paying the tax. Section 4 of the bill provides a penalty of $10 per day for late filing by registered companies; and for failure to pay the premium tax due the penalty is 6 per cent of the amount of tax from the time it should have been paid.

Section 5 deals with other than registered companies. It is required under the present law that brokers who write insurance through insurance companies which are not companies registered in Canada, must file a return. Then there is a provision that the policyholders in such a company must file a return and pay a tax based on the amount of premium that he has paid for the policy. At the present time the penalty is an amount not exceeding $50 per day for late filing and payment of tax. This provision in section 5 has been brought into line with the one I have just dealt with in section 4. So that now the penalty for late filing is $10 per day, and the penalty for not paying the amount when due is 6 per cent of the tax that was payable at the time.

The matter may be made clearer if you regard section 5 as providing a new section 21, subsection 1, of the Excise Tax Act. That is the part that deals with the position of the policyholders in other than registered companies; and subsection 2 on the top of page 3 of the bill relates to brokers who write policies for companies other than registered companies.

Now we come to the real substance of the Excise Tax Act. First of all, section 6 repeals part of VI and VII of the present Excise Tax Act. Part VI provides for the stamp tax on cheques, promissory notes, and so on; and part VII provides for the stock transfer tax. It is a trite saying that once taxes are levied for a particular purpose they are continued indefinitely, even though the purpose no longer exists, and we have to go on paying them year after year. The stamp tax was first put on in April, 1915, during the First World War. It was then a flat two cents, and has varied upwards and downwards since that time. Although the original purpose for the tax had been lost sight of, it still applied and produced revenue for the federal treasury. The estimated loss of revenue through repeal of the stamp tax is $12 million per year.

The stock transfer tax was first put into force in 1920 and has been operative since that time. People paid it as a sort of nuisance tax. The estimated loss of revenue through repeal of this tax will be about $3 million for the first year.

The stepping out of these taxation fields by the federal government is a move in the right direction. It is in line with the discontinuance of the federal tax on gasoline, gas and electricity rates, amusements and pari-mutuels. Two more taxes are now being dropped, and temporarily at least are being left to the provincial jurisdiction.

Section 8 of the bill has to do particularly with the application of the tax to the manufacturer of candy who sells in bulk. At the present time the man who buys candy from the manufacturer in bulk and sells it packaged pays 15 per cent excise tax; and the manufacturer who packages his own candy pays the tax on the cost of the candy, plus the cost of packaging. But the manufacturer who sells candy in bulk pays only 15 per cent based on the bulk sale price of the candy. The government thought that there was an innate unfairness in that operation. The effect of section 8 is to put the purchaser of bulk candy who proposes to package it himself in the class of a manufacturer for the purposes of the application of the 15 per cent tax. In that way he would be required to pay the tax on the same basis as the manufacturer who packages and pays 15 per cent on the packaged sale price.

Hon. Mr. Euler: How does that affect the consumer?

Hon. Mr. Hayden: As a matter of sheer speculation I would say that it would not affect the consumer at all. However, if there is competition between the producer of packaged bulk candy and the manufacturer of candy who has packaged the candy, price would govern, but I do not know which would have the advantage. Although I am not in the candy business I venture to say that by the time the effect of the fifteen per cent reaches the retailers it is so ineffective and the candy so attractive that a difference of one or two cents would not matter. At least, the basis of calculation for the tax would be the same in each case, and after all that is what is essential for fair taxation.

Section 9 has to do with refund credits. I should first point out that at the present time when an appeal against a levy of sales tax has been successfully argued before the Tariff Board, a refund of the tax is then directed. The law in this respect at present reads:

> No refund or deduction shall be made under section one hundred and five as the result of any declaration of the Tariff Board under this section or an order or judgment under section one hundred and sixteen in respect of taxes paid more than twelve months before the date of the application to the Tariff Board for a declaration under this section.

The practice has developed that while one person carries the load before the Tariff Board, other interested persons will sit on the sideline to watch the outcome of the application. When a decision has been made in favour of the taxpayer, the others all come in and claim their refunds. The government felt there should be some limit as to the operation of this section, and that the man who risked his money to challenge a ruling of the department should get a better break than some persons who merely waited around to catch some of the crumbs that fell from the table.

Section 9 of the bill would change the present law in this respect: if I appealed to the Tariff Board against a levy and succeeded in my appeal, I would be entitled to get a refund for a period of twelve months from the date on which I took an appeal; and anyone sitting on the sidelines, awaiting the outcome of my appeal, and then applying for a tax refund based on the decision of the Tariff Board, would be entitled to claim a refund only in respect of the twelve months from the date of his application. Obviously, the longer he delayed his application after the decision of the board, the smaller the amount to which he would be entitled. For instance, if he waited ten months before making his application, he would, practically speaking, be entitled to collect a refund for only two months; on the other hand, the person who applied to the board would have his refund dated back, and so would be in a much better position. The department felt that there should be some distinction between two such persons who came to the government for a refund.

Section 10 of the bill would add to the present section the words "camera lenses". Camera lenses are thereby made subject to excise tax. There has grown up a practice by which people bought a camera body and then imported the lenses tax free. Also, some camera producing companies in Canada would manufacture the body of the camera without the lens and sell the lens separately, thereby avoiding the tax on the lens. In order to prevent that kind of avoidance of taxation the words "camera lenses" have been added to section 5 of schedule I. It will now be clear that whether a camera is bought with or without the lens, a tax of fifteen per cent will be charged on the camera and the lens, whenever acquired, whether in a unit or as separate pieces.

Section 11 re-writes a clause which was intended to cover the same things, that is phonographs, radio receiving sets, television sets. In the present law all these are in one item. By section 11 it is proposed to enact a new section 6 of schedule 1 of the act, whereby phonographs and radio receiving sets are to be comprised in one group, which is found in paragraph (a), and television receiving sets come under paragraph (b). One reason for doing this is that there is to be legislation this year in relation to the Canadian Broadcasting Corporation; and the amendment is also connected with the fact that, radio licence fees having been done

away with, some of the grants which the government proposed to make to the CBC will be based on the amount of excise tax collected in respect to radio receiving sets, and also television sets; and for statistical purposes a segregation of the excise tax received in relation to the two types is required. It is intended that the grant of the excise tax collected on radio receiving sets shall be applied to the radio broadcasting activities of the corporation, while the excise tax received in relation to the television sets is to be used for television development and operation. I do not mean that a badge is being attached to the two types of revenue and the amount of the grant will be measured, so far as these items are concerned, by the sum so collected. The C.B.C., of course, will receive other grants as well. But, speaking broadly, that is one of the purposes of the division.

Hon. Mr. Reid: How will radio television sets purchased in the United States be dealt with under the act as amended? I understand that the 15 per cent tax applies to all television sets purchased in this country, and that the proceeds will go as a grant to the Canadian Broadcasting Corporation. How will this affect the purchase of sets across the line, where they are cheaper?

Hon. Mr. Hayden: My understanding—though I am speaking entirely from recollection—is that for some little time radio and television sets purchased by Canadians visiting in the United States have not qualified for entry into Canada under the $100 exemption which returning travellers enjoy. Therefore, anyone who brings them in is subject to whatever the customs duties are, to the sales tax and to the excise tax.

Hon. Mr. Vien: If an appliance is a combination of a broadcasting receiving set and a television receiving set, does it not follow from the new draft of section 11 that two taxes will be levied?

Hon. Mr. Hayden: I do not appreciate the honourable senator's question. Section 6 (a) deals with "radio broadcasting receiving sets or any combination of the foregoing and tubes therefor".

Hon. Mr. Vien: Under the section as I read it, if the appliance is a radio receiving set it falls under paragraph (a); if it is a television receiving set it falls under paragraph (b), and there is an excise tax of 15 per cent in each case.

Hon. Mr. Hayden: It is subject to 15 per cent. But I am trying to visualize a combination radio receiving and television set. That is the thing which is troubling me at the moment. If it is a radio receiving set, that is one thing, and if it is a television set, that is another.

Hon. Mr. Vien: There are combinations of the two.

Hon. Mr. Hayden: There may be combinations, but they must be chiefly of one character or the other.

Hon. Mr. Vien: No: we have in Montreal what is called rediffusion.

Hon. Mr. Hayden: Oh, yes, I can deal with that. I was going to say that one of the problems we should consider in committee has to do with when this particular section comes into force. Under the bill before us, it is provided that all the sections shall come into force on February 20. This matter of rediffusion went to the Tariff Board, and the board gave a decision favourable to the company and against the views of the administrative officials of the department. That decision is now under appeal in the Exchequer Court, so I do not feel that I can discuss it further. But it is intended to move in committee an amendment that this section shall come into force at a date later than February 20, which is stated in the bill, so that no retroactive penalty shall apply, by reason of the decision of the Tariff Board, to any person who may have brought in this type of equipment without having knowledge, from some pronouncement in the budget itself, that this particular amendment was to be made.

Hon. Mr. Vien: The amendment before us cannot be construed otherwise than as meaning that two taxes are to be paid, because the last words are "does not include any article coming within paragraph (b);" and then we have television receiving sets, for which another tax of 15 per cent is applied. Therefore, if you have a combination of the two, you must, in my humble opinion, pay two taxes.

Hon. Mr. Hayden: I have studiously adopted the policy of attempting to explain what the department is seeking to do, and I have also studiously refused to express an opinion as to whether or not what a department thinks or intends by a particular measure before us is actually accomplished.

Hon. Mr. Vien: I am not discussing it; I am just seeking information.

Hon. Mr. Hayden: And I am pointing out that, if one reads paragraph (b), it is clear that that paragraph deals not only with radio television sets and tubes therefor, but with "any apparatus or device that enables a person to see, or to see and hear, television programs distributed by any means whatsoever or television radio broadcasting programs distributed by any means whatsoever." In

my off-hand view, that appears to bring under category (b) the kind of thing the honourable senator is talking about.

Coming to section 12, this section deals with the question of replacement tires on self-propelled automotive vehicles. An amendment of this section was presented in 1952, as a result of the decision of the Tariff Board that "self-propelled machines" were not "automotive vehicles." When we passed the amendment last year we used only the word "vehicles" and did not include the word "machines". By an oversight the amendment was so worded that the tax would apply to the replacement tires and tubes for self-propelled machines but not to the replacement tires and tubes of trailers and attachments for self-propelled machines.

Section 13(a) will now read:

Tires in whole or in part of rubber for self-propelled machines or automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said machines or vehicles . . .

As I say, when the amendment was introduced last year the word "machines" was omitted. The purpose of the present amendmend is to correct this oversight so that the law will conform to what was intended when the amendment was passed last year. It will be found in paragraph (b) that certain exemptions extend beyond the exemptions heretofore provided. Subparagraph (ii) provides an exemption from tax when tires are used exclusively for replacement purposes on machinery designed for and used only for farm purposes. Subparagraph (iii) provides an exemption from tax when tires are designed and catalogued for farm machinery and used on farm trailers used exclusively for farm purposes.

Section 13 of the bill provides for a new schedule III. Some of the most important items of exemption in this schedule come under the heading "Foodstuffs". If honourable senators would look at the schedule I would refer briefly to some of the items which are added to the list of foodstuffs exempt from sales tax. On page 9 of the bill the following words will be found underlined:

Materials to be used exclusively in the manufacture or production of the aforementioned foodstuffs.

This means that not only the foodstuffs which are enumerated will be exempt, but also materials to be used exclusively in the manufacture or production of such foodstuffs.

Hon. Mr. Euler: May I ask my friend a question? I have the schedule before me, and under the heading "Foodstuffs" I fail to find any mention of margarine. Is that an oversight on my part or on the part of the government?

Hon. Mr. Hayden: I do not think it is an oversight on the part of the honourable gentleman from Waterloo (Hon. Mr. Euler), for I assume that if he had had anything to do with the preparation of this list margarine would be on it.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Hayden: The apparent innocence with which the honourable senator asked the question hardly discloses what his thinking is in this matter. He believes that margarine should be exempted from the sales tax, and I think he has called our attention to this in an effort to have margarine added to the schedule. I do not argue the point. It is a question of policy, and at this time I am merely explaining the proposed amendments in the bill. It will be up to honourable senators to deal with the matter as they see fit.

At page 10 it will be seen that harness leather and friction disc sharpeners are further items added to the list of exemptions under schedule III, and on page 11 nylon has been added under the heading "Marine and Fisheries". On page 12 there is set out a long list of books, college and school annuals, and so on, which have been added to the list of exemptions from the sales tax.

Under the heading "Processing Materials" the schedule has heretofore read:

Materials (not including lubricating oils) consumed in the process of manufacture or production of goods.

This is amended by adding the words "or expended directly". This part of the schedule will now read:

Materials (not including lubricating oils) consumed or expended directly in the process of manufacture or production of goods.

The addition of these words "or expended directly" makes a great deal of difference. For example, filtering agents are used in some manufacturing processes and may be expended directly but are not consumed. Bone char, which is used for sterilization and purification purposes in the manufacture of sugar, is expended directly but is not consumed in the process. The bill is amended so that the sales tax will not be applicable to those items which are expended directly in the manufacturing process. Incidentally, materials expended directly will benefit from the exemption whether they are expended on application to taxable or non-taxable goods. Some of these items are: soda ash, lime, chlorine, activated carbon, fuller's earth,

bone char, calcium chloride, washing compounds, detergents, solvents, steam paper, deep paper, paper cloth and so on. I have enumerated only some of the items, so one should not get the idea that this is merely a tiny exemption tucked away somewhere in schedule III. It represents a substantial extension of exemption benefit which will make itself felt in a large way in reducing costs.

Hon. Mr. Euler: I observe that sawdust is listed.

Hon. Mr. Hayden: In which list?

Hon. Mr. Euler: The exemption list under schedule III.

Hon. Mr. Hayden: It may be. Sawdust serves some practical purposes.

Hon. Mr. Euler: Perhaps it is a food, or perhaps it can be converted into a food?

Hon. Mr. Hayden: There seems to be some misconception as to schedule III. In addition to foodstuffs there are a substantial number of other items listed under this schedule. Foodstuffs are only some of a great many items under this schedule.

Hon. Mr. Euler: Yes, I know.

Hon. Mr. Hayden: Two tariff items have been added on page 14. These have not been underlined, and I think I should call attention to them. I refer to tariff items 436 and 697. Tariff item 436 reads:

> Locomotive and railway passenger, baggage and freight cars, being the property or under the control of railway companies in the United States running upon any line or road crossing the frontier . . .

In the past the sales tax has been collected on this equipment.

Under an amendment to the Customs Tariff Act the sales tax will in future be included with the customs duty in a composite charge which will be collected under that act. In effect the sales tax will still be collected but it will lose its identity under the new arrangement.

Tariff item 697 reads:

> Globes, geographical, topographical and astronomical.

It is proposed to exempt globes, including school globes, to put them on a par with maps which have been exempt under tariff item 696(a).

Revenue loss in a full year from all the foregoing sales tax changes will be approximately $8 million.

The remaining amendment is section 14, which provides for a coming-into-force date of February 20, 1953, for all these items. But as I indicated earlier, I think some amendment will be put forward when this bill gets to the committee, so as to provide for a different coming-into-force date for section 11.

Part II is simply a repetition of sections to which I have referred. This part makes the necessary amendments to the Revised Statutes of Canada, which are now so far advanced in preparation that they cannot now be amended in any other way.

Hon. Thomas Reid: Honourable senators, I wish to say a few words before this bill is sent to committee. We have all listened with a great deal of attention and admiration to the senator from Toronto (Hon. Mr. Hayden), who has made a clear and concise explanation of this bill, which is an intricate one in some respects. While it seems that taxes are being reduced and some—such as the stamp tax—are being done away with, I wonder if consideration has been given to a kind of hidden tax that has grown up over the past years and has become a considerable burden to most companies, both small and great. My attention has been drawn by a company in my own district to a form that is issued under the Excise Tax Act, or at least by the National Revenue Department. I am told that this form, E-160, is in the nature of an application, because the company is required to collect the sales tax from other companies doing business with it, and—believe it or not—in order to do this it must have a permit, for which it must pay a fee of $2.

The chief complaint from most companies that I come in contact with is that they have had to enlarge their staffs to cope with the increased bookkeeping demanded by the Department of National Revenue. Every company and firm now must send form after form to Ottawa, in triplicate, in connection with the sales tax and other forms of taxation which have arisen over the past years. I think this is something that we might well look into. The companies say that this is a hidden tax which must later be passed on to the consumer, and that this fact has not been recognized, generally when amendments have been made to the Income Tax Act.

I trust that the committee will deal with this matter when the departmental officials, and perhaps the minister, come before it.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hayden: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

EXCISE BILL

SECOND READING

Hon. S. A. Hayden moved the second reading of Bill 226, an Act to amend the Excise Act, 1934.

He said: Honourable senators, this brief bill provides simply for a reduction in the excise tax on cigarettes. By section 1 of the bill the tax on cigarettes weighing not more than two and one-half pounds per thousand is reduced from $6 to $4 per thousand; and on cigarettes weighing more than two and one-half pounds per thousand, the tax is reduced from $11 to $5 per thousand. The heavier cigarettes are the so-called "king size".

Hon. John T. Haig: Honourable senators, I should like to suggest that this bill be referred to a committee, in order that I may have the opportunity of examining the officials on one question.

Under the present law part of the tax on cigarettes is collected from the manufacturer and part from the distributor. I think the tax should be collected at the manufacturer's level only. When the tax was reduced in the recent budget a number of distributors who had already paid the tax on cigarettes in their possession found there was no provision for getting a refund.

This is what happens: The budget usually comes down in March, and if there are rumours, as there were this year, that there will be a cut in the cigarette tax, retail distributors decide to curtail their buying. They do not want on their shelves stock on which a higher duty has been paid. The manufacturer may either continue to produce and increase his stock on hand, or he may insist on passing it on to the distributors on the chance that there will not be a reduction in tax. The result has been in some instances almost a complete shut-down in the manufacturing process, causing considerable unemployment.

I think the tax should apply at the manufacturer's level only, and that it should not come into effect until a reasonable time after being announced.

Hon. Mr. Hayden: The bill before us provides that the new tax shall come into force on February 1, 1953.

Hon. Mr. Haig: I see that the bill makes that provision, but I seriously suggest that we might see fit in committee to amend the bill so as to provide for taxation at one level only. In that way the manufacturer could hold cigarettes in his warehouse without paying tax, pending the budget provisions. As a matter of fact, I made that recommendation to the department, but they did not choose to adopt it. Obviously, taxes are more easily collected at the source, and the collection costs would be reduced. If such a change were made the people engaged in the manufacture and sale of cigarettes would not suffer hardship during a period of transition.

Apart from these observations, I am in favour of the bill.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hayden: Honourable senators, in view of the remarks made by the honourable leader opposite, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CUSTOMS TARIFF BILL

SECOND READING

Hon. S. A. Hayden moved the second reading of Bill 227, an Act to amend the Customs Tariff.

He said: Honourable senators, the amendments proposed by this bill are beneficial in nature.

Section 1 would remove the additional duty of $2 per thousand on cigarettes imported from any country. That is complementary to the provisions to which I have earlier referred in the Excise Bill. In subsection 2 honourable senators will note a number of tariff items which are repealed. The new tariff items are contained in the schedule at the end of the bill.

Section 2 proposes to repeal item 1206 of schedule C to the Customs Tariff Act, and provides a new item 1206. Briefly, it authorizes the Governor in Council to suspend by regulation the existing provision against the importation of prison-made primary materials when needed for further manufacture in this country, but not available in Canada. The main purpose of this amendment is to permit the importation of Mexican henequen fibre for the manufacture of rope and cordage.

Section 3 provides that the proposed amendments shall come into force on February 20, 1953.

I should perhaps direct the attention of the house to the long schedule at the end of

the bill containing the 56 items which are affected. In some instances the proposed changes are for the purpose of clarification; in other instances they would reduce the duty. If honourable senators desire to get a picture of the present rates of duty on the items contained in the schedule to the bill, and to compare them with the proposed new rates, they may do so by looking at the Ways and Means resolution of February 19—that is part of the budget resolutions of the House of Commons—on page 7 and following pages.

I should also point out that the schedule containing 56 tariff items provides for reductions in duty, the extension of existing classifications to include additional products, and the removal of uncertainties and anomalies so as to facilitate administration. Some of the principal products covered by the new tariff items on which duties are reduced are:

Intelligence testing material; books for review; tape for tying vegetables; isotopes, wire rope or cable for commercial fishing operations; hydraulic hoists for unloading vehicles for use on the farm for farm purposes only; refrigerator parts of iron or steel; materials for the manufacture or repair of commercial fishing engines; gas control devices; timing devices for radios and ranges; prostheses; pinseal leather; and personal and household effects owned by members of the Canadian Armed Forces abroad.

The items on which the rates have been reduced with no substantial change in wording are: olives, sulphured or in brine; petroleum waxes; and gas and gasoline engines for commercial fishing boats.

The principal items in regard to which the wording has been extended or clarified provide for the following additional products at reduced rates:

Plough bolts; coyote getters; diesel engine starters; silage caps; certain apparatus for mining and processing of non-metalliferous ores; certain apparatus for chemical conversion, extraction, reduction, or recovery of ores; parts of conveyors for printing presses; and ancillary equipment for use with philosophical or scientific apparatus for universities, schools and public hospitals; certain articles for religious use. The item covering woven fabrics in part of artificial silk is amended to exclude fabrics containing 5 per cent or less, by weight, of synthetic textile yarns or filaments.

That in a general way is the nature of the fifty-six items in this schedule that are affected, and it indicates in a general way that there are changes in classifications, additions to some of the items, and reductions in duty on a substantial number of items.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hayden: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

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PRIVATE BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill D-5, an Act to incorporate Mid-Continent Pipelines Limited.

Hon. A. L. Beaubien: Honourable senators, on behalf of the sponsor of the bill, the honourable senator from Regina (Hon. Mr. Wood), I move that these amendments be concurred in. I have been in touch with him, and he agrees to the amendments.

Hon. Mr. Reid: What amendments were made to the bill?

Hon. Mr. Haig: I can answer that. The whole route must be in Canada.

The motion was agreed to, and the amendments were concurred in.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators will recall that yesterday the honourable leader of the opposition (Hon. Mr. Haig) drew to my attention the fact that the Divorce Committee would be sitting again this afternoon, after the Senate rises, and asked that we facilitate their work. The Committee on Immigration and Labour also is meeting this afternoon. In these circumstances I suggest that the remainder of the items on the Order Paper be not proceeded with today.

LEFEBVRE DIVORCE PETITION

REPORT OF COMMITTEE—CONSIDERATION POSTPONED

On the Order:

Consideration of the following report of the Standing Committee on Divorce:

Report No. 232,—re petition of Domina Emerius Lefebvre.—Hon. Senator Aseltine.

Hon. Mr. Robertson: Honourable senators, this item stands in the name of the Chairman of the Committee on Divorce (Hon. Mr. Aseltine), and as there seems to be some difference of opinion about the case I would ask the house to permit the order to stand until the honourable senator returns, about Wednesday of next week.

Hon. Mr. Roebuck: That suggestion, honourable senators, seems to me a wise one. I read the record last night with a good deal of care, and apparently the whole difficulty is that of procedure—as to just what we should do. The honourable gentleman from Rosetown (Hon. Mr. Aseltine) has been the chairman of the committee for a long time; he is very skilled and sound in his judgments; and I think it would be well to let the matter stand until his return.

Hon. Mr. Haig: The honourable senator from Rosetown will be here on Tuesday or Wednesday of next week, and it would be very much appreciated if the Order were allowed to stand meanwhile.

Some Hon. Senators: Stand.

The Hon. the Speaker: The Order stands.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 16, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CROWN LIABILITY BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 105, an Act respecting the liability of the Crown for torts and civil salvage.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (105 from the House of Commons), intituled: "An Act respecting the Liability of the Crown for Torts and Civil Salvage", have in obedience to the order of reference of March 31, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: Honourable senators, with leave I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

POST OFFICE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 107, an Act to amend the Post Office Act.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (107 from the House of Commons), intituled: "An Act to amend The Post Office Act", have in obedience to the order of reference of April 14, 1953, examined the said bill and now beg leave to report the same without any amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Reid: Next sitting.

EXCISE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 226, an Act to amend the Excise Act, 1934.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 226, intituled: "An Act to amend The Excise Act, 1934", have in obedience to the order of reference of April 15, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

CUSTOMS TARIFF BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 227, an Act to amend the Customs Tariff.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 227, intituled: "An Act to amend the Customs Tariff", have in obedience to the order of reference of April 15, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

EXCISE TAX BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 225, an Act to amend the Excise Tax Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill 225, intituled: "An Act to amend the Excise Tax Act", have in obedience to the order of reference of April 15, 1953, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 5, line 1: after "10", strike out "11",
2. Pages 5, line 3: after "1953," insert "and section 11 of this Act shall be deemed to have come into force on the 1st day of April, 1953,"
3. Page 9, line 2: after the word "Lard;" insert the word "Margarine;".

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: Next Wednesday.

IMMIGRATION

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mrs. Wilson presented the report of the Standing Committee on Immigration and Labour.

The report was read by the Clerk Assistant as follows:

In connection with the order of reference of the 12th of February, 1953, directing the committee to examine into the operation and administration of the Immigration Act, etc., the committee recommend that it be authorized to print 600 copies in English and 200 copies in French of its proceedings, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mrs. Wilson: With leave, I move concurrence in the report.

Hon. Mr. Haig: Honourable senators, unfortunately I was unable to attend the meeting of the Immigration and Labour Committee yesterday because I was busy at the Committee on Divorce. I should like to ask the honourable senator from Rockcliffe (Hon. Mrs. Wilson) what is the nature of the investigation being made by the Immigration Committee.

Hon. Mrs. Wilson: At yesterday's meeting the committee heard Mr. Kelly, representing the National Council of Chinese Community Centres, who alleged that discrimination has been shown against the Chinese. The Deputy Minister of the Department of Immigration and Labour, Colonel Laval Fortier, discussed various cases, but the committee did not come to any decision.

Hon. Mr. Haig: I do not object to adoption of the report, for I am in favour of a stenographic report being made of as many of our committees as possible. I would point out, however, that at the present time our reporting staff is exceedingly busy, particularly on divorce hearings. The Divorce Committee is to hear a large number of cases tomorrow. All these cases have to be reported and transcribed, and the printed evidence has to be presented with the committee's reports to the Senate before further action can be taken on them. There is no use in our working in that Committee all day tomorrow unless we can get prompt transcript of the evidence, and it will not be possible to get it if the reporting staff is going to be engaged on other committee work.

Hon. Mrs. Wilson: There will not be a great demand on the reporting staff for yesterday's hearing of the Immigration and Labour Committee, because the material presented there consisted, for the most part, of briefs. And of course the proceedings can be transcribed later.

Hon. Mr. Roebuck: Is it the intention of the committee to pursue the investigation?

Hon. Mrs. Wilson: There is no intention at the moment of pursuing it further.

Hon. Mr. Haig: That is all right, then.

The motion was agreed to.

INCOME TAX BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 228, an Act to amend the Income Tax Act.

He said: Honourable senators, we have before us a hardy perennial, in the form of amendments to the Income Tax Act. This year the amendments, in the main, represent reductions in various rates from those provided in the present act.

The bill looks like a very bulky document. It contains 45 sections, covering some 34 pages. And then there is a duplication of those sections for the purpose of carrying the amendments into the new Revised Statutes which are now in an advanced state of preparation.

As a preliminary I should like to mention one or two facts which, although they may already be known to honourable senators, will I think stand repetition. The first has to do with personal income tax. In the year 1950-51, which was five years after the conclusion of the war, when conditions had become fairly normal—in so far as any conditions within the last twelve or thirteen years can be called normal—personal income taxes at the rates then in force, which we might call pre-Korean rates, produced a revenue of $652 million.

Now in the present budget and this Income Tax Bill there is a re-establishment of the personal income tax rates that were in force in 1950. That could be called getting back to a pre-Korean basis. And it is estimated that those rates, applied to today's picture, will produce from personal income taxes a revenue of $1,165 million. Those figures give some idea of the extent to which salaries, wages and other income have gone up in the period from 1950 to 1953.

It is estimated that the personal income tax reductions provided for in the amendments before us will amount in the coming fiscal year to about $100 million. These

reductions, however, do not apply during the full year. The reductions in corporate income tax rates, which do apply for the full year, will amount to about $97 million. Reductions provided for in various other ways will amount to about $40 million.

I cite those figures, honourable senators, to indicate that one way in which we can effect a downward trend in income tax is, by increasing the volume of operations and earnings. As I have already shown, the increase in personal earnings since 1950 has been so great that although the personal income tax rates this year are the same as in 1950 they will yield almost double as much as they did then. It may well be that only by increased earnings shall we be able to effect a reduction in tax in future.

Like all taxpayers, present and future, I am very strongly in favour of income taxes being as small as possible. However, it must be recognized that we have a country to run, obligations to meet, and a position in world affairs to maintain. If we are to continue to be proud of our Canadian way of life and of our international position we must be prepared to provide the revenue necessary for their maintenance.

Having made those general observations, I now come to the consideration of the amendments before us. I propose to deal with them, as I did last year, in the order in which they appear in the bill.

Section 1 has to do with premiums on the redemption or acquisition of preference shares by a corporation. Redemption, of course, means the compulsory calling in or redeeming of shares by a company; acquisition is the going into the market by a company and the buying of redeemable preference shares from their holders; and premiums are the amounts paid in excess of the par value of the shares in order to acquire or redeem them. Heretofore premiums have been regarded by the income tax department as income in the hands of the shareholder, and he has been obliged to pay income tax on them.

By reference to the opposite side of the first page it will be seen that section 6 of the present act deals with a long list of items which are to be regarded as income, one being amounts received by the taxpayer in the year as premiums paid by a corporation on the redemption or acquisition of any of its shares. The amendment to section 1 drops the word "acquisition", so that it is provided that income includes:

> Amounts received by the taxpayers in the year as premiums paid by a corporation on the redemption before April 30, 1953 of any of its shares.

By omitting the word "acquisition" and by making the new paragraph (g) to section 6 applicable to the year 1949—that being the year in which the present paragraph (g) came into force—and subsequent years, the premiums paid on the acquisition by a company of its preference shares, or any part of them, never became income as a matter of fact or law and subject to tax; and therefore, any person in the interval from 1949 to date who has shown such premium as part of his income and paid income tax on it would be in a position to claim a refund on it. As regards redemption: the premium paid by a company on the redemption of its shares is made income down to April 30, 1953. After that date, even where a premium is paid on the redemption of preference shares, it will not constitute income in the hands of the shareholder who receives it. There are other provisions later on for catching up on some of the revenue which might otherwise be lost. I will refer to them subsequently. But the neat effect of section 1 is that the premium paid on the acquisition of preference shares by a company never became income, and that the premium paid on the redemption or the compulsory taking of preference shares by a company after April 30, 1953, will not constitute income in the hands of the shareholder who receives it.

Section 2 deals with the matter of expenses. It will be recalled that in 1946 a provision was inserted in the Income Tax Act whereby members of provincial legislatures were allowed an exemption from income tax for expenses, but a ceiling was placed on such expenses: they were to be no more than one-half of any salary received by virtue of the office. The further condition was attached that the money received by the member of the provincial legislature was to be voted or assigned or given to him specifically as an item for expenses. He could not arbitrarily divide the salary he received and say "So much of it is income". For example, if he received $2,000, he was not allowed to treat half that sum as salary and half as expenses. There would have to be a specific giving and allocation as expenses of a certain amount, which could not exceed one-half of the salary and expenses. That provision has been extended to include any elected officer of an incorporated municipality, and it is made retroactive to 1946. If there are officers of incorporated municipalities who have received since 1946 expenses by virtue of statutory provisions so framed that they can qualify as a result of this amendment, some of them may find that they are entitled to refunds.

Hon. Mr. Euler: Is my friend putting in any provision to include senators?

Hon. Mr. Hayden: I cannot say that, but the honourable senator from Waterloo (Hon. Mr. Euler) has had so much success with amendments he has proposed that he might give some thought to trying what he suggests, when we get to the committee stage.

Hon. Mr. Euler: The end is not yet!

Hon. Mr. Hayden: Section 3 deals with terminal funding plans. A terminal funding plan is the kind of pension plan which is not funded by the employer until the employee becomes eligible upon retirement: the employer then makes the contribution to provide the pension, and he is entitled in accordance with the provisions of the Income Tax Act to a reduction therefor from income tax otherwise payable. But situations have arisen, and may arise again, in which a man who, having reached retirement age, is entitled to retire, does not retire but goes on working. As the law stands, under those circumstances the employer had no right to claim for a deduction for the contribution. The amending words contained in section 3 are "becomes eligible to retire". If a man, having reached retirement age, becomes eligible to retire, the benefit of the contribution by the employer to the man's pension accrues to the employer, even though the man continues to work.

Section 4 repeals the provision that provincial corporation taxes are not deductible in computing income. It has to do with provincial corporation taxes which might or might not be allowed as a deduction from income of the corporation. There is a provision in the act under which the arbitrary line was drawn to the effect that deductions would be allowable for corporation taxes payable on or before March 1941, but not in respect of taxes which came into force after that date. In some quarters this distinction provoked discussion and controversy, and what is done by section 4 of this bill is to delete the provision including these latter taxes among those which are not deductible. The effect of striking it out is not to qualify all provincial corporation taxes as deductible. It is simply that, in order to be deductible, a provincial corporation tax will have to qualify under the general provisions of the law as an expense of doing business.

Section 5 deals with interest on bonds. Let me illustrate one peculiar situation which exists under the present Act. A person sells some bonds at some time between two interest dates. The purchaser has to pay, in addition to the current market price of the bonds, the amount of interest accrued on the bonds at the date of purchase. It might be argued that the seller of the bonds has sold the right to receive that interest, and that the total interest for the full period is taxable income in the hands of the purchaser. This amendment is designed to clarify such a situation. The amount paid to the seller for interest accrued at the time he sells the bonds will be regarded as income in his hands.

Hon. Mr. Haig: May I ask the honourable gentleman how the income tax department will be able to check on this? When I cash bond coupons I sign a certificate to the effect that the money has been received by me, and when I pay my income tax the department checks to see whether I have shown as income the amount stated on the certificate. But if I have bought the bonds between two interest dates the seller has received the interest for part of the year.

Hon. Mr. Hayden: It would be presumptuous for me to attempt to say what methods the department may use to catch up with these things. However, I am sure the purchaser would be on the side of the income tax collector, for he would be stuck for the total amount of interest unless he could show that he had acquired title to the bond at some time between two interest dates. It must be remembered that all bonds are not bearer bonds. The honourable gentleman has illustrated a case concerning bearer bonds with coupons attached. When such coupons are cashed a declaration of the amount received has to be filed. There is also a complete record of transfers of fully registered bonds, the interest on which is paid by cheque made out to the registered holders. The departmental officials will get along all right, for in the past they have been able to obtain information concerning much more difficult cases. The purchaser will be most anxious to help the income tax collector, and I am sure the officials of the department will resolve any difficulties.

Hon. Mr. Reid: They do very well.

Hon. Mr. Hayden: Yes.

Hon. Mr. Campbell: I have not yet studied the section. May I ask what happens when a bond three years in default say, is sold? Does the seller have to include in his income the interest which has accrued on that bond, although it may never be paid?

Hon. Mr. Hayden: I am not in a position to answer my friend. He is referring to a special case. The type of situation contemplated by section 6 is one where the bonds are in good standing and the interest has been paid. Entirely different questions arise if one sells bonds that are in default, and I would be just expressing an opinion were I to try

to answer those questions. At this time I would simply prefer to inform the house how the department is attempting to deal with various matters covered by the amendments. I certainly do not regard it as part of my duty at this time to make any comment on whether I think the amendments will prove effective. I am frank to say that I am not ready to give any considered answer to the question raised by my honourable friend.

Section 6 deals with cases where a husband and wife are in a business. At present if a husband is in business and he pays his wife a salary he cannot deduct the amount as a business expense, but the salary which the wife receives is not taxable in her hands. In other words, it is not regarded as income to her. A recent amendment to this part of the Income Tax Act provided what might be an advantage when a salary passed from husband to wife, or vice versa. The purpose of the present amendment is to shut off that advantage. Subsection 10 of section 11 of the Act allows a deduction for an assistant or a substitute where there is a contract of employment. Therefore, if a wife has a contract of employment as an assistant or substitute, her salary is a deductible item of expense of business. That loophole is now being closed.

Section 7 deals with dependent children. The exemption of $400 which is at present allowed, in computing the taxable income of individuals, in respect of dependent children under twenty-one years of age is to be allowed in respect of dependent children over twenty-one years of age if they are in full-time attendance at a school or university. This exemption is also extended in respect of dependent grandchildren of the taxpayer.

Section 8 deals with medical expenses. The amendment does not disturb the ceiling, which was increased last year from $1,000 to $2,000 in certain circumstances, but it lowers the floor at which medical expenses become deductible. It reduces the minimum from 4 per cent of the taxpayer's income to 3 per cent. The amendment is also intended to overcome the difficulty that may arise when the taxpayer belongs to a medical plan and the payment of medical bills on his behalf is delayed beyond the twelve-month period in which he wishes to include them for income tax purposes.

But the taxpayer has the option of choosing a twelve-month period in respect of which to claim a deduction for medical expenses, and even when the bill is not paid under the hospital plan within the twelve month period he is entitled to claim the deduction if the bill is payable under the plan within that twelve-month period.

Hon. Mr. Reid: Would such a deduction be allowed under the British Coumbia hospitalization scheme?

Hon. Mr. Hayden: I am talking not about the cost of buying hospitalization, but about the expense which a taxpayer incurs because of illness, in the way of medical or hospital expenses.

Section 9 amends section 27. It is a complicated section, but I think it has been simplified considerably this year. The amendment expands and relieves some of the hardness of the block that was put in originally by section 27 and the succeeding sections against the passing of dividends from a subsidiary company to the controlling company. The new subsection (1-J) of section 27 deals with cases where several subsidiary companies have a common parent and one of the subsidiary companies wants to acquire the shares of the other subsidiary companies. It is provided that the block does not apply if the par value shares are acquired for no more than their par value, or if shares of no par value are acquired for no higher price than the original paid-in capital in respect of those shares.

A new subsection (1K) is added, in respect of "control period". If for instance, a company paid a dividend, say in February of this year, and in May of this year another company acquired immediate control of the company, then the company controlled becomes a controlled company under the Act and the control period is extended back to the 1st of January, the beginning of the taxation period. So, by that provision, the dividend, although paid before control was acquired, is drawn into the control period. The amendment is provided for the purpose of indicating that the dividend so paid before control was actually acquired, yet paid within the control period according to the Act, is chargeable against designated surplus; and the other parts of the section do not apply.

I will try to simplify another complicated provision in section 9. I think I explained last year that when a company was likely to pay a substantial dividend some shareholders, to avoid including it in taxable income, would sell their shares to a broker, who would receive the dividend from the company tax free, and subsequently sell back the shares at a lower price, or even at a loss, which he would charge to operating costs. When we were amending the act last year we put in a block against that sort of thing, so that a broker who has taken a dividend in those circumstances could not charge off a loss subsequently incurred in the sale of those shares, unless he had held them for at least 365 days, and in no event could he

charge off such a loss if the number of shares he held was greater than 5 per cent of the issued share capital. This amendment is to make it clear that if there are two or more classes of stock, the 5 per cent means 5 per cent of each class of issued shares, and not 5 per cent of the overall issued share capital.

Subsection (1) of section 10 gives the graduated rates of personal income tax for 1954 and subsequent years, and subsection 2 gives the graduated rates of tax which are to apply for 1953. Subsection 3 provides a special table where the taxable income does not exceed $3,000 and there is some element of investment income in it. It also provides that, the old age security tax may be included in the table.

Section 11 deals with pension funds. The Canadian National Railway Company pension fund is a case in point. A person under a pension plan may become eligible to receive some payments from it while still working and before he has reached retirement age, and the plan is intended to continue. If a lump sum is received the recipient might thereby be made liable to pay a large income tax in one year. Section 11 ameliorates his position by providing that when a single payment is received out of the pension plan, and the plan is to continue, the recipient is entitled to be put on the same basis as he is in relation to other lump sum payments, and the tax is determined by taking an average of his rate of tax over the three years preceding the taxation year. In other words, his effective tax rate is the average of his rate for the three preceding years.

Hon. Mr. Isnor: May I ask the honourable senator a question arising out of the statement he has just made? If a lump sum paid to a person enjoying the privilege or benefit of the pension amounts to, say, $3,000 and he invests it, will he be taxed on the revenue derived from it?

Hon. Mr. Hayden: We are talking about a lump sum received, which has the character of income. The question is, what rate of tax is to be applied in that year when the employee's total income is extraordinarily high, relatively speaking? The amendment cuts his tax down to an effective rate, which is the average of his tax over the preceding three years. But once he receives the money, if he uses it in such a way that it earns income, he must pay a tax on that income for the year in which he receives it.

Section 12 deals with credits for dividends. Honourable senators will recall that several years ago the Minister of Finance referred to the beginning of what he hoped was a practice that might ultimately lead to the avoidance of double taxation, as where a company pays income tax on its profits, and the shareholders in turn have to pay income tax on the dividends. As a start in the right direction years ago a provision was then made whereby a shareholder could deduct from tax otherwise payable 10 per cent of the amount of dividends received from taxable corporations in Canada. By section 12 of the bill before us the 10 per cent is increased to 20 per cent. In that regard the section implements budget resolution No. 4. Provision is made by which the old age security tax does not enter into the calculations arising out of the 20 per cent dividend credit. The term "dividend" is given a broader interpretation by this section. For instance, under the present law when a husband gives dividends to his wife or a minor under nineteen years of age, they are attributable to the husband and he is taxed on them. By the proposed amendment dividends so attributed to the husband for taxation purposes qualify for the 20 per cent credit.

Section 13 of the bill implements budget resolution No. 3 and reduces the rates of tax on corporate earnings. Originally on income up to $10,000 the tax was 10 per cent. This year the earnings of a company up to $20,000 will be taxed at the rate of 18 per cent. The general corporate rate has been reduced from 50 per cent to 47 per cent. In my reference to the general corporate rate of 47 per cent and the special rate of 18 per cent on income of $20,000, I do not include the special old age security tax, which would increase both percentages by 2 per cent.

Hon. Mr. Haig: Do I understand that the 2 per cent applies only to corporation income of $20,000, or does it apply to all income?

Hon. Mr. Hayden: It applies to all income. The effective rate of the corporate tax, including old age security tax, on the first $20,000, would be 20 per cent; on the amount of income in excess of $20,000 it would be 49 per cent. The new rate of 20 per cent replaces the rate of 22 per cent paid in 1952, and the rate of 49 per cent replaces the old rate of 52 per cent.

It should be pointed out that this section contains a new subsection 3A which permits the allocation of that $20,000 income among related companies. Under the present law only one of several related companies can claim that credit. By the proposed amendment the companies may get together and make an agreement among themselves as to the allocation of the credit, and the department will recognize that agreement.

Hon. Mr. Euler: Suppose they cannot agree?

Hon. Mr. Hayden: If they do not agree they do not get the benefit of the allocation, or the minister may determine which related company shall get the benefit.

Section 14 applies particularly to the province of Quebec, and has to do with a province which has not made a tax rental agreement with the federal authorities. The credit of 5 per cent paid on corporate taxes under the present Act has now been increased to 7 per cent and would apply to the earnings of a corporation in that province. That implements budget resolution No. 5, and becomes effective for the year 1953 and thereafter.

Section 15, with the marginal note of "foreign tax", is rather complicated, but I think I can make its meaning clear in a few sentences. The explanatory note on the opposite page reads:

> The new subsection (5) will permit a taxpayer under conditions to be prescribed by regulation to claim a deduction from tax in respect of certain taxes, other than taxes on income, that are paid to a foreign country.

Some countries have income tax, excess profits tax and what is called declared capital tax. The declared capital tax is tied in with the excess profits tax, and the higher you make your declared capital, the lower will be your excess profits; and the higher you make your declared capital and the more capital tax you pay, the lower will be your excess profits tax. Representations have been made that in those circumstances the matter should be looked at in its entirety, because it is all in the nature of income tax. Under section 15 the department would give relief on a basis to be prescribed by regulations.

Section 16 has to do with the averaging of income for income tax purposes by farmers and fishermen. Very briefly, at present a fisherman or a farmer who seeks to take advantage of the averaging provisions must have filed his return on time in each of the four proceeding years, and also must file on time in the year in which a claim is made for the right to average. A farmer or a fisherman who has complied with this requirement is allowed to strike an average rate of tax over the five years, and by doing so he may well become entitled to a refund. Difficulties arose under this provision by reason of the fact that if the taxpayer failed to file on time in any one of four years he broke the continuity and had to start all over again. Under the section now before us, if he is late in filing in, say, the fourth year, he merely skips that year and goes on to the next year and eventually makes up his five years. There is, however, a maximum limit of two years in which he may be guilty of late filing. If he fails to file on time for more than two years he must start his averaging period all over again.

An additional concession is given to farmers and fishermen under section 16. Under the present law a farmer or fisherman who filed his returns on an averaging basis could not revoke. It might happen that by reason of disallowance by the department on his returns, his assessment would show that it was not to his advantage to file on an averaging basis. The amendment would allow him to revoke his filing on that basis within thirty days after receiving his notice of assessment.

Section 17 of the bill deals with that rather famous matter having to do with depreciation called "recapture". It simply means that if on a property acquired at a certain capital cost you have written off depreciation on the diminishing balance basis over a period of years, and you then sell the property at a gain, the income tax department recaptures to the extent of the write-off that you have made, and brings that recaptured amount into income.

Hon. Mr. Euler: Is that not section 18?

Hon. Mr. Hayden: What bill do you have before you?

Hon. Mr. Euler: An Act to amend the Income Tax Act, first reading.

Hon. Mr. Hayden: In the bill as passed by the other house the sections were renumbered.

With respect to recapture a concession is made by which the taxpayer, instead of being faced with a lump sum payment in one year, may spread it over a period of five years. There is, however, this qualification, which works a hardship. An individual who seeks to spread out the payment must have been a resident in Canada during the five-year period; and a corporation may not take advantage of this provision unless it has carried on business in Canada for a period of five years. The rigour of this requirement is lessened by the provision in section 17 that if an individual has been resident only two, or three, or four years he may spread the payment. If he has been resident more than two years and not more than three, the period is the three immediately preceding years; if more than three years and not more than four, the period is the four immediately preceding years; and if more than four years, the period is the five years immediately preceding.

Section 18 is an ameliorating section. Under the present law, where a partner or proprietor of a business died after the close of a fiscal period but before the end of the calendar

year in which the fiscal period closed—let us assume that the fiscal period ended on September 30 and the man died in October or mid-November—it was necessary to file a separate return for the period following the end of the fiscal year. That might or might not work to the advantage of the taxpayer's estate, because the possibility of substantial loss and the question of carrying back would be involved. So the subsection is changed to provide an option. If it suits better the purpose of the estate, separate returns may be filed; if it is more advantageous to combine the last fiscal period plus the period until the death of the partner or proprietor, one return may be filed to cover both periods.

Section 19 has to do with a section of the act, which has provoked some controversy, dealing with the case of brokers who have accumulated in their possession dividends from street certificates. A street certificate is one which may be in the name of a broker and is passed through a succession of brokers until, finally, the beneficial owner is unknown to the broker named in the certificate. In the past that broker has regarded himself—and, as a matter of law, I believe correctly—as liable to pay at any time the amount of these dividends to any person who may turn up and prove himself to be the beneficial owner and demand them. In most cases, I doubt whether income tax in respect of these accumulations of dividends in the hands of brokers, where the owners are unknown, is accounted for. But there is now a specific provision to the effect that the obligation is imposed on the broker in respect of these accumulations to withhold 25 per cent and pay it to the Receiver General. This requirement becomes mandatory for the first time in 1954, in relation to accumulations for the twelve months preceding January 1 next. But the catch is contained in a subsection which states that all accumulations in 1952 and previous taxation years shall be regarded as having come in within the twelve months prior to January 1, 1954. So all past accumulations are brought into that year, and the 25 per cent withheld for the account of the unknown beneficial owner is to be remitted to the government. As and when he comes along and claims his dividends he gets them, less the 25 per cent which has been withheld; and the broker is protected.

There may be a question whether this provision should embrace so long a period as twenty or twenty-five years, or as far back as taxes on income of this kind have been payable. That, I suppose, is a matter we can properly discuss in committee. I have my own view of it, but I suppose one can argue the point either way. It is certain that a good many people have been in business and gone out of business and have taken these accumulations in some fashion, or the accumulations have got lost in the period of years that has elapsed, so that the only persons who will be caught by reason of this change are those who have had a continuity of operation and have accounted for it in such a way that the amount is shown in the records. To my mind it is a moot question.

Hon. Mr. Haig: I think so too—very moot.

Hon. Mr. Hayden: The complaints from some sources have been very vocal.

Section 20 is a relieving section. Until the present time, if the taxpayer had made an overpayment, and the fact was determined by a decision of the appeal board or the courts, or by a decision of the minister that the assessment was too high, the interest payable was only 2 per cent. That amount has been stepped up to 6 per cent.

Charitable trusts are dealt with in section 21, which permits them to make expenditures in respect of charitable activities carried on by them. It amends section 57, which permitted charitable foundations to expend money in relation to their activities but made no similar provision in respect of charitable trusts. The new section puts the two kinds of organizations on a parallel basis.

Subsection 2 of the same section has to do with credit unions. The interest which a credit union receives from the loans it makes to its members is not taxable, nor is the interest it may derive from government bonds held by it. But some credit unions have a practice of charging a fee for cashing a cheque for a member. The new section exempts from income tax a fee or accumulation of fees for this service, and provides further that the interest received by a credit union on a loan made by it to its parent, some co-operative society, is not to be interpreted as constituting income.

In the new subsection (5) of the same section there is a further provision relating to new charitable foundations and charitable trusts. These bodies are exempt from the payment of income tax in the first year, even though they may not be able within that period to meet the requirements of the act as it stands to distribute 90 per cent of their income for charitable purposes. The matter is dealt with by a provision that in their second year of operation the disbursements they have made to the extent of 90 per cent in that year are attributed to the first year. There is an existing provision that a charitable foundation or trust may set up reserves equal to the amount of its income in the preceding year. By this means charitable trusts and

foundations are enabled to "get going" without doing violence to the scheme of the sections as now in force.

Section 22 provides a minor change which was requested by some trust companies. It concerns estates that have an earned income from foreign sources. The present law provides that the income of an estate from sources in a foreign country shall be deemed to be income for the taxation year from that foreign country. The purpose of the amendment is to enable the estate to designate residual beneficiaries as entitled to the benefit of the credit for the tax paid to foreign countries.

Section 23 deals with dividends from personal corporations. The amendment repeals subsections (6D) and (6E) of section 61 of the act and substitutes new subsections of the same numbers. New subsection (6D) deals with personal corporations and tax credits in relation to dividends received by individuals therefrom, and, by formula, prescribes what portion is to be taken as dividend deduction. The amendment permits the tax credit to pass through more than one personal corporation to the individual shareholder.

Subsection (6E) similiarly permits foreign tax deductions to pass through more than one personal corporation to the individual shareholder.

Section 24 of the bill deals with undistributed income on hand, and amends section 73A of the act. It provides that premiums paid by corporations on the redemption of any of its shares, other than common shares, shall be deducted in computing undistributed income on hand; and that premiums paid by a corporation on the acquisition of any of its shares, other than common shares, shall also be deductible, with the exception of premiums paid for the acquisition of shares prior to February 20, 1953.

Section 73A of the Act is further amended by the addition of subsection (12) which permits the tax paid on undistributed income in the hands of one corporation to become tax paid undistributed income in the hands of other corporations owning shares of the first corporation. This amendment is to clarify certain difficulties that have arisen under the section.

Section 25 implements paragraph 13 of the Income Tax Resolution. It extends the exemption of income from metalliferous or industrial mineral mines for the first three years of production to mines coming into production during the calendar year 1956. This is an extension we have been pushing ahead each year so as to keep in force the three-year benefit for new mines coming into production.

Section 26 deals with crown companies. Last year we passed an amendment making certain income of crown companies subject to income tax. The present amendment applies to a situation where the government turns over some property or other asset to a crown company to sell. The profit from the disposal of that property or other asset is not to be regarded as income of the crown corporation.

Section 27 of the bill deals with the special rates that were provided last year with respect to electric, gas or steam corporations. In this instance the amendment is of a consequential nature. The general rates of taxation having been changed, the rates provided for electric, gas or steam corporations must be altered accordingly.

Section 28, an important one, deals with benefits to employees. The amendment adds a new section 75A, which provides that in the income of an employee of a corporation there shall be included any benefits the employee receives as a result of an agreement under which he receives shares, or rights to acquire shares, of the corporation at less than their value at the time of acquisition. This deals with stock options and stock purchase plans that exist in some companies. The element which is to be regarded as taxable will be the difference between the price at which these shares may be acquired by the employee and their going value at the time of the transaction.

Hon. Mr. Roebuck: How is this established?

Hon. Mr. Hayden: It is easily established if the shares are listed.

Hon. Mr. Reid: What is meant by the words "arms length" which are used in this section?

Hon. Mr. Hayden: The use of these words is explained in the definition section of the act. A transaction which is not at arms length would involve corporations controlled directly or indirectly by the same person, or persons connected by blood relationship, marriage or adoption. In other words, an "arms length" transaction would be one conducted between strangers.

Section 75A (2) provides that where an employee is deemed to have received a benefit under this section he may elect to pay tax on the benefit at the rate by which his effective rate of tax for three years preceding the taxation year exceeds 20 per cent.

Hon. Mr. Haig: May I interrupt to ask a question? Suppose a company issues bonds with the right of conversion, before December 1, 1953, into ten shares of common stock for every bond. If I pay $1,000 for one of these bonds at a time when the market price of the shares is $100 each, and I convert it into ten common shares which I sell at $125 each before the end of the year, do I become liable to pay income tax on my profit of $250?

Hon. Mr. Hayden: Not according to anything I have said. This section merely deals with the benefits to employees of a corporation.

Hon. Mr. Haig: That is all I wanted to know.

Hon. Mr. Hayden: I should like to call attention to the fact that section 28 introduces a new law dealing with special reserves. This has to do with amounts received in a taxable year on account of services not rendered or goods not delivered as well as deposits on containers. Honourable senators know that, for instance, strips of tickets are sold in the operation of dairy and bakery businesses, and that milk is sold in containers, in respect of which deposits are taken. The Income Tax Appeal Board has held the revenue from the sale of such tickets to be income of the year in which it was received, and the company concerned has not been permitted to make allowance for unused tickets. Now, this bill provides for a new subsection 75B which enumerates these special reserves, and establishes certain rules for setting them up. The first rule requires that for the year 1953 the company must bring into its income all the reserves it had accumulated in previous years in relation to these items. It then provides the basis on which a reserve may be set up for the year. The reserve is fixed at a reasonable amount. And there is this limitation in respect to unreturned containers for which the deposit is claimed: all items of money received, including the deposits, must be brought into income. At the end of the year a quantity of containers will be represented by deposits held for unreturned containers. The company is entitled to set up a reserve against those containers which have not come back, but the maximum reserve that can be set up is the amount that has been taken into income with respect to them. In other words, if at the end of the year you had $500 by way of deposits for unreturned containers, that would be the maximum reserve you could set up. I do not want to burden the house with a lot of detail about these special reserves, but I think it is important to state that there is this ameliorating provision.

Hon. Mr. Davis: What is the effect of the Act if cartons are used instead of bottles as milk containers?

Hon. Mr. Hayden: Some milk companies do use wax paper boxes instead of bottles, but I understand those containers are not reissued.

Hon. Mr. Haig: No.

Hon. Mr. Hayden: In other words, they are consumable.

Hon. Mr. Davis: I know one company whose yards are piled up high with containers, old bottles and boxes.

Hon. Mr. Hayden: Containers fall into two categories. If something used as a container is consumable or destructible, so that it cannot be used a second time, then it is charged to cost of operation. But if a container is capable of being used a number of times, how is the deposit to be treated in the first instance? This section says the deposit must be brought in as income for the year. It also says that a reserve must be set up not greater than deposits received to the end of the year. A full explanation appears in the explanatory note opposite page 20 and it will amplify what I have said.

There is also provision with respect to policy reserves of insurance companies. Instead of specifying all the details that might be required in spelling out policy reserves, and what insurance companies may do in setting them up, the provision has been made very broad. An insurance company, other than a life insurance company, may deduct such amounts by way of policy reserves as may be approved by the Superintendent of Insurance.

There is also a provision in respect of unearned commissions of insurance agents, other than life insurance agents. While the full commission that is received must be brought into income, there is a provision for setting up a reserve for the portion that has not been earned during the current fiscal year and carries into the next year.

Section 29 increases the salaries of the Income Tax Appeal Board.

Hon. Mr. Reid: It seems rather strange that in the present section 29 the salary of the chairman should be set at $13,333.33. I do not know of any official in any other department whose salary is worked out to odd cents.

Hon. Mr. Hayden: I can give no explanation for that. All that section 29 does is to increase the salary of the Chairman of the Income Tax Appeal Board from $13,333.33 to $14,400; that of the Assistant Chairman from $12,000 to $13,000; and that of each of the other members of the board from $10,000 to $11,000.

Section 30 deals with the procedure on appeal.

Section 31 is with respect to the fee upon filing notice of appeal. A fee of $15 is to be paid to the Income Tax Appeal Board when launching an appeal. This amendment is to make it clear that if the appellant ultimately succeeds he is entitled to get his $15 back.

Section 32 provides for disposal of appeal by the board, and this involves some clarification of the existing section.

Section 33 deals with cross-appeals, when the respondent wishes to appeal from the decision of the Income Tax Appeal Board.

Section 34 is consequential upon the addition of the new subsection (3) to section 95A. The explanatory note opposite page 25 says:

> The present law does not permit a subsidiary controlled corporation to elect to pay the 15 per cent tax on undistributed income earned after the end of its 1949 taxation year. The new subsection (3) permits a subsidiary controlled corporation that is subsidiary to a personal corporation to make such an election on the same basis as corporations that are not controlled subsidiaries.

Subsection 4 also is purely consequential upon the new subsection (3).

Section 35 adds a new part, "Part IB," which deals with tax on premiums paid on redemption or acquisition of capital stock. This is related to section 1, to which I referred at the beginning of my explanation today. Up to the present time the premium received by a shareholder, on the redemption or acquisition of shares was part of his income on which he had to pay tax. The amendments do away with that and impose a new kind of tax, and provide that a corporation which redeems or acquires any of its shares, other than common shares, at a premium, shall pay a tax of 20 per cent on the amount of the premium; or if it has any tax-paid undistributed income on hand, to that extent it may deduct the tax and pay the tax of 20 per cent on the balance remaining. The same thing applies where a corporation has acquired, other than by redemption, its preference shares at a premium. The effective date as to acquisition is on and after February 20, 1953, and as to redemption, after April 30, 1953.

Section 36 adds a certain section and subsections to section 96 of the act. It has to do with Part II, which deals with the tax on income from Canada of non-resident persons. This section of the bill has to do with the question of interest in that connotation. The explanatory note opposite page 27 of the bill makes this section clear, and it is scarcely necessary for me to attempt to paraphrase or even to read the note.

Section 37 is complementary to section 5 of the bill, and would amend section 97 (5) of the present Income Tax Act. Subsection 4A, on page 28 of the bill, covers the case where a non-resident sells bonds to a resident of Canada between interest dates. There is provision for the withholding of tax by the purchaser in relation to the portion of interest paid to the non-resident, as part of the purchase price of the bond. As I have said, it is complementary to the item I discussed under section 5 of the bill, having to do with interest on bonds sold in Canada between interest dates. The section now before us deals with the converse situation, that of a non-resident vendor selling a bond to a resident between interest periods. There is an element there with respect to which the purchaser in Canada must withhold the tax and remit it to the Receiver General.

Section 38, which is for the purpose of clarification, amends section 104 of the act.

I come now to section 39, on page 28 of the bill. Under section 48 of the present act the minister, in a case where he feels there has been evasion, may not only make an assessment but may issue a demand for immediate payment. But even though he may be satisfied there is an evasion and makes an immediate assessment, he must wait thirty days after the assessment before issuing a certificate. It is felt that in those circumstances he should be able to act forthwith without the intervention of thirty days, so that he may proceed immediately to round up the assets of a delinquent taxpayer in order to meet the assessment. Section 39 would allow immediate certification by the minister in those circumstances.

Section 40 deals with non-resident persons carrying on business in Canada. Existing regulations require them to file a return and pay the tax thereon. And section 41 provides penalties for failure to make a return and to pay the tax. Though these amendments would not have a very extensive application, there are some instances in which they would be useful, for a non-resident company, instead of being required to withhold taxes, would be obligated to file a return and remit payment with the return at the end of the year. The provision for penalties would make their compliance with the law doubly sure.

Section 42 would amend the definition section, section 127 of the act. Under present provisions parents of a child who becomes sixteen in the month of December may claim an exemption, according to the strict wording of the definition, of $150 instead of $400. As will be seen from the explanatory note on the opposite page, the amendment would enlarge the definition so that the parents would not be penalized to that extent.

Subsection 2 defines "employer" and "employee". We have all heard of the pension plan proposed for members of the House of Commons. This is referred to in the explanatory note, otherwise I would not mention it. The meaning of the word "employee" is expanded so that the pension plan may be approved of for income tax purposes.

Hon. Mr. Reid: What words would apply to the members of the House of Commons?

Hon. Mr. Hayden: The present Act defines the word "officer" as including a member of parliament. Paragraph (ka) defines "employee" as including "officer". The bill includes members of the House of Commons, who for the purposes of this Act are officers, in the definition of "employee", in order that the pension plan proposed for members of that house may be entitled to approval for income tax purposes.

Subsection 3 adds a new subsection 9 to section 127 of the act. This has to do with a pension plan covered by an annuity contract. If an employee leaves his employment, takes his portion of the annuity contract and makes no change in it, he retains it until its maturity and draws benefits from it free of tax; but if under the same circumstances he takes his portion of the annuity contract before retirement and changes it into something else, this subsection requires that the portion of the annuity contract which he received shall be valued before the change is made, and the valuation is deemed to be income and subject to tax in the year in which he received it.

Honourable senators will note that section 43, carrying the marginal note "tax on tax" relates to no section of the Income Tax Act which it would amend. The reason is that this section does not amend the act. It has to do with such a case as this: A railway company takes a lease on a property at a rental of $10,000 a year, and agrees to pay any income tax which the lessor—that is the one who owns the land—is obliged to pay by reason of receipt of the rental. Such a case results in the calculation of tax on tax. Section 43 provides a formula which is limited to a contract made before the coming into force of the section. The effect of the formula is that while the lessor must include rental income in his total income for income tax purposes, he shall calculate his tax on that income separately from other income. In other words, the rent is part of his income, but it is not lumped with his general income for taxation purposes. On the other hand, the lessee—that is the one who rents the land—is not entitled to charge up as expense the portion of the so-called rent which is tax.

I do not need to take any time on section 34, which deals merely with a printing error.

Section 45, "deductions for oil, gas and mining corporations", implements paragraphs 9 and 10 of the budget resolutions having to do with oil, gas and mining corporations. A mining company which engages also in oil and gas exploration is entitled to the benefits of the deduction prescribed. In other words, the allowances are exchangeable. An oil and gas company which carries on some mining operations benefits by the allowances income tax-wise, in relation to its mining operations; and correspondingly, the benefits which flow from oil and gas operations by a mining company are extended to the mining company. Heretofore that sort of reciprocity did not exist. The notes opposite page 31 explain the matter very clearly.

It remains only for me to draw your attention to subsection (3A), page 32, concerning bonus payments. In Alberta, companies can buy at government auctions oil leases. If a company, having bought an oil lease and made a substantial payment, goes ahead with development and finds that it is not an economic process, that either oil cannot be found or only in insufficient quantities, and the enterprise is abandoned, upon surrender of its right it is entitled to write off the amount of the payment. But if the company should go ahead and work the property for a while, and then abandon it, the cost is treated in the ordinary way as a capital asset and no write-off is permitted. Subsection (5A) deals with deep test wells and the benefits which may be obtained in respect of expenditures. The concessions made under last year's bill are extended, and the nature of these, with certain limitations, can be gathered from the explanatory note. This section implements budget resolution No. 11.

I have stated in a hurried way—though the explanation has taken more time than I thought it would—the effect of the amendments contained in this bill. I have not attempted an exhaustive analysis: I have not stated, and do not intend to state, that the sections accomplish fully the purposes for which they are intended, but I have given a general explanation of what they are intended for.

Last year, in closing my remarks on the Income Tax Act amendments then before us, I raised two points, which I thought deserved consideration by the government. My voice could not have been raised very loudly, because neither of these matters has been dealt with, so I shall have to follow the practice of repetition, hoping it may set up such a current or succession of currents that ultimately they will come in on some wave length which is used by a responsible officer of the crown, and we may get relief.

My first contention was that if a taxpayer is assessed by the Minister of National Revenue a sum in excess of the amount that he returns as income, and pays the tax demanded, and is forced to go to the Income Tax Appeal Board and to the courts to establish that his return was correct, and if the decision of the court

supports his claim that the extra or increased assessment made by the department was wrong, in law that taxpayer should be entitled to charge as an expense the cost of defending himself and to deduct it from his income tax payment, or, at least, from income upon which income tax is payable. Hitherto the department has insisted that expenditures so made are not for the purpose of earning income, and therefore are not deductible.

With respect to the second item, I would explain that for customs or sales tax purposes a man files the necessary customs entry forms, values are stated, a levy is made for sales tax, and it is paid. It may be—indeed these cases happen, and frequently—that after two or three years the department, for customs purposes, will review these entries and determine that the value which was stated and used is not the fair market value in the home country or country of origin of the goods and therefore more duty is payable, plus a penalty. The basis of applying that higher rate or increased value may have legal validity, but my position has been and is that if what in those circumstances the taxpayer has done has been done without fraud—that is, if the statement he made and his entry for customs purposes were honestly, not fraudulently made, or if the basis of payment for sales tax is an honest basis and no allegation of fraud can be supported—the taxpayer who is called upon to pay those additional moneys should be permitted to deduct them as an expense against his cost of operation. But if an application for this purpose is made to the income tax authorities, and more than a year has passed since the assessment was made, the applicant is told, "It is too bad, we will not entertain an application for a refund." The taxpayer has sold the goods on the basis of a certain cost, including duty paid and/or sales tax; he has made his return and acquired a certain profit as a result of these transactions; and afterwards, without any fraud on his part, he is subjected to a higher duty or a larger sales tax, and he has no place to reimburse himself except from his own pocket.

I think that the two matters I have outlined are cases where some amelioration or lessening of the rigour of the law should be extended to the taxpayer; and I am going to keep on talking about them until the authorities do something.

That is all I have to say at the present time with respect to the bill. I assume that in accordance with our usual practice it will be considered in detail in committee.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I do not intend to make a speech on this bill, although at this time it is customary for a member of the opposition or anyone else who differs from the policy of the government, not only on income tax matters but on any other aspect of financial policy, to state his views. I feel very strongly that the law in relation to income tax is so important, and its application is so general that before any critical statements are made about it the bill should go to committee, where, having in our minds the explanation—I may say, the very able explanation—of the honourable senator who has just taken his seat, we may have further information from departmental officials, so that we shall come back with an understanding of the whole problem. Therefore I shall not indulge in any "budget" speech.

I think it is important that legislation such as the Income Tax Bill should be thoroughly studied in committee. The information gathered by the Standing Committee on Finance in its annual study of the estimates has always provided members with a background of knowledge which has helped them immeasurably in dealing with these matters. Unfortunately, however, that committee did not examine the estimates this year.

I agree with the contention of the mover that when a taxpayer has to go to court to defend himself, and the court rules in his favour, he should be entitled to charge as an expense the legal costs he has incurred and be able to deduct that amount from his income tax payment. Let me give an illustration. A gentleman came into my office some four years ago and reported that he had been renting machinery and deducting the rental cost from his annual expenses. Apparently there had been some oversight in drafting the applicable section of the Income Tax Act and he was able to do this. Let us say that the machinery he rented was worth $60,000, and that he was required to pay a yearly rental of $8,000. He continued paying this amount for seven years, by which time he had paid a total of $56,000. He then went to the company and bought the machinery for the amount left owing on it. The point is that he got credit for the rent he paid on the machine, less interest that had been charged at 6 per cent. He was allowed to charge the $8,000 annual rent for the machinery as an expense item in each taxable year. Naturally the income tax department tried to have this expense disallowed, but he appealed and won his case. Well, since that time the law has been amended and that loophole has been closed. He paid legal fees amounting to something like two or three thousand dollars, but he was not permitted to deduct these expenses from his income, even though his lawyer had saved him some $10,000 or $12,000 in taxes. I object to that sort of thing. A lawyer can make a client pay, and legal

fees are a legitimate expense to the taxpayer which he should be allowed to deduct in order to arrive at his net income.

Hon. Mr. Campbell: Is there not another way of dealing with it? It could be provided that the lawyer would not have to include fees in his income.

Some Hon. Senators: Oh, oh.

Hon. Mr. Haig: Well, I have never been able to get away with that sort of thing.

I should like to refer now to the subject of rent control. Incidentally, this matter is now in the hands of the provinces and is rapidly falling into the hands of the municipalities. I suppose it will end up with the school boards and finally be kicked out.

I maintain that a percentage of depreciation should be allowed on buildings each year, as was done prior to some five years ago. People simply will not build houses for rental purposes unless depreciation is allowed. There is no inducement for them to build for rent, and builders would rather sell.

A frame house in my community lasts for about twenty years, and a brick house for forty years. The cost of repairs and upkeep to these structures practically equals their total value at the end of those periods, yet no exemption at all is allowed for depreciation. I think the depreciation provisions for buildings should be put back in our statute books, for they would greatly encourage the building of houses for rent.

Honourable senators, I presume that this bill will be sent to committee, and if it is I would suggest that a stenographic report be made of the proceedings and that authorization be given to print copies of the evidence. This would make available to the people of Canada, particularly accountants, lawyers, merchants, bookkeepers, and so on, a written record of the questions asked by senators and the answers given by department officials. Such a report would save us all a great deal of time in trying to digest the various sections of the Income Tax Bill, and it would reflect on the Senate an importance it deserves.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hayden: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

Hon. Mr. Robertson: Honourable senators, I am sure I express the sentiment of the whole house in thanking the honourable gentleman from Toronto (Hon. Mr. Hayden) for his very clear exposition of this important, long and complicated bill. In his presentation this afternoon he not only displayed great powers of lucid analysis, but he also performed a feat of very considerable endurance.

Some Hon. Senators: Hear, hear.

BUSINESS OF THE SENATE

On the Motion to Adjourn:

Hon. Mr. Robertson: Honourable senators, while there are still several items on our Order Paper, I intend to move that when the Senate adjourns today it stand adjourned until Tuesday evening next. As we have already been told, the Divorce Committee has a good deal of work before it tomorrow, and honourable members of that committee will need the day free in order to attend to that work. My general understanding of the bills on the Order Paper is that, while they are all important, none of them should provoke any extended discussion.

I may say that I expect to be out-of-town on Monday and Tuesday next, but I hope to be back by Tuesday evening. However, if for any reason I am unable to return in time for Tuesday's sitting, I would ask the honourable senator from Ottawa (Hon. Mr. Lambert) to lead the house in my absence.

The Senate adjourned until Tuesday, April 21, at 8 p.m.

THE SENATE

Tuesday, April 21, 1953

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

Prayers and routine proceedings.

CANADA SHIPPING BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill D-7, an Act to amend the Canada Shipping Act, 1934, and to acquaint the Senate that they have passed this bill with certain amendments to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 2, line 37: Strike out the words: "all of whom" and substitute therefor the word: "who".

2. Page 3, lines 11 to 19: Strike out subsection (3) and substitute therefor the following:

"(3) Subsection two also applies to all other steamships of five thousand tons gross tonnage or upwards going on any voyage outside of a port not being an inland voyage."

3. Page 4, lines 1 to 6: Strike out subsection (6) and substitute therefor the following:

Regulations

"(6) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that

(a) a ship navigating on the Great Lakes or on the river St. Lawrence above the lower exit of the Lachine canal and the Victoria bridge at Montreal,

(b) a cargo ship of five hundred tons gross tonnage or upwards but not exceeding five thousand tons gross tonnage going on any voyage outside of a port, and

(c) a ship under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty feet or more

shall be fitted with a radiotelephone installation."

4. Page 4, between lines 12 and 13: Insert the following as clause 3:

"3. (1) Section 411 of the said act is repealed and the following substituted therefor:

Radio stations and apparatus to be licensed

'411. No person shall establish any radio station or install or operate or have in his possession any radio apparatus consisting of a reasonably complete and sufficient combination of distinct radio appliances intended for or capable of being used as a radio station on board any Canadian ship or any vessel licensed in Canada except under and in accordance with a licence granted in that behalf by the minister under this act or the Radio Act, 1938.'

(2) Subsection (1) of section 412 of the said act is repealed and the following substituted therefor:

Penalty for establishing stations and apparatus illegally

'412. (1) Any person who establishes a radio station or installs or operates or has in his possession any radio apparatus on any vessel in violation of the provisions of this act or of any regulations made hereunder, is liable on summary conviction to a fine not exceeding fifty dollars, and on conviction under indictment to a fine not exceeding five hundred dollars and to imprisonment for a term not exceeding twelve months, and in either case is liable to forfeit to Her Majesty, any radio apparatus installed or operated without a licence.' "

5. Pages 4, 5, 6: Renumber clauses 3, 4, 5, 6 and 7 as 4, 5, 6, 7 and 8, respectively.

6. Page 6, line 30: Strike out the words: "all of whom" and substitute therefor the word: "who".

Page 7, lines 5 to 12: Strike out subsection (7) and substitute therefor the following:

"(7) Subsection (6) also applies to all other steamships of five thousand tons gross tonnage or upwards going on any voyage outside of a port not being an inland voyage."

8. Page 7, lines 27 to 32: Strike out subsection (10) and substitute therefor the following:

Regulations

"(10) The Governor in Council may by regulation, to the extent and upon such terms and conditions as he may prescribe, provide that

(a) a ship navigating on the Great Lakes or on the river St. Lawrence above the lower exit of the Lachine canal and the Victoria bridge at Montreal,

(b) a cargo ship of five hundred tons gross tonnage or upwards but not exceeding five thousand tons gross tonnage going on any voyage outside of a port, and

(c) a ship under five hundred tons gross tonnage engaged in towing another vessel of five hundred tons gross tonnage or over or engaged in towing any other floating object having a dimension in any direction of one hundred and fifty feet or more

shall be fitted with a radiotelephone installation."

9. Page 7, between lines 38 and 39: Insert the following as Clause 9:

"9. (1) Section 416 of the said Act is repealed and the following substituted therefor:

Radio stations and apparatus to be licensed

'416. No person shall establish any radio station or install or operate or have in his possession any radio apparatus consisting of a reasonably complete and sufficient combination of distinct radio appliances intended for or capable of being used as a radio station on board any Canadian ship or any vessel licensed in Canada except under and in accordance with a licence granted in that behalf by the minister under this Act or the Radio Act.'

(2) Subsection (1) of section 417 of the said Act is repealed and the following substituted therefor:

Penalty for establishing stations and apparatus illegally

'417. (1) Any person who establishes a radio station or installs or operates or has in his possession any radio apparatus on any vessel in violation of the provisions of this Act or of any regulations made hereunder, is liable on summary conviction to a fine not exceeding fifty dollars, and on conviction under indictment to a fine not exceeding five hundred dollars and to imprisonment for a term not exceeding twelve months, and in either case is liable to forfeit to Her Majesty, any radio apparatus installed or operated without a licence.' "

10. Pages 7, 8 and 9: Renumber clauses 8, 9, 10, 11 and 12 as 10, 11, 12, 13 and 14 respectively.

11. Page 9, immediately after line 7: Insert the following as clause 15:

Application of s.3.

"15 Section 3 of this Act shall be deemed to have come into force on the 31st day of March, 1953."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Lambert: Tomorrow.

CANADIAN CITIZENSHIP BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill Q-5, an Act to amend the Canadian Citizenship Act, and to acquaint the Senate that they have passed this bill with certain amendments to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 1, between lines 16 and 17: Insert the following as subclause (3):

"(3) Paragraph (f) of the said section 2 is repealed and the following substituted therefor:

'(f) "Clerk" or "Clerk of the Court" includes all officers exercising the functions of prothonotary, registrar or clerk of any court having jurisdiction under this act, and, where a person is designated by the Governor in Council to act as a court for the purposes of this act, means any such officer approved by the minister and available to assist the said person as his clerk or, if no such officer is so approved, means the said person;'"

2. Page 1, lines 17 and 18: Renumber subclauses (3) and (4) as (4) and (5).

3. Page 5, lines 22 to 28: Delete subclause (2) of clause 6.

4. Page 5, lines 29 and 33: Renumber subclauses (3) and (4) as (2) and (3); and

Page 6, line 15: Renumber subclause (5) as (4).

5. Page 9, between lines 33 and 34: Insert the following as subclause (3):

"(3) Paragraph (f) of the said section 2 is repealed and the following substituted therefor:

'(f) 'Clerk' or 'Clerk of the Court' includes all officers exercising the functions of prothonotary, registrar or clerk of any court having jurisdiction under this act, and where a person is designated by the Governor in Council to act as a court for the purposes of this act, means any such officer approved by the minister and available to assist the said person as his clerk or, if no such officer is so approved, means the said person;'"

6. Page 9, lines 34 and 35: Renumber subclauses (3) and (4) as (4) and (5).

7. Page 13, lines 7 to 13: Delete subclause (2) of clause 17.

8. Page 13, lines 14, 18 and 48: Renumber subclauses (3), (4) and (5) as (2), (3) and (4) respectively.

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Lambert: Tomorrow.

FOOD AND DRUGS BILL

COMMONS AMENDMENT

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill J, an Act respecting foods, drugs, cosmetics and therapeutic devices, and to acquaint the Senate that they have passed this bill with a certain amendment to which they desire the concurrence of the Senate.

The amendment was read by the Clerk Assistant as follows:

1. Page 10, line 36: Immediately after the word "certificate", insert the following: "the party against whom it is produced may require the attendance of the analyst for the purpose of cross-examination".

The Hon. the Speaker: Honourable senators, when shall the amendment be taken into consideration?

Hon. Mr. Lambert: Tomorrow.

VETERANS BENEFIT BILL

FIRST READING

A message was received from the House of Commons with Bill 335, an Act to amend the Veterans Benefit Act, 1951.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Thursday next.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

FIRST READING

A message was received from the House of Commons with Bill 336, an Act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Thursday next.

RADIO BILL

FIRST READING

A message was received from the House of Commons with Bill 337, an Act to amend the Radio Act, 1938.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Thursday next.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill L-11, an Act for the relief of Hanus Braun, otherwise known as John Browne.

Bill M-11, an Act for the relief of Hazel Loisette Robinson Darby.

Bill N-11, an Act for the relief of Pearle Elizabeth McLeod Martin.

Bill O-11, an Act for the relief of Susan Klamka Migicovsky.

Bill P-11, an Act for the relief of Olive Margaret Searle Pfeffer.

Bill Q-11, an Act for the relief of Alfred Roger Holder,

Bill R-11, an Act for the relief of Joseph Willie Brais.

Bill S-11, an Act for the relief of Gladys Ola Taylor McLellan.

Bill T-11, an Act for the relief of Freda Smolar Brown.

Bill U-11, an Act for the relief of Marguerita Downie Couture.

Bill V-11, an Act for the relief of Howard Douglas Wardle.

Bill W-11, an Act for the relief of Rose Brownstien Lazarus.

Bill X-11, an Act for the relief of Rebecca Bowman LeFloch.

Bill Y-11, an Act for the relief of John Stewart Hannah.

Bill Z-11, an Act for the relief of Harold Speevak.

Bill A-12, an Act for the relief of Rita Rabinovitch Abrams.

Bill B-12, an Act for the relief of Marcel Roland Veilleux.

Bill C-12, an Act for the relief of Mary Gordon Wilson LaForest.

Bill D-12, an Act for the relief of Lionel Jobin.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, I move that they be read the second time now.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, I move the third readings now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

POST OFFICE BILL

THIRD READING

Hon. Mr. Lambert (for Hon. Mr. Robertson) moved the third reading of Bill 107, an Act to amend the Post Office Act.

The motion was agreed to, and the bill was read the third time, and passed.

HISTORIC SITES AND MONUMENTS BILL

SECOND READING

Hon. C. G. Hawkins moved the second reading of Bill 110, an Act to establish the Historic Sites and Monuments Board of Canada.

He said: Honourable senators, the main purpose of this bill is to provide a statutory authority for the Historic Sites and Monuments Board, whose function is to act in an advisory capacity to the Minister of Resources and Development in the selection of national historic sites.

For some time past the federal government has recognized the need of preserving, as part of our national heritage, the sites and areas which have played historic roles in the development of our great nation. With the awakening of this realization, and as a result of certain representations, the Minister of the Interior of the day set up in 1919 an honorary Historic Sites and Monuments Board to advise the department on the subject of sites and events deserving special recognition and commemoration.

The first board was composed of five authorities on history in Canada under the chairmanship of Brigadier General E. A. Cruickshank, of Ottawa. All members served without remuneration, but received an allowance of $10 per day and ordinary travelling expenses to meetings away from their places of residence.

In 1923 the board was reconstituted, its membership raised to seven, and appointment was by order in council which stipulated:

> That the board is honorary, serves without remuneration and acts in an advisory capacity to the Department of the Interior in regard to historic sites of national interest.

Subsequent appointments have been made by order in council, and today the membership consists of thirteen:—one member from each of the ten provinces, the Dominion Archivist, a representative from the National Parks and Historic Sites division of the Department of Resources and Development, and a retired official of the same department.

The board continues to act only in an advisory capacity to the minister, and meets annually.

Honourable members are well aware that the decisions to be reached and the merits of sites and events are not easily catalogued as being more important one than the other. The pages of Canadian history are pregnant with the exploits and daring of brave men and women who builded a great nation from

a virgin land. The march of time has witnessed a succession of great achievements by men of vision from the early French settlements in Nova Scotia and Quebec, through the unsettled years of the Seven Years War, the American War of Independence, the Rebellion of 1837, the Fenian Raids and uprising in the North-West in 1870 and 1885, and the exploration and development of the Canadian West to the Pacific and Northwest to the Arctic.

Since its inception in 1919, the Historic Sites and Monuments Board has examined for historical significance over one thousand sites which have played an important role in the economic, political and social growth of this country. Of these, 623 have been marked by the National Parks Branch, upon approval by the minister, as being of national importance, and, of these, 429 have been marked or preserved as historic sites. In the three fiscal years ending 1952-53, total appropriations for construction and operation of historic sites and National Historic parks have averaged some $226,000 annually.

Authority is also sought under sections 11 and 12 of the National Parks Act for the establishment of National Historic parks. This provides that the Governor in Council may set aside any land, title to which is vested in Her Majesty, as a National Historic park to commemorate an historic event of national importance or to preserve any historic landmark or any object of historic or prehistoric or scientific interest of national importance and to bring it under certain provisions of the National Parks Act for administrative purposes. There are eleven National Historic parks in Canada, and several museums have been established to preserve exhibits and relics pertaining to the early history of the area.

In addition to these, steps have been taken to perpetuate through stone and bronze, by monument and tablet, the names of such great Canadians as Laurier, Macdonald, King, Bennett, Cartier; and, as recently announced, the name of Borden will be commemorated by means of a statue to be erected on Parliament Hill.

The bill now presented provides for the establishment of a board of twelve members, ten of whom, representing the ten provinces, will be appointed by the Governor in Council. The other two members will be the Dominion Archivist and the Chief Curator of the National Museum. The chairman is to be appointed by the Governor in Council, and the appointed members will hold office for periods not exceeding five years, although retiring members will be eligible for reappointment.

As stated, the board will act in an advisory capacity to the minister, whose power it is to indicate the places to be marked and preserved. Authority is also sought to establish subject to the approval of the Governor in council, historic museums and to acquire land for such purposes.

There may be those in Canada who do not appreciate to the fullest extent the significance of the work for which the Historic Sites and Monuments Board was established.

Throughout the long history of man his achievements have been in large part inspired by the record of his forebears. That applied in the case of the old world; it applies no less to the new. No clearer example could be cited than in the happy blending of races whose achievements made Nova Scotia great and are suitably commemorated through the work of this board. There at Port Royal have been reconstructed the Old Fort and Habitation, which stand as a fitting memorial to both the privation endured in the earliest French settlement in Canada and the adventurous spirit which led the first white men to our shores. There too on the shores of Halifax Harbour, in the great fortress built by the English, is exemplified the character and stability of the earlier Anglo-Saxon pioneers. There at Pictou, and in the Cape Breton Highlands, stand monuments to the sturdy Scot who found in the new world freedom of religion and fulfilment of his destiny to lead rather than to follow. There, too, at Lunenburg, is memorialized for ever the work of the thrifty Dutch and German settlers, men of the sea, whose vocation was characterized in the accomplishments of the famous salt-banker, the *Bluenose*.

As may be readily seen, then, there in the little province of Nova Scotia were blended together French and English, Celt and German, races from far across the sea whose earnest endeavours brought the new land to early prominence. The development of Canada and her steady progression to a leading place in the world today was accomplished by the exact process which characterized the growth of Nova Scotia.

This was but the beginning. Farther west, in the St. Lawrence river valley and on the Great Lakes, the foundations of the new country were being laid by former rivals. In Upper and Lower Canada the vision of great men carried them beyond the immediate advantages of local warfare and conquest. The struggle for responsible government welded together the two great groups in a common cause. As a result, the union of the eastern provinces was achieved, and as the torch of union was borne westward a great country was born. The temper of the new

nation which emerged from the heat of battle and the strength of her pioneers have, within our own times, been tried and found worthy. The people from all quarters of the globe, of every race and creed, who comprise the Canadian nation, have been forged together in a common loyalty to Canada and have brought this country to her present proud preeminence in the world.

Is it not proper, therefore, that the works and deeds of our forefathers should be perpetuated in bronze and stone? The privations and suffering of the pioneers have produced a race of builders whose precept and example may be regarded as the keystone of Canada's greatness. May we in our small way prove our appreciation and worthiness of that glorious heritage.

Hon. Mr. Reid: May I ask the mover a question? In looking over the bill I see no provision requiring an annual report to be placed before parliament. I am wondering why a report of such a splendid board as this should not be placed before parliament each year?

Hon. Mr. Hawkins: Is that provision not found in section 9 of the bill?

Hon. Mr. Reid: Section 9 provides that the board shall submit a report to the minister, but I do not see any section requiring the report to be placed before parliament.

Hon. Mr. Dupuis: The minister places it before parliament.

Hon. Mr. Hawkins: Will the minister not place the report before parliament? I understand that this is an advisory board which makes a report to the minister, and I presume that the minister will submit the report to parliament. The bill establishes an advisory board which is to make an annual report to the minister.

Hon. John T. Haig: Honourable senators, the merits of this entire subject were thoroughly discussed by this house in the debate on the report of the Standing Committee on Tourist Traffic. Many fine speeches were made during that debate, and I recall particularly the eloquent address of the honourable senator from Medicine Hat (Hon. Mr. Gershaw). The honourable gentleman from Milford-Hants (Hon. Mr. Hawkins) has just given us an excellent outline of the legislation before the house, and I should like to make a few comments about the purpose of the bill. Once good roads are built throughout Canada it will be advisable to establish some kind of a record to draw the attention of tourists to our historical sites. People want to visit the historical sites and other places of interest in the land where their forefathers came from. Let me give an illustration. The citizens of my home city of Winnipeg have preserved the first post office established in that district. It has been made a substation. Now, if I were a Winnipegger who had gone to another part of the country and decided to return for a visit, and my father had talked about the old post office, I think I would want to see it. I am told that the original cost of that post office was about $1,000. The new post office now being erected will cost about $15 million. This gives one some idea of the change in the times.

Hon. Mr. King: What about the gate at Fort Garry?

Hon. Mr. Haig: I am glad you mentioned it. The Fort Garry Gate is in the right place where it is. Fort Garry, adjoining the city of Winnipeg, is really a suburban municipality. They want Winnipeg to give the gate to Fort Garry. I do not want to get into that struggle.

Hon. Mr. King: It is a historic site.

Hon. Mr. Haig: I think the gate ought to remain where it is.

And also the government have lower Fort Garry. That was really the first fort in that part of the country; and the site where the battle of Seven Oaks was fought between the Hudson's Bay Company and the North-West Company is marked by a small monument. That battle was part of a great struggle between the early fur traders for the control of the Northwest Territories.

I can name other sites that I think are of historic importance, but my friend on my left, the honourable senator from Rosetown (Hon. Mr. Aseltine), will say something to me if I do. There is a site on the Portage Highway, two miles west of Headingly, where the first land surveyor of western Canada started his chain; the land surveys of Manitoba, Saskatchewan, Alberta and British Columbia started at that point. On the west side of that is west of the first grade; on the east side is east of the first grade. At first it was the site of a monument, but within the last two or three years the government has seen fit to have a fence put around it and pegged a garden.

I believe not only that the site should be marked, but that the buildings should be marked, if possible, or should be restored without too much cost, so that their historical association would be made known to people who visit there. If some description and identification of the buildings were given, and perhaps an enclosure erected, it would become of great interest to visitors. I do not believe

that it is sufficient to have a monument bearing words such as, "This is where the battle of Seven Oaks was fought." Lower Fort Garry is still in existence; it has been kept up by the Hudson's Bay Company, and has been given to the government. I think it is far more interesting in itself to visitors than a monument could be.

I am glad to see that the bill provides for a representative from each province. A distinguished prelate of the Roman Catholic Church, in the city of St. Boniface, has been Manitoba's representative on this board for many years. He is a very able gentleman; he has given very fine service to the province of Manitoba in respect to the marking of historic sites, and has rendered this service irrespective of all conditions. Just as a good Manitoban would do, he has kept the right perspective. I will not mention his name, but anyone who knows Manitoba will know of whom I speak.

I am glad to see the government sponsor this legislation. I think it is a move in the right direction. As my honourable friend from Medicine Hat (Hon. Mr. Gershaw) said, if we want to encourage tourists to visit this country we must have some features of interest to attract them.

A very large number of people visit the parks in my province. Last year 389,000 visited Riding Mountain National Park. If you want to see elk, well, there are plenty of them there, as well as buffalo and other animals. Riding Mountain Park is very large, and admirably suited for park purposes.

I heartily support the bill. I hope it will be carried out in the spirit expressed by the senator from Milford-Hants (Hon. Mr. Hawkins) and the senator from Medicine Hat (Hon. Mr. Gershaw), and also by the senator from Lethbridge (Hon. Mr. Buchanan), who spoke the other day on this subject in the debate on tourist traffic.

I hope that Canada will some day have numerous monuments and landmarks that will attract tourists from abroad and from our own country in ever increasing numbers.

Hon. G. P. Burchill: Honourable senators, I will not delay the house, but I want to join those who have preceded me in congratulating the honourable senator from Milford-Hants (Hon. Mr. Hawkins) upon the eloquent manner in which he explained this bill; and in pointing out how necessary and fitting it is for us to mark by monuments the dramatic events of our history. I seize this opportunity to rise to pay tribute to a great Canadian and an eminent citizen of the Maritime Provinces who has contributed extensively to the work of the board which this bill proposes to incorporate. In New Brunswick and Nova Scotia the name of Dr. J. C. Webster will live for a great many generations. Dr. Webster devoted many years of his life to the study of the history of the Maritime Provinces. One who travels, as I do, over the roads of New Brunswick and Nova Scotia and Prince Edward Island, and sees historic monuments in place, can always feel assured that Dr. Webster spent long hours of concentrated study and work on their establishment. It is with very great pleasure, honourable senators, that I take this opportunity of paying tribute to a very great Canadian.

Hon. W. Rupert Davies: Honourable senators, I also want to congratulate the senator from Milford-Hants (Hon. Mr. Hawkins) upon his explanation of the measure tonight. As we have heard from New Brunswick and Manitoba, I would like to say a word about Ontario.

We have, of course, a number of historic sites and monuments in Ontario. My purpose in speaking tonight is to suggest to the Historic Sites and Monuments Board that consideration be given to the taking over by the federal government of the care of monuments which have been erected by municipalities and local societies. For instance, there is in Victoria Park in the city of Brantford a very fine monument to the great Indian chief Joseph Brant whose Indian name was Thayendanegea. The Kent County Historic Society put up a fine monument to the memory of Chief Tecumseh. At a meeting to commemorate the battle of 1812, members of the Kent county society and some members of the Middlesex County Historic Society gathered together at this monument. While on a business trip through Western Ontario last week I passed the monument and was pleased to see how well it was kept.

In the city of Kingston we have a monument to Canada's first prime minister, Sir John A. Macdonald. In 1941, just fifty years after Sir John died, a number of distinguished statesmen from Ottawa attended a splendid ceremony at his monument. I understand that that monument and the one at Fort Henry, just outside Kingston, were erected by the local society. In suggesting that these historic monuments be maintained at the expense of the government, I am not for a moment complaining that the city has not been doing a good job—although I must say that I do not care for the colour of paint they put on the statue of Sir John A. Macdonald two or three years ago.

I would suggest, honourable senators, that the historic places which have been set aside and the monuments which have been erected throughout various provinces should be maintained by the national board, regardless of

whether in the first place they were set aside or erected at the expense of the municipality or local society.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hawkins: Next sitting.

CANADA WATER CONSERVATION ASSISTANCE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. F. W. Gershaw moved the second reading of Bill 109, an Act to authorize the grant of assistance to a province for the conservation of water resources.

He said: Honourable senators, many speeches have been made in this country about the conservation of our national resources. The brief bill now before us has to do entirely with water resources. As we all know, water is a great blessing when it brings moisture to the thirsty land, or when it is the source of power to run industry, or to supply urban areas; but when it comes in a roaring flood it can wreak destruction on all that lies in its path.

Over a long period of time many major structures have been erected and works carried out by the dominion in co-operation with the provinces. I might mention, for example, the development under the Maritime Marshland Rehabilitation Act and the building of the Fanshaw Dam on the Thames river north of London; also the projects under the Prairie Farm Rehabilitation Act; and the work done under the Eastern Rocky Mountain Forest Conservation Act, which has preserved the vegetable covering on the eastern slope of the Rockies from being destroyed by insects and fires and made it possible for the streams to flow down the mountain side in an orderly way.

The bill before us gives a statutory basis for the erection by the dominion and any province of a major structure suggested by the province. Under the bill any federal minister may, with the consent of the cabinet, make an agreement with a province for the conservation of its water resources. The agreement shall prescribe the time, the location, the standards and methods of construction, and provide for the calling of tenders and the extent to which the federal government will contribute. Provision is made for constant inspection and the auditing of accounts during the progress of the building of a structure.

The federal government will not contribute more than 37½ per cent of the total cost of a major project, and in any event its subscription will not exceed that of the province concerned. Part of the cost may be contributed by the local municipality.

The bill requires that the officers employed on such projects must come under the Civil Service Commission; also, that the minister must lay before parliament annually a complete record of the progress made during the previous year.

I would point out that this is not a new method by which the federal government would give assistance to provincial projects. The bill merely puts a ceiling on the extent to which the federal government is prepared to share the cost with the provincial government.

Hon. Mr. Aseltine: I should like to ask the honourable senator if he can give us some examples of the type of project this bill is intended to cover. I assume that it would not include the dam on the South Saskatchewan river, near a place called Outlook, which we have heard so much about.

Hon. Mr. Gershaw: The project to which my honourable friend refers would require special legislation. This bill would cover such undertakings as the preservation of the vegetable covering on the eastern slope of the Rocky Mountains, and the Fanshaw Dam on the Thames river north of the city of London. This measure is simply to give a statutory basis for negotiation between the dominion and provincial authorities on a major project, towards which the federal government will not contribute more than 37½ per cent. Such a structure as the honourable member refers to would require special legislation and a special distribution of costs.

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

The motion was agreed to, and the debate was adjourned.

TRANS-CANADA AIR LINES BILL

SECOND READING

Hon. G. P. Burchill moved the second reading of Bill 330, an Act to amend The Trans-Canada Air Lines Act, 1937.

He said: Honourable senators, one of the things which struck me when I first entered parliament was the number of matters upon which legislation can be based. After parliament had passed a long series of bills, I used to think that so many projects had been covered, there could not possibly be much more legislation next session, but when I

came back the following session it was usually to find the order paper more extensive than ever.

The bill before us affords some explanation of how this comes about. For when legislation on one particular subject is adopted it frequently makes necessary the introduction of other bills to cover a number of matters which that legislation has indirectly affected.

For example, in 1952 the budget resolution included a provision which made it imperative thereafter that crown companies pay income tax on their profits. That is the main reason for the introduction of Bill 330. Trans-Canada Air Lines is a subsidiary of and totally-owned by the Canadian National Railways, which holds 200,000 shares of Trans-Canada stock, of a value of $25,000,000, upon which T.C.A. pays the C.N.R. 3 per cent, or $750,000 a year. Upon the passage of the budget resolution to which I referred, Trans-Canada Airlines was immediately put in the position of having to pay income tax, because the $750,000 payment is, within the meaning of the law, income. This bill, therefore, has been introduced to establish a new capital structure of Trans-Canada Air Lines so as to avoid payment of income tax: that really is its object.

Of course, when amending legislation for one special purpose is under consideration, the law officers, upon a study of the then existing act, frequently recommend quite a number of other amendments to eliminate a lot of deadwood in the shape of provisions which by the lapse of time have become unnecessary. Some sections of the act of 1937 are useless at the present time. As I have said, Bill 330 deals with T.C.A. in its new relationship to Canadian National Railways by virtue of the budget resolution to which I referred.

Hon. Mr. Davies: Are we to understand that when, pursuant to budget legislation, crown companies are required to pay income tax, there is to be special legislation so that they can evade payment of income tax?

Hon. Mr. Burchill: That is exactly so, at any rate in this case.

It will not take long to run through the bill. Section 1 repeals a number of paragraphs in the act which today are not needed.

Section 2 increases from seven to nine the number of directors of the new Trans-Canada Air Lines corporation. The object is to make the directorate geographically more representative. Five directors are to be elected by the shareholders of the corporation—that is, the Canadian National Railways—and the other four will be appointed by the governor in council.

Section 3 gives the Canadian National Railways the authority to subscribe and purchase the capital stock of the corporation, but makes it necessary for them to have the approval of parliament before selling or disposing of the shares. As I have indicated, hitherto the C.N.R. have owned all the stock of Trans-Canada Air Lines. It is now proposed that 200,000 shares, representing $20,000,000, shall be surrendered by the Canadian National Railways; $5,000,000 worth of stock will be retained; and in exchange for the 200,000 shares surrendered, Trans-Canada Air Lines will issue a bond or other security of the face value of $20,000,000 which will be held by the Canadian National Railways, and upon which, of course, interest will be payable. The term of the bond and collateral matters will be settled by negotiation between the two corporations. Of course, the interest so paid by Trans-Canada Air Lines is not "income" within the meaning of the Income Tax Act. Thereby, my honourable friend will see, income tax is evaded.

Hon. Mr. Aseltine: A corporation which has a deficit does not pay income tax, does it?

Hon. Mr. Burchill: Trans-Canada Air Lines has no deficit; it is making money.

Hon. Mr. Aseltine: But the interest on this bond is paid to the Canadian National Railways and becomes part of their income. As they have a deficit, they will not have to pay any income tax on it.

Hon. Mr. Burchill: That is correct.

Section 4 repeals section 9 of the act, which enabled the company to sell shares to other than the Canadian National Railways. I believe that when the act was passed it was felt that some people in the country would be sufficiently interested in aviation to purchase some shares of T.C.A., but that has not been the case. No one has been anxious to buy these shares, and so this provision is being eliminated and the Canadian National Railway Company will become the sole owner.

Section 5 of the bill provides that, as this corporation now is fully owned by the C.N.R., the auditor of the C.N.R. is appointed to audit the account of the Trans-Canada Air Lines. I believe that heretofore Trans-Canada Air Lines could appoint its own auditor, but this is now to be the function of the auditor of the Canadian National Railway Company, who is, of course appointed by parliament.

Section 6 gives T.C.A. the power to maintain and operate hangars, landing fields, and

so on, which is an authority it has not got under the provisions of the present act. Section 6 also deletes the words "mooring masts" which appear in the present act. Mooring masts are things of the past and are no longer required to be provided for in the act. Section 6 of the bill also gives the corporation power to borrow money for capital expenditures from the Canadian National Railway Company which, in turn will come to parliament if necessary.

Other subsections of section 6 have been added to increase the powers of the corporation. They provide for the lending of money to the C.N.R., the issuing of bonds and notes, the operation of motor vehicles for the purpose of transporting passengers back and forth to airports, and the operation of hotels, if this is deemed expedient for the purpose of taking care of passengers awaiting transportation.

Section 6 (2)(k) provides for the appropriation of the words "Air Canada"—which is a translation into French of "Trans-Canada"—as a trade name for any purpose connected with the business of the corporation.

Hon. Mr. Crerar: May I interrupt to ask the honourable senator a question? I notice that section 6 (2)(j) reads:

> To purchase, lease, or otherwise acquire or provide, hold, use, enjoy and operate such hotels in Canada as are deemed expedient for the purposes of the corporation.

Is there any necessity for giving this corporation the power to purchase, lease, hold, use, enjoy and operate hotels in Canada?

Hon. Mr. Burchill: I am told that in some places where delays in the service have occurred it has been necessary for Trans-Canada Air Lines to find overnight accommodation for its passengers. I believe that is the reason for this provision in the bill.

Under the present act the corporation is not allowed to sell or dispose of more than 49 per cent of its outstanding shares without the approval of parliament. Section 6 of the bill provides that the corporation will not be allowed to sell or dispose of any of its outstanding shares except with the approval of parliament.

Under section 7 no subsidy is to be paid Trans-Canada Air Lines, but in the event of a loss in operation, or, for capital purposes, the necessary funds are to be procured from the Canadian National Railway Company which, in turn, of course, comes to parliament for the necessary financing.

Hon. Mr. King: If it needs the money.

Hon. Mr. Burchill: Section 8 simply provides that the number of petitioners for the incorporation of any subsidiary corporation which Trans-Canada Air Lines might wish to create must not exceed nine. This is in line with the increased number of directors. At present the number of petitioners must not exceed seven.

Section 9 grants authority for changing the capital structure of the company. I believe I have already dealt fully with this section.

Part II of the bill simply makes corresponding amendments to the new Revised Statutes of Canada which are now in the press, in order to bring them in line with this legislation.

Part III of the bill provides for the extinction of Trans-Canada Air Lines, Atlantic Limited. In other words, from now on the Atlantic division will be included in the main corporation, Trans-Canada Air Lines Limited.

Honourable senators, that concludes my explanation of this bill.

Hon. Mr. Farris: May I ask the honourable senator why parliament should empower this corporation to avoid taxation?

Hon. Mr. Burchill: I cannot answer that question.

Hon. Mr. Isnor: Perhaps the mover can answer an easier question. Can he explain why Trans-Canada Air Lines, which shows a good report each year, should not place its shares on the market when the Canadian National Railway Company, which shows deficits from time to time, is permitted to place its shares on the market?

Hon. Mr. Burchill: I can only reply that I have been informed by officials of the department that this legislation is the result of much study and negotiation. There have been two schools of thought. One view was that Trans-Canada Air Lines should be independent and on its own; but the second view, which prevailed, was that it would be better to link it with the Canadian National Railway Company and make it a totally-owned subsidiary of the C.N.R. That was the considered judgment of those who are supposed to know.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Burchill: Honourable senators, I move that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 22, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADIAN FORCES BILL

FIRST READING

A message was received from the House of Commons with Bill 332, an Act respecting the Canadian Forces.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

INCOME TAX BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Hayden presented a report of the Standing Committee on Banking and Commerce on Bill 228, an Act to amend the Income Tax Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (228, from the House of Commons), intituled: "An Act to amend the Income Tax Act", beg leave to report, as follows:

Your committee recommend that they be authorized to print 500 copies in English and 200 copies in French of its proceedings on the said bill, and that Rule 100 be suspended in relation to the said printing.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Hayden: With leave, I move that the report be concurred in now.

The motion was agreed to.

EMERGENCY POWERS BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 279, an Act to amend the Emergency Powers Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 279, intituled: "An Act to amend the Emergency Powers Act", have in obedience to the order of reference of April 14, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading now.

Hon. Mr. Haig: Honourable senators, I do not object to the bill being read the third time. I should like to say, however, that I opposed the bill on the motion for second reading, and after listening to a discussion on it in committee my opinion has not changed. I am still opposed to the bill.

Hon. Mr. Horner: I too am opposed to it.

The motion was agreed to, and the bill was read the third time, and passed, on division.

HISTORIC SITES AND MONUMENTS BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 110, an Act to establish the Historic Sites and Monuments Board of Canada.

The motion was agreed to, and the bill was read the third time, and passed.

EXCISE TAX BILL

BANKING AND COMMERCE COMMITTEE AMENDMENTS CONSIDERED IN COMMITTEE OF THE WHOLE

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 225, an Act to amend the Excise Tax Act.

Hon. Mr. Hayden: Honourable senators, I move that the amendments be now concurred in.

Hon. Mr. Robertson: Honourable senators, I desire to move, in amendment, seconded by the honourable senator from Provencher (Hon. Mr. Beaubien), that the amendments be not now concurred in, but that they be referred to the Committee of the Whole presently, for consideration of the said amendments.

The motion of Mr. Robertson was agreed to, and the Senate went into Committee on the amendments.

Hon. Mr. Golding in the Chair.

The Chairman: The Committee of the Whole will now consider the amendments made by the Standing Committee on Banking and Commerce to Bill 225.

1. Page 5, line 1: after "10" strike out "11".

Is it your pleasure to adopt this amendment?

The amendment and the section as amended were agreed to.

The Chairman: The next is:

2. Page 5, line 3: after "1953" insert "and section 11 of this act shall be deemed to have come into force on the 1st day of April, 1953."

The amendment and the section as amended were agreed to.

The Chairman: The third amendment is:

3. Page 9, line 2: after the word "Lard;" insert the word "Margarine;"

Hon. Mr. Robertson: I move, seconded by the honourable senator from Provencher (Hon. Mr. Beaubien), that this amendment be not concurred in.

I invite the attention of the committee to the significance of this particular amendment. In Schedule III of the bill, which honourable senators may have before them, is set out a very considerable list of our products, particularly food-stuffs, which are exempted from the imposition of the sales tax. The adoption of the amendment to add, on page 9, the word "Margarine" after the word "Lard" would, of course exempt margarine with the specified foods from sales tax. Honourable members know as well as I do the general nature of the exemptions. Although the list is comprehensive, it is by no means exhaustive. I am advised that there remain subject to sales tax more than five hundred other articles of food, though as respects the extent of use or consumption they are not comparable to many other items, margarine included.

I could not undertake to classify the articles that remain subject to sales tax, but they include such items as olives, sauces, soya bean, spreads and spices, tomato sauce, catsup and vinegar. It may be that some of these are important foods, but I can find no definite classification for them. I am advised that the estimated production of margarine is approximately 100 million pounds, at approximately 24 or 25 cents per pound which would mean on the basis of a 10 per cent tax that the government would lose about $2½ million per year if the committee's amendment carried.

I do not intend to discuss all the questions involved in this issue. First of all, have we the constitutional right to amend the money bill? I am no authority on constitutional matters and I am quite willing to accept the judgment of the Law Clerk of the Senate that we have this right. I will not discuss this question, nor do I intend to argue whether or not margarine should be exempted from the imposition of the sales tax.

Honourable senators, the only point I will raise is whether the Senate, by attempting to reduce the rate of taxation, the incidence of taxation, or the estimates, would be setting itself up as a second budget-making authority. The powers of the Senate are very great. Some authorities say that, since the passing of the Senate and House of Commons Act, the Senate of Canada has more power than any other second chamber in the world. Now, if we have this power we must exercise it judicially and well.

I submit that individually and collectively we have the right to disapprove of the action of the House of Commons in matters of taxation or expenditure if we believe we should. How we are to do this is another question. Personally, I think that what has been done in recent sessions by the Finance Committee under the distinguished chairmanship of the honourable gentleman from Churchill (Hon. Mr. Crerar) has been ideal. He has constantly brought to the attention of this house those items of expenditure which the committee in its wisdom believed should be reduced. I do not question his fundamental right to recommend to the Senate that certain estimates be reduced by $1 million or $2 million or any other amount. Whenever the honourable gentleman has discussed how his committee should proceed, he has indicated that it would be wise to protest certain expenditures but not actually attempt to reduce them.

If honourable senators feel that margarine or any other item should be exempt from the incidence of sales tax, it is their perfect right to say so. One senator remarked to me, "Oh, well, why not let the committee's amendment go to the House of Commons? They will never accept it." From my point of view, the more dangerous thing for them to do would be to accept it. If, for some peculiar reason, they accepted it, we would definitely have become budgeteers. Now, if we think the revenue should be reduced by $2½ million, the question is where can it be reduced? And if the present government for one reason or another accepted the amendment, I suggest that future governments would be faced with a situation which sooner or later would become intolerable. Then there would be no recourse but an appeal to the people; and I suggest that, despite our rights, the elected representatives would not come off second best.

If we agree to this recommendation of the Banking and Commerce Committee, I think the position would be that of "two Kings in Israel." That state of affairs simply could not continue. And even if we were so ill-advised as to undertake the kind of action recommended, we would be ill-equipped to carry it on intelligently. Take this particular item, honourable senators. I assume that the idea

of the proponents of this action is to save margarine consumers $2½ million. The immediate method adopted is to reduce the tax that margarine manufacturers have to pay by that amount, in the hope that they would reduce the price accordingly and keep it reduced. But how we could know whether they did so and continued to do so, is beyond me. I am sure no one would want this change made in the schedule merely to increase the profits of the margarine manufacturers. Yet, in this particular case, at least, there is no competition, for the importation of margarine is prohibited—a hangover, I suppose, from the days when it was illegal also to sell or manufacture margarine in Canada.

Honourable senators, the further one goes into this matter the more complicated it becomes, and the more ill-advised it appears to be for us to set ourselves up as budgeteers.

I invoke no precedent. I invoke only the rule of ordinary common sense; and I ask you, honourable senators, to vote against this amendment of the Banking and Commerce Committee.

The Chairman: Are you ready for the question?

An Hon. Senator: Question.

Hon. W. D. Euler: Honourable senators, I had hoped when the matter was referred to the Committee of the Whole that there would be a little more discussion than we have had, in view of the fact that the amendment was carried in the Banking and Commerce Committee by a very substantial majority, and I am sure that the members of the committee voted on the merits of the questions which have been discussed here. I hoped that similar action would be taken by the Senate itself in Committee of the Whole. But I have been in politics quite a long time, and I know that you cannot always believe what you think you see on the surface. I realize that although the committee carried the amendment by a large majority, it does not necessarily follow that four or five days later the amendment will be carried in the Senate. There is no need to enlarge upon that.

I am not going to discuss the merits of margarine. My views on margarine in all its aspects are so well known that I think it would probably be out of place for me to repeat them here now. We are not discussing the merits of margarine; we are merely discussing the sales tax of 10 per cent on margarine. But, as I sponsored the amendment before the Banking and Commerce Committee perhaps I should state the reasons why I did so. I had no intention of embarrassing the government. I merely considered the question on its merits. If you will look at schedule III, to which the leader of the government has referred, and from which he said the names of a great many foods were omitted, you will find that practically all foods, with the one exception of margarine, are exempt from the 10 per cent sales tax. I would like the leader to give me, if he would, the names of any substantial foods that are subject to the sales tax.

Hon. Mr. Robertson: Shall I read them to my honourable friend? I prefaced my remarks by saying that a large number of items, more than five hundred, were still subject to sales tax. I said that as respects the extent of use or consumption they could not begin to compare to many other items, including margarine. I tried to make that perfectly clear. I mentioned a few of them by way of illustration, and will read them again. I have not a complete list of the more than five hundred items that are still taxable, and if I had I would not attempt to read it; but among those items are the following:

Olives, onion powder, onion salt, Ovaltine, Oxo cubes, almond paste, rota peas, pepper, popcorn, pie filler, sauces, sausage binders, soya beans, soya bean paste, spreads (sandwich), spices, tomato sauce, catsup, vinegar, Vitone, vanilla extract, mint, mix of skim milk powder, mustard seed oil, nuts, pancake batter, pectin, pie thickener, rape seed oil, rice paste.

As I said at the beginning of my remarks, as far as extent of use or consumption is concerned, these items are not in the category of margarine or certain other foods. The distinction is quite broad. It looked to me as if these were largely items which are not produced in Canada but are imported. I do not know whether that is so or not; I have not had time to inquire.

Hon. Mr. Roebuck: How much would the tax amount to on all of them?

Hon. Mr. Robertson: I have not any idea. I suggested that they are not the foods most extensively used. I was not arguing; my point was just that margarine is not the only food subject to the sales tax.

Hon. Mr. Euler: I thank the leader for the list. Anyone who listened carefully to it must have come to the same conclusion as I did, that these items are not foods in the ordinary sense of the term, but are more in the nature of luxuries, whether they are imported or not. I would like to read a few of the items that come under the Schedule III, which exempts several hundred items from sales tax. They are grouped. The first group, probably because it is the most important, is "Foodstuffs". The exemption of foodstuffs from the tax is, as was stated voluntarily in the committee last week by a representative

of the department, for the purpose of reducing the cost of living; and I contend that in the cost of living foodstuffs is one of the largest factors.

May I be permitted to read a few of the exempted foods, some of which come close to being luxuries. The list reads in part:

Bread, butter, cheese, cream, eggs, egg albumen, egg yolks, honey, ice,—

I suppose that is necessary for the preservation of food. The list continues:

Lard, rice, salt, shortening, soups, sugar, cereal breakfast foods, cooking oil, fish; flour including pastry, cake, biscuit and similar mixes; foods prepared and sold exclusively for feeding infants; fruit, fresh, canned, frozen, preserved, dried or evaporated; grain grits and meals; ice cream—

And that I admit is a food.

Jams, jellies, marmalades, and preserves—

Some of these are close to being in the luxury line, but nevertheless they are in the list. Continuing:

Malt syrup, maple syrup, corn syrup, table syrups, molasses; meats and poultry, fresh, cooked, etc., peanut butter, vegetable juices, and so on.

I venture to say that in the list read by the leader there was not a food mentioned which compares with any of these I have enumerated. My point is that as a general principle, and with a view to reducing the cost of living, foods generally, with the exception of margarine, have been made exempt from the 10 per cent sales tax. It might be argued even now by a few that margarine is not a food. But I submit that after millions of Canadians have tried margarine and found it good, there is hardly anyone in Canada who will deny that it is a food.

Why was margarine originally omitted from this list of exempted foods? The charitable explanation for its omission is that when the list of foods was prepared there was no such thing as margarine in Canada. Therefore, it could not have been included in the list of tax-exempt foods. But why, when margarine did become a legal food in this country, was it not added to the list? I think everybody knows the answer to that question.

If the principle of reducing the cost of living by exempting foods from sales tax is sound, there can be no excuse for omitting one staple article of food in this country. There should be no discrimination.

One of the reasons given why this amendment to exempt margarine should not be carried is that it would reduce the federal revenue. Whether the inclusion of margarine would deprive the government of $2 million or $2½ million is not, to my way of thinking, an argument against the committee's amendment. If the loss of revenue were a good argument, there are hundreds of items in this list which have no more right to inclusion than has margarine. It is not a very strong argument.

It was argued that adoption of the committee's amendment would lead to the placing of increased powers in the hands of the Senate, and that it would become a budget-making body. I submit that that is a very far-fetched argument, if it is an argument at all. No one will for one moment contend that the Senate would try to revise every budget. What other means than the one taken by the committee have we for rectifying what, in my charitable frame of mind today, I may call an oversight on the part of the government?

If we are to accept the further argument of the leader—and I do not want to misquote him—that the Senate should never initiate anything that has to do with taxation or revenue, then the Senate in effect becomes merely an echo of the House of Commons. I for one object to being put in that position.

The leader spoke of the possibility of the manufacturers of margarine taking an extra profit through the exemption from sales tax and not passing it on to the consumers; and he added the rather amazing observation that there was no competition in this particular manufacturing field. Let me say that there are a dozen manufacturers of margarine in this country. I can well imagine that unless a combine exists amongst the manufacturers —and the present government is strongly against such practices—a reduction of two or three cents a pound would make a great difference in this competitive business. If the cost of the product is reduced by the removal of the application of the 10 per cent sales tax, a reduction in cost to the consumer will automatically follow.

I had rather expected to hear the real argument against margarine.

Hon. Mr. Reid: They all know it.

Hon. Mr. Euler: The real argument, I am frank to say, is that the producers of butter do not want competition from margarine. The butter producers were strongly against the proposal to legalize margarine in Canada. I, as you know, had something to do with that contest. I should like to pay a compliment to the leader opposite (Hon. Mr. Haig), who said in committee that he felt he had been mistaken in his earlier attitude against margarine, and now supported this amendment of the committee.

It has been argued that as farmers and dairymen have been discriminated against by reason of the fact that manufacturers generally have tariff protection, farmers and dairymen should be given some protection through being enabled to produce butter

free of competition. I can see some reasonableness behind the argument for protection against the products of a foreign country, and I can understand why in many instances Canadian producers request protection. But here we are asked to give protection for one Canadian industry against another Canadian industry. We call Canada a democratic country, and pride ourselves upon encouraging private enterprise and individualism. Are we to deny these principles by legislating in behalf of one industry against another. If that is our policy, where will it end?

My good friend the senator from Blaine Lake (Hon. Mr. Horner) raises horses. Upon the principles of those who oppose the amendment, I suppose he might have protested against the introduction of automobiles and trucks or, more recently, the transport plane. Probably nowadays he uses mechanical transport on his own farm. These changes are a part of the march of progress, and they cannot be successfully resisted. In my city are two large tanneries, which are very well conducted, but there, as in other parts of Canada, tanners are—to use a common expression—"finding the going very tough". Why? To a large extent, because of substitutes for leather. Leatherette has been on the market for some time, and of late years neolite has come into very general use for making soles of shoes. In other fields, plastics are taking the place of wood, steel and iron. My friend from Kennebec (Hon. Mr. Vaillancourt) is a producer of maple syrup, and very good maple syrup it is: I thank him for including me in the number of those to whom he makes a contribution of this product. I am sure he is too broadminded to contemplate for a moment applying to the government of which he is a supporter for legislation against the production of honey, or corn syrup—

Hon. Mr. Haig: Or sugar.

Hon. Mr. Euler: Or jams, jellies, marmalades and other possible substitutes for maple syrup. I believe he is ready to take his chances in competition with these things. All I am asking is that an article of food which may be—indeed, is—in competition with butter shall be put on the same basis as all—I use the word "all" advisedly—other articles of food; that is, all foods consumed in substantial quantities.

I do not take seriously the argument as to a potential loss of revenue. It would apply to any other article for which exemption is proposed. If exemption is to be refused because one or two million dollars would thereby be lost to the national revenue, why single out margarine? Why should not maple syrup or items in one of the other classifications be taxed? I notice, for instance, that both sawdust and wooden shavings are exempted from sales tax. The exclusion of margarine is a discriminatory act, and to my mind there is only one reason for it. It is not a matter of revenue; it is nothing but the desire to obstruct the competition of margarine with the somewhat similar commodity known as butter.

I had not intended to speak at this length, but perhaps I may briefly reiterate the points I have tried to make. It is very strange that in a country of free enterprise, federal and provincial governments support protection of one commodity to the prejudice of another like product of our own country. I say both federal and provincial governments, because I want to point out, if I am not out of order, that some provincial governments persist in their refusal to permit the colouring of margarine; and the federal government, through the imposition of the sales tax, operates to the same effect.

To sum up what I have said—perhaps not very well, because I had not expected the line of argument, if such it can be termed, of the government leader (Hon. Mr. Robertson)—I would urge the Senate to accept the committee's amendment for these three reasons:

First: margarine is a food, and should not be an object of discrimination in relation to other foods.

Second: the removal of the tax would provide some relief from the high cost of living, which is the purpose of exemptions from sales tax.

Third: —and I think this is the most important reason of all—margarine, in spite of such obstacles as total prohibition, later removed, sales tax, and the ban on colouring, is favoured by the vast majority of Canadian consumers. This fact has been demonstrated over and over again in different parts of the country by plebiscites and other tests of public opinion. To exempt margarine from sales tax is, I submit, not only morally right, but in the long run would prove politically expedient as well.

Hon. John T. Haig: Honourable members, I have listened with great pleasure to the statement made by the leader of the government (Hon. Mr. Robertson). I know that the legality of the committee's amendment can be argued pro and con, and it is not my intention to discuss it at this stage.

For the first time since I entered this chamber I find myself at the crossroads, because our decision, if my judgment is correct, may have far-reaching effects upon the

position of this body. Sooner or later—it may be ten years hence, it may be only six months—a government of another political persuasion, to which nearly 100 per cent of the present membership of this chamber are opposed politically, may be sitting in the other place. If the proposed policy is followed a struggle between both houses of parliament will be inevitable.

While I am highly honoured in being a member of this chamber, I have always realized that in the case of a showdown the elected representatives of parliament would ultimately win out over the appointed members.

Hon. Mr. Euler: I agree.

Hon. Mr. Haig: There is no doubt about that at all, and no one should think otherwise. I wanted to make this remark to clear the air before indicating my position on this measure. I would remind honourable senators that on three previous occasions I have voted against legislation favouring margarine. However, I said quite candidly in committee the other day that I had reached the stage where I am ready to vote in favour of margarine. Let me tell you why. I started out in public life on January 1, 1908, and have never been out of it since. I have served as a member of a school board, a provincial legislature, and this house. Like anybody else, I started my public career with certain ideas. Now, we people in the public life of this country must try to keep Canada to the forefront among the progressive countries of the world, and this cannot be done unless we realize that some of the policies we adopted early in life are not suitable to present conditions.

I have great admiration for the ability and sagacity of the honourable senator from Waterloo (Hon. Mr. Euler), and for his outstanding services to Canada. He has certainly brought great credit to the Senate. The honourable gentleman stated this afternoon his reasons for believing that margarine should be included on the list of foodstuffs exempt from the imposition of sales tax. Personally, I think we have reached the time when we must recognize margarine as a food that is used by the majority of Canadians every day, and I challenge anyone to deny that it is. This would not be an issue at all if there were as many valuable votes in the cities as there are in the rural parts of Canada.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Haig: About a year and a half ago 95 per cent of the people of my city of Winnipeg voted in favour of having margarine coloured. However, the provincial government refused to allow this. Later on the same government asked for support on a hydro-electric policy, but remembering that this government had voted against colouring margarine the people of Winnipeg voted against the hydro-electric policy.

My honourable friend from Blaine Lake (Hon. Mr. Horner) represents a farming community, and I give him credit for it. He is perfectly within his rights in voting against the committee's amendment if he is convinced that it is in the best interests of the farmers of Canada to do so. I would point out, however, that one-third of the people of my province live in the district which I represent, and I know that the majority of them use margarine. With the present high cost of living there is no doubt that the labouring class can better afford margarine than butter. It is the working men and women of this country who make Canada what it is, and the minute we forget this fact we lose our right to speak as democrats. The leader of the government (Hon. Mr. Robertson) has warned that if the committee's amendment passes, any future government will be confronted with the fact that a hostile Senate could keep introducing amendments to its budget legislation which would make government administration practically impossible. I am persuaded, however, that there is no practical danger in this.

Hon. Mr. Euler: The Senate could do that now, if it wanted to.

Hon. Mr. Haig: There are two legislative houses in Quebec, and at the present time the majority of the members of the second chamber are opposed to the government. On an election bill the other day the opposition in the legislative assembly voted solidly against the government.

Hon. Mr. Bouffard: No, they voted against an amendment.

Hon. Mr. Haig: All the Liberals in the Assembly voted against the government.

Hon. Mr. Bouffard: You are referring to the Lower House.

Hon. Mr. Haig: Yes. There is the Legislative Council and the Legislative Assembly, and I am referring to the Legislative Assembly. The members of that chamber voted approximately 68 to 21 for the proposed legislation. All the Liberals voted against it, and the government supporters were for it. Some of the politically appointed opponents of the government in the Legislative Council voted against the measure, but it was eventually passed. Under similar circumstances the Senate would be compelled to act in the same way. Honourable senators could get up and say why they opposed a certain measure, but ultimately the

house would have to vote in accordance with what the majority of the people in this country wanted. Make no mistake about it; that is what would happen.

I am not particularly anxious to have the committee's amendment passed, for I do not think it will make much difference, but if it is pressed to a vote I feel that as a representative of the people of my part of Canada I should vote for it. I realize now that the people of this country want margarine because it is cheaper than butter. One of our leading newspapers conducted a survey among the rural stores and discovered that nearly 50 per cent of the people in those areas were buying margarine. Even the people in the premier's constituency are buying more margarine than butter. We cannot get away from these facts no matter how much we may dislike to accept them. Personally, I would rather eat butter. I tried margarine only once, and I was unaware that I was doing so at the time. My wife told me afterwards that she had put margarine on the table. She said I had not complained about it, but I remarked "Well, I wish you wouldn't do that again".

Honourable senators, I think this house will vote for the amendment proposed by the leader of the government, and I know that all my friends here from Saskatchewan oppose the stand I am taking. That is their right. I do not know what stand the honourable senators from the Maritimes will take, but I imagine that those who come from cities hold the same view as I do.

I shall vote for the committee's amendment. True, some farmers in my province have not been in favour of the amendment, but I cannot understand why. The 10 per cent tax on oleomargarine adds about 3½ to 4 cents per pound to the price.

Hon. Mr. Euler: About 2½ cents.

Hon. Mr. Haig: Yes, about 2½ cents which makes it about 42½ cents instead of 40 cents per pound. Why the dairymen should fear that competition, I do not know. The fight against the use of margarine has caused more people to eat margarine than ever before. Many people have said to me, "Well, Mr. Haig, I didn't think much about margarine until I heard so much talk about it and read so much about it in the papers. In our home we tried it out, and we didn't find any difference between it and butter; and in fact now we like it." I think the present discussion will have the same effect. I did not know this amendment was going to be made in the Banking committee. I made up my mind about margarine within the last six or eight months, and I have been drifting over to the point of view that I should not stand in the way of what I considered to be progress any longer, and that it was my duty to say so, representing as I do the province of Manitoba, and particularly my own city. I felt, therefore, that I should vote for the use of margarine at the first opportunity.

I congratulate the leader of the government on his efforts. I think he used sound judgment in taking the issue away from the question of whether or not the committee's amendment is in order. I must say that I think it is, but whether it is or not, that is not the real issue. The real issue here is whether we recognize oleomargarine as a food or not. If we recognize margarine as a food, we should put it on the free list of foodstuffs. If we do not so recognize it, we should vote against the committee's amendment. That is the whole point.

Hon. Mr. Barbour: Would the honourable senator permit a question please?

Hon. Mr. Haig: Yes.

Hon. Mr. Barbour: I understood him to say that he did not think it would make any difference whether we adopted the committee's amendment or not.

Hon. Mr. Haig: I mean as far as the public is concerned, because they will go on buying margarine just the same. The committee's amendment would make it 2½ cents a pound cheaper.

Hon. R. B. Horner: Honourable senators, I had not intended to say anything on this occasion, but I think my leader has gone entirely too far. We all know that if it were not for the farmers Canada would not be what it is today; there would not be any cities, and particularly, may I say, the city of Winnipeg. It is the wealth produced by the farmer that maintains that city, as is evidenced by the large shipments of grain and truckloads of livestock that go there.

Hon. Mr. Haig: What would you do without Winnipeg?

Hon. Mr. Horner: It has become a great manufacturing centre, and the manufacturer is well protected.

Now, I will be quite frank. When he introduced this margarine question the honourable senator from Waterloo (Hon. Mr. Euler) said—and I remember his argument, as no doubt others do—that there was an opportunity for the government to get a revenue from it. Now he wants to take the revenue away from the government.

Hon. Mr. Euler: No, I must protest.

Hon. Mr. Horner: My memory is very good, and that is my recollection.

Hon. Mr. Euler: In what form would it get the revenue?

Hon. Mr. Horner: In the same way that it is getting it now.

Hon. Mr. Euler: I was always against the tax.

Hon. Mr. Horner: I am quite frank to admit, as I said in the committee, that margarine can be sold. There are 250,000 people keeping milch cows in this country, many of them raising their families from the proceeds. Now, the margarine manfacturer and the packers are not using a lot of waste fats that are available, but they will throw in a dead pig, or beaver or bear, to get the fat. And they will work three days a week, or one day a week, or two months a year. But the dairy farmer works a twelve-hour day, fifty-two weeks of the year—Sunday, Monday and every other day. Margarine can be sold at a much lower price than butter, and the sales tax does not prevent the men in the cities, who are earning good money, from purchasing margarine. The leader of the government estimated that the tax yielded a revenue of $2½ million, but I think he put it at a low figure. My estimate would be $5 million.

Here is another point. Experts who are engaged in research in the State of Minnesota have been testing the vegetable oils that constitute the ingredients of margarine. They have experimented by feeding 100 calves on milk and cream, and another 100 calves on the ingredients of margarine. The mortality rate has been much higher among the calves fed exclusively on the products that enter into the making of margarine, and the experts are pretty well convinced at this stage that margarine lacks something that butter contains. I am firmly of that opinion myself.

We all pay income tax and other taxes, and we realize the government must have revenue to carry on, but we must also realize that not 15 per cent of the products entering into margarine originate in Canada. More than 85 per cent are imported into this country.

Hon. Mr. Barbour: What about the bears?

Hon. Mr. Horner: Well—shoot them and put them in the fat.

I am quite frank in saying that I hope the interests of the dairy farmer will not be prejudiced.

Hon. Mr. Lambert: May I ask my honourable friend a question? He said there are some 250,000 dairy farmers in Canada. What has he to say about the accumulated supplies of powdered milk, as reported in the newspapers? If such a surplus quantity of powdered milk has accumulated in warehouses that a government agency has to sell it at a sacrifice, why does not the dairy industry divert its milk products to something else?

Hon. Mr. Horner: To what else can they divert their milk products, may I ask. It seems to me that your question only strengthens my argument.

Hon. Mr. Lambert: The farmers could divert their attention from powdered milk to butter.

Hon. Mr. Horner: Canadian farmers will produce sufficient butter to meet our needs if the price is right. In Winnipeg and other cities the people have been used to getting butter that was produced by slave labour on the farm. In spite of the fact that every article the farmer buys has gone up by three times its former price, consumers still expect to buy butter at the price they bought it when everything else was down. I repeat, if we are paid an adequate price, we can meet the butter needs in Canada.

True, there is a sufficient supply of powdered milk. The reason for that is that there was once a great demand for it, and now because of tariff duties and other things the demand has fallen off and it has become a drug on the market.

Hon. W. A. Fraser: Honourable senators, I should like to make a few observations. Before doing so may I compliment the honourable senator from Waterloo (Hon. Mr. Euler) upon his splendid submission in support of the committee's amendment. I listened attentively to the more or less emotional presentation by the honourable leader opposite (Hon. Mr. Haig) as he expressed agreement on this occasion with the contentions of the senator from Waterloo. May I deal first with one or two points in which I am in absolute disagreement with the senator from Waterloo.

In the first place we all agree that margarine is a food. But there are two sides to every question. Those persons who have been interested in the sale of margarine over the past few years have been successful in getting its manufacture and distribution legalized in Canada. With that I do not think anybody quarrels. But surely there is a point at which we should consider whether the manufacture and sale of margarine amount to unfair competition with our dairy products.

It must be remembered that one of the important factors in this question is that oleomargarine is a mechanically manufactured product, made from raw materials

imported into Canada in most cases free of duty. In other words, on one side there is a mechanically manufactured product, the components of which come in duty free, and on the other side there is butter being produced on our own Canadian farms.

I am one who believes in a free economy: I am in favour of the removal of obstructions and barriers to trade wherever possible. Knowing the attitude of the honourable leader opposite on the matter of protection in other lines, I was somewhat surprised at his present attitude towards oleomargarine. I cannot say I was moved to tears when he discussed the need for lowering the cost of food for the working people in the great metropolis.

I was very pleased to hear the remarks of my honourable friend who just resumed his seat (Hon. Mr. Horner) as to the economy of the dairy farmer. And I should like to say to my honourable friends that the present general prosperity in the Dominion of Canada reflects the prosperity of the rural areas more than the prosperity of the urban centres. As was said a few minutes ago, let us not forget that the soundness of the economy of Canada is affiliated with the dairy cow. Our economy is supported by the products of the soil, the sea and the forest, rather than by the forty-hour-a-week man in the metropolitan centres who enjoys the protection given to labour. But nobody objects for a moment to the protection given to labour. I am only pointing out that the farmer who buys his supplies and machinery on a highly protected market and who has to pay union wages is the least protected man in Canada. As the honourable senator from Blaine Lake (Hon. Mr. Horner) has just stated, the farmer does not work a four or five-day week, but a seven-day week.

The question before the chamber today is not that presented by the honourable senator from Waterloo (Hon. Mr. Euler), namely, whether oleomargarine is or is not a food. We must not lose sight of the fact that two Canadian provinces have prohibited the manufacture and sale of margarine. There must be some good reason for their action.

On the question of low-cost food, let us not forget that the sales tax on oleomargarine amounts to only about 2½ cents a pound. It is not true, as has been argued, that all other foodstuffs are free from taxation. For instance, we import fruits, vegetables and nuts from the United States on which we pay duty. There are some people who contend that a bottle of Coca-Cola is a food. Indeed, to some of us a bottle of cold beer is a food. It is not a question of what is and what is not a food, but what constitutes fair competition. Oleomargarine is, as I have said, a mechanically manufactured product in competition with the natural products of the dairy farmers.

My friend the senator from Waterloo made the statement that this chamber must not become an echo of the House of Commons. In that I heartily agree. But I have a right to stand in my place in the Senate and speak of things as I see them; and it is not a sign of weakness, as my honourable friend would have us believe, if I fall in line with certain views of the other house.

Hon. Mr. Euler: I did not say that.

Hon. Mr. Fraser: That is my understanding of what you said.

Hon. Mr. Euler: It was exactly the opposite. I said that every man should discuss each question on its merits and not do what somebody else tells him to do.

Hon. Mr. Fraser: Very well. I will accept the correction, but what I said still goes—

Some Hon. Senators: Oh, oh!

Hon. Mr. Euler: Where does it go?

Hon. Mr. Fraser: —that I have a right to express my views here in the Senate.

My honourable friend mentioned maple syrup as being protected against substitutes from the United States.

Hon. Mr. Euler: But it is not protected against competition.

Hon. Mr. Fraser: It is protected against competition from substitutes. If honourable senators will look carefully at the list in Schedule III they will see that these items which are free from sales tax are the products of our Canadian farms.

Hon. Mr. Euler: Oh, no.

Hon. Mr. Fraser: With one or two exceptions.

Hon. Mr. Euler: How about peanut butter, vegetable juices, fruit juices?

Hon. Mr. Fraser: They are products of Canadian farms.

An Hon. Senator: No.

Hon. Mr. Fraser: What about apple juice?

Anyway, I say that 98 per cent of these items are products of Canadian farms. Margarine is not one of our farm products.

In conclusion, the question as I see it is not whether margarine is a food—we know that it is—but what will be the effect of its manufacture and sale upon one of our most important industries. The sales tax on margarine at least gives the producer of dairy products an advantage of 2½ cents per pound

over his competitor, who is the manufacturer of a mechanically-produced article.

Hon. Mr. Euler: Does not my friend think that that of itself is an argument against permitting the production of margarine at all?

Hon. Mr. Fraser: I am not opposed to the production of oleomargarine. But it is a low-cost product which competes with butter; and I believe that if the committee's amendment is carried the result will be detrimental to the production of one of our national farm products. It will favour an article produced by controlled labour through a mechanical process, to the prejudice of the dairyman, whose labour is unprotected and who is subject to the high cost of the products of protected urban industries. Besides, the prosperity of this country is such that if, as has been said this afternoon, oleomargarine is so popular in Winnipeg, the people of that city can afford to buy it, with or without sales tax. Knowing something about the dairy industry, living amongst farmers, and being not unacquainted with life in the urban centres, I submit, contrary to the views of the honourable leader opposite (Hon. Mr. Haig), that the amendment should be defeated. I hope it will be defeated.

Hon. W. Rupert Davies: Honourable senators, I shall be very brief. I believe that when a member of this honourable Senate changes his mind and votes contrary to the way he voted before, he should explain why; and because I find I cannot vote for the committee's amendment, I want to place myself on record in this matter and explain why my attitude has changed. I do not wish to be regarded as one who jumps here, there, and all over the place, moved by every wind that blows.

For several reasons I cannot vote for the committee's amendment. On every occasion upon which the matter has come before the house, I have supported both the importation and the manufacture of margarine. But, in my opinion, at this moment we have gone far enough. From figures which have reached me I find that since margarine has been manufactured and sold in Canada—every province, I believe, except Quebec, which barred it—the consumption of butter in this country has very seriously decreased. It seems to me that enough harm has been done to the dairy industry, and at the present time I cannot vote to add to the difficulties of both our farmers and our dairymen.

Further, I am not at all sure that any benefits following the abolition of the sales tax would be passed on to the consumer. We in the newspaper business have had a rather sad experience since the budget came down. I must apologize for not having been here and in attendance at the committee last week, because probably I would then have been in a better position to speak on the subject; but I was attending a newspaper convention at Toronto; a very distinguished journalist flew over from London to speak to us, and I thought it my duty to be there. For some years the sales tax on newsprint stood at 10 per cent. This was a very sore point with the newspaper publishers: they felt it should not be there, and presented their views on a number of occasions before officials of the Department of Finance. Then the tax was removed, and we anticipated relief in approximately the amount of the tax. But what happened? Within a week the newsprint manufacturers raised by ten dollars a ton the price of newsprint and entirely nullified all the benefit the publishers got from the removal of the tax.

As I said, I am supporting this amendment because I feel we have done the dairy industry harm—and, I think, enough harm. It must not be forgotten that since margarine was introduced into this country business has been very prosperous. That condition resulted in several increases of wages. At the present time the income of most urban workers is much higher than it was three or four years ago, and I think these people are quite able to pay without serious difficulty a sales tax of 2½ cents a pound, or whatever it is.

My main reason, however, for not being able to vote for this amendment is that, having given the subject a good deal of thought, I cannot bring myself to feel that this appointed body should interfere with the taxation of this country. It is, I believe, a question to be dealt with by the elected representatives of the people. I have made this explanation because I shall have to vote against the committee's amendment.

Hon. Thomas Reid: Honourable senators, before the vote is taken I want to place on record my stand on this very important matter, especially because on other occasions I have not always supported the views of the honourable senator from Waterloo (Hon. Mr. Euler). I feel that, apart from all that has been said, there is a principle at stake here. I am not unaware of the great difficulties facing the farming population. As a matter of fact, I think I have milked as many cows as has any honourable senator in this chamber.

Hon. Mr. Horner: I doubt that.

Hon. Mr. Reid: I live in a farming community, but I would not argue the point about milking cows with my friend from Blaine Lake (Hon. Mr. Horner). If the question before us had been raised just after an election perhaps it would not have been

so serious a matter with some honourable senators and members of the other house. The leader of the government (Hon. Mr. Robertson) spoke about the question of margarine being a food. I wonder if those who do not accept margarine as a food would go down to Newfoundland and tell this to the people of that island province? Newfoundlanders have been eating margarine for years, and from what I have seen of them I know they are good, sturdy people.

Let us clear the decks and find out just what this question involves. And may I give a word of advice to the farmers of this country, and state why I have decided to vote against the amendment of the honourable leader of the government. Incidentally, the honourable member from Trenton (Hon. Mr. Fraser) said he would vote against the amendment, when in fact I believe he is in favour of it. The amendment now before the house is that the recommendation of the committee be not approved. Now to come to my point: I observe that ice cream is listed as a foodstuff which is exempt from the sales tax. Do my honourable friends know that synthetic ice cream is now being manufactured in competition with ice cream produced from cows' milk? I was amazed to discover that in the province of Ontario certain manufacturers are using a filler product from wood pulp to produce ice cream. People think that all ice cream is made from a product that comes from the cow. The bill before us exempts many foods from the sales tax—including, as I say, ice cream—yet some honourable senators will argue that there should be a sales tax on margarine. We must not overlook the fact that 50 per cent of the farmers are now using margarine. The very men who clamour on the hustings that margarine should be banned are themselves selling butter and buying margarine for their own tables. And I understand that in the province of Saskatchewan a co-operative association is actually making margarine.

Let us look at this question in its proper light. Margarine has always been accepted as a food in Newfoundland. There can be no disputing the fact that it is a food, and if it is a food why should it not be exempt from the sales tax along with these other foodstuffs listed in Schedule III of the bill?

I should like to refer honourable senators to an article I have here. I do not intend to read it all, but for the benefit of those who come from the extensive dairy-farming communities of Canada I would point out that the manager of a large dairy association in my province urges that the farmers had better become modernized. He says that they are not acting wisely in putting all their emphasis on butter fat and neglecting the milk that is left from butter fat. I am not going to go into this argument, but the writer places the matter before the farmers and tells them that it is time they bring themselves up to date and become reconciled to modern conditions. He says that they should accept margarine and compete against it with all the vitamins and minerals contained in milk, and that they should stress the production of milk rather than butter fat. That is the latest advice being given to the farmers in my province. Bear in mind that milk is now being manufactured in the United States from synthetic articles which have no relation at all to our good and wholesome cows. And I suppose these products will soon be sold in Canadian stores.

I wish to go on record as voting against the amendment of the leader of the government because of the principle at stake here. Once again I want to say I am not unmindful of the problems confronting our farmers, and the fact that the government is facing an election in the near future. We are often reminded that we are appointed to this chamber without fear of the electorate and that we should use our calm judgment in dealing with measures that come before us. Incidentally, I should like to see a debate in this house some time as to all the rights and powers of the Senate. I am not a constitutional authority, but from what I have read I understand that the Senate of Canada differs from the House of Lords in that our chamber has the power to make amendments such as the one reported from the Banking and Commerce Committee.

Honourable senators, for these reasons I propose to vote against the amendment of the leader of the government.

The Chairman: Honourable senators, before there is any further discussion I should like to point out that some confusion exists as to just what is before the committee. I think I should explain that the Standing Committee on Banking and Commerce amended the Excise Tax Act by inserting the word "margarine" after the word "lard" in line 2 on page 9 of the bill. What is being discussed by the Committee of the Whole at the present time is a motion by the Honourable Senator Robertson, seconded by the Honourable Senator Beaubien, that that amendment be not concurred in.

Hon. Arthur W. Roebuck: Honourable senators, may I say just a few words to justify the position I took as a member of the Banking and Commerce Committee when I voted for the amendment passed by that committee? The honourable gentleman from

Blaine Lake (Hon. Mr. Horner) has said that if there were no farmers there would be no Canada. In one sense I agree with his statement. Incidentally, I too have milked many cows in years gone by and I know a little about the farming communities of our country. I also know something about the urban municipalities, and I would ask the honourable senator from Blaine Lake what Canada would be without its cities. Where would the farmers be without the services they get from the cities? The fact is that Canada is not made up of any one class, but of a great diversity of classes. Our duties as members of parliament, as legislators, is to hold the balance even between these various diversified sections of our communities.

The member from Trenton (Hon. Mr. Fraser) has said that he is in favour of a free economy. I know that is what he has stood for, because I have listened to his speeches for years. He has never been a protectionist; he has always stood for a free economy. Yet, he admits that the question before us at the moment is purely a matter of competition and that his opposition to the present proposal to exempt oleomargarine is solely for the protection of one section of the community against another.

Now, I am for freedom, and I have seldom, if ever, deviated from that course. It is true, however, that I come from an old urban centre, and therefore I know something about the homes of a great city. I know that oleomargarine is not only a food, which everybody seriously admits, but it is also a food of the poorer sections of our communities. So, I take it that it would be a blessing to a very large number of people if the price of oleomargarine were in some way reduced. I think it was the leader of the government who said there was no guarantee that if we reduced the tax upon oleomargarine the benefit would be passed on to the consumer. Granted there is no guarantee in writing, but does not the same argument apply to all the other items in the free list? What guarantee have we that a reduction in taxes on the other items has been passed on to the consumer? And if the argument applies to oleomargarine, is it not equally applicable to every other exemption enumerated in the schedules of the Act? We do know, from general experience, that a cost, such as a sales tax, is not absorbed by the manufacturer or the dealer but is passed on to the ultimate consumer. And we do know—I have enough faith in the general principles of political economy that this is generally so—that when costs are reduced, if competition is free and not regulated by a combine, the benefit of the reduction is passed on to the consumer.

For that reason, very shortly put, I am in favour of the amendment proposed by the Standing Committee on Banking and Commerce.

I regret that I came in a few minutes late this afternoon and missed the early sentences of the most persuasive remarks of the leader of the government (Hon. Mr. Robertson), but I think I heard enough of what he said to be entirely out of sympathy with his appeal to fear on our part to accept the responsibility which is rightly ours. The Fathers of Confederation, when they were framing the constitution under which we act, provided, in conformity with the English practice, that bills involving the expenditure of money should be consented to by the Crown and introduced in the Commons by a member of the executive. That is the only limitation upon us. We have precisely the same rights and responsibilities as have the private members of the House of Commons, and we are charged with the same duty of scrutinizing the acts of the administration.

It was suggested to us, and I quote almost the words of the leader, that if we are opposed to some item in a money bill we are free to say so but we must not reject it. Well, honourable senators, is that not reducing this house to the mere status of a debating society? We are given the authority to stop taxation, not to initiate it, and by what argument could we justify the shuffling off of that responsibility and allowing it to be exercised by the administration without the supervision that was intended by the constitution to be given to this house and the House of Commons?

Hon. Mr. Turgeon: May I ask a question, purely relating to my honourable friend's remarks on the constitution, with which I am not arguing? I think I heard him say that a money bill must be presented in the House of Commons by a minister. Could a private member of the House of Commons move an additional tax?

Some Hon. Senators: No.

Hon. Mr. Turgeon: Or make a motion that would deprive the government of certain moneys? I think we have the same rights as the House of Commons.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Turgeon: What I want to know is if a private member could move in the House of Commons an amendment such as was brought in by the Banking and Commerce Committee.

Hon. Mr. Roebuck: Yes, in my judgment he could. My friend has asked me two questions. First: Can a private member introduce a taxing measure? He cannot. Technically speaking, he cannot introduce a

money bill. But let me point out that no money bill consented to by the crown and introduced by the executive can become law without the consent of the members of parliament assembled in the House of Commons and in the Senate.

Hon. Mr. Turgeon: But I am asking if a private member can make the proposal.

Hon. Mr. Roebuck: He cannot move a proposal to tax, but he can say to the government that it must not impose a certain tax, or impose a tax in a particular way. We have a right to stop the taxes, and if you take that power away from us you might as well abolish the House of Commons and the Senate both.

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: One of the chief purposes of parliament is to control taxation. Were we to surrender the right of this house to stop taxes that we do not approve of, we would surrender the very essence of our freedom. When a money bill comes here we usually say "Yes" to it, but the very fact that we say "Yes" also implies that we may say "No", if we prefer so to do. There is not any doubt about our constitutional powers with regard to this bill. Our own Parliamentary Counsel has advised us that we have a right to make this amendment to reduce taxes. But the leader suggests that as a matter of common sense we should surrender our responsibilities and become mere rubber stamps for the administration, that we should approve all money measures passed by the Commons, because otherwise there might be a clash and a showdown between the two houses.

Before the amendments that have been proposed by the Committee on Banking and Commerce can become law they must be approved by this house and be concurred in by the House of Commons. We in this house will exercise our rights and the members of the other house will exercise theirs, but until we agree the amendments cannot pass. There could perhaps be a servile surrender by us to the will of the House of Commons, but I for one have no intention of escaping my responsibility.

The two houses of parliament have so far been getting along very well. I have yet to know a member of the other house who would wish us to surrender our rights, responsibilities and powers and slavishly follow the course set in that house. There is no contest between the two houses in the matter of this amendment; each has its own function and its own responsibility.

I do not think we should shirk our responsibility for fear of something which might happen to us. We should fearlessly express our opinions and views, and if the matter comes to a vote we should back up our convictions with our vote. I believe the removal of the sales tax from margarine would be a good thing for our people, both in the cities and on the farms; and being on the side of economic freedom, I am going to vote for the amendment.

Hon. Cyrille Vaillancourt: Honourable senators, I have only a few words to add to this rather lengthy debate.

Today I wish to plead the case of a minority which can assure us life or death—the agricultural minority. If the land continues to be abandoned, very soon it will cease to produce. This problem is being debated in such international conferences as the Food and Agricultural Organization, and the question of whether one hundred years hence the production of food will be sufficient to the needs of mankind is being anxiously considered. Nothing should be done to aggravate this situation and to discourage farmers further. Why are our youth abandoning the land, if it is not that farming is no longer profitable and that certain influences are being exerted so that it will become even less profitable? Under the pretext of protecting the consumer, certain powerful interests are protected and the farmer is led to ruination.

Some would like this famous controversy over margarine to be considered merely on the basis of butter *versus* margarine. It is not purely a choice between butter and margarine. The problem is broader than that: it means economic life or death to a great number of our farmers. During the past few months the price of cattle has gone down by 50 per cent. Was the retail price of meat in the cities lowered in the same proportion? No; the intermediary made more money, and the consumer benefited to the extent of approximately only 10 or 15 per cent. In the past two or three years there has been a decrease of 27 per cent in the wholesale prices of vegetable oils which go into the manufacture of margarine, while in 1952 the retail price of the product was lowered to the extent of only 10 per cent. If the manufacturers of margarine wished to protect the consumer, why did they not lower the retail price of that product in the same proportion as the wholesale price?

A great proportion of the vegetable oils which enter into the manufacture of margarine are imported from abroad; and the workers who process these oils are paid lower salaries than are our labourers. No duty is paid on two-thirds of these oils. Now some people would have us remove the 10 per cent

sales tax. Do you believe that the consumer will benefit if this tax is withdrawn? Why, during the past two years, did the consumer derive little or no benefits from the substantial decrease in the cost of the basic products which enter into margarine? Do you believe that the 10 per cent sales tax has simply been added to the cost of margarine? The 20, 25 or 30 per cent which the intermediaries want as profits, apply to the sales tax as well as to the initial cost of margarine. And is this amendment for the protection of the consumer? Let interested persons stop deceiving us with words, and let them state honestly and truly that they want to protect certain large manufacturers of margarine.

Hon. Mr. Euler: Nonsense.

Hon. Mr. Vaillancourt: The facts prove it. In answer to the statement of my friend from Waterloo, that this is a question of competition between the farmers and the manufacturers of margarine, let me say that the farmers are ready and willing to compete with margarine, but they can only do so when the competition is on an honest and fair basis. They cannot meet competition which is provided by slave labour.

This amendment is supposedly for the consumer's protection. But what about the butter producer? Have the salaries of city labourers decreased to a considerable extent during the past two years? On the contrary, they have increased, and every day we are faced with claims for further salary increases, shorter working hours, etc. The farmer must toil from sunrise until after sunset. Has there been any increase in his income, or has it remained the same? On the contrary, his income has decreased to a great extent, and he must pay his employees higher wages than ever before. This accounts for the decrease in our rural population. At present only 30 per cent of our population is rural, and 70 per cent is urban. In ten years our rural population may not exceed 25 per cent or even 20 per cent of the total. This is a serious problem worthy of our consideration.

Allow me to cite facts which will prove my allegations. In my province of Quebec we have an organization called *Caisses Populaires* which deals with labourers and farmers. Accurate statistics for the year 1952 show the following results: of every dollar deposited during 1952 in the rural *Caisses Populaires* 2·9 per cent remained on deposit at the end of the year, in comparison with 4·3 per cent for the year 1951; but in urban *Caisses Populaires* 7·4 per cent remained on deposit at the end of 1952, compared with 4·9 per cent at the end of 1951. And the habitant in my province is not different from the farmer anywhere else. At the beginning of a crisis the farmer always bears the brunt.

For those reasons, I beg my colleagues in the Senate to defend a minority upon which rests our economic life. In protecting this minority we are not only protecting the farmer, we are also protecting ourselves.

Hon. J. H. King: Honourable senators, I shall not delay you very long. On a number of occasions it has been my privilege to assist in a small way the efforts of my honourable friend from Waterloo (Hon. Mr. Euler) to make margarine available to the people of Canada. For that I have no regrets and no apologies to offer, but I wish today to take this stand, that it is an ill-timed proceeding to bring this question before us for consideration within a few days of the close of the session. The present budget was brought down after careful consideration by members of the government, with the assistance of the Department of Finance. It has been discussed for six or seven weeks in another place by the elected representatives of the people. Although the particular item before us seems very important today, I do not know and cannot recall that any member of the House of Commons suggested that it should become a public issue. So I say that the raising of the question at this moment is ill-timed.

I do not think the effort of my friend from Waterloo (Hon. Mr. Euler) has been valueless. Today's discussion will be of use; and undoubtedly the declarations made and the attitude thereby expressed will be considered next year by the Department of Finance, no matter what government or what party is in power, when preparations for the budget are under way. Therefore I suggest to my good friend that he should not press this amendment at this time,—

Hon. Mr. Euler: It is not my amendment.

Hon. Mr. King: —but that it should stand over until the next session of the new parliament, which will probably be either late in 1953 or early in 1954. In my view the Senate would be ill-advised to pass the amendment recommended by the committee. I personally will oppose it on the ground that it is ill-timed.

Hon. W. M. Aseltine: Honourable senators, before this debate is closed I should, I think, explain briefly the position that I intend to take in connection with the amendment made in the Banking and Commerce Committee.

On the first occasion when the oleomargarine issue came up I opposed the attempt of the honourable senator from Waterloo (Hon. Mr. Euler) to have the Dairy Industry Act

amended. The next time it came up I supported him to the extent of voting for the second reading of his bill, in the hope that if it went to committee for study all sides of the question would be heard. However, the bill was, I believe, defeated in this chamber. Again, when he proposed that the legal questions involved in the importation and sale of margarine be sent to the Supreme Court of Canada for decision, I supported him.

Margarine is here to stay, and I have no objection to the colouring of it; in fact I am in favour of it being coloured, because, contrary to the views of my honourable friend from Blaine Lake (Hon. Mr. Horner) I believe that, so far from this product being on its way out, it will always be in demand.

However, I come from a great wheat-growing province which is likewise a great dairy province. Saskatchewan is a large exporter of butter, and our dairy industry is carried on upon quite a large scale. I am not in favour of taking from the dairy farmers the little protection left to them, and I am therefore unable to vote at this time for the amendment presented by the committee.

I shall not go into the question of the constitutionality of our proceedings in the light of the powers of this house, or anything of that kind. I agree in this respect one hundred per cent with what was said by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). But that is not the issue before us. I repeat that I cannot support, by voting for the removal of this tax, the taking away of the small protection which remains to the dairy farmers of this country.

Hon. Mr. Euler: Honourable senators, I am not going to make another speech. But to the honourable senator from Kootenay East (Hon. Mr. King), who suggested that I should withdraw the motion, I may say that the motion is not mine to withdraw.

One other thing: to a statement made by the honourable senator from Kennebec (Hon. Mr. Vaillancourt) I interjected "Nonsense", because I understood him to intimate that I had ulterior motives in mind in bringing this matter before the Banking and Commerce Committee. If that is what he meant, his statement was nonsense. If that is not what he meant, I am quite willing to withdraw my statement and apologize to him. Otherwise, I think he ought to apologize to me.

Hon. J. Wesley Stambaugh: Honourable senators, it seems to me that the main issues raised by the report of the Banking and Commerce Committee is that of dairy farmers *versus* urban dwellers. It is pointed out that if the sales tax is removed, workers in the cities will be able to purchase margarine for less money—possibly 2½ cents a pound less. But let me ask, who is going to "pay the shot"? And, are these people who have to "pay the shot" able to do so?

Only one class of people will bear this loss, and that is the dairy farmers.

Let us examine the position of the dairy farmer during the last year as compared with that of the urban worker. Today in Canada farmers comprise 21 per cent of the population, but their income is only slightly more than 13 per cent of the national income. Approximately 16 per cent of the farming population is engaged in the dairy industry, and their income is only about 13 per cent of the income of all farmers in Canada. The dairy farmers are the hardest working and the poorest paid of any class in Canada. Last year the income of urban workers in Canada was up 12 per cent, whereas the income of the farmers dropped 2½ per cent. That puts the case in a nutshell. By passing the committee's amendment we would be giving something to the people whose income went up 12 per cent, and taking it way from those whose income dropped 2½ per cent. The general cost of living in Canada has gone down during the past year because of a reduction in the price of farm produce. If we pass this bill as amended by the Banking and Commerce Committee we shall be reducing the income of the most important, the hardest working, and the poorest paid group in Canada.

Some Hon. Senators: Question!

Hon. Mr. Robertson: Honourable senators, if I speak now it will be to close the debate—

Hon. Mr. Reid: It is something new to me if a debate can be closed in Committee of the Whole.

Hon. Mr. Lambert: An honourable senator can speak as many times as he likes.

Hon. Mr. Robertson: I made a motion.

The Chairman: A motion has been made, and when the mover speaks again he will be closing the debate.

Hon. T. A. Crerar: Honourable senators, a very few minutes of the time of this house will suffice for what I have to say this afternoon. The amendment under consideration

is to reverse part of the report of the Standing Committee on Banking and Commerce, and to restore the sales tax on margarine. On the basis of the information given us by the leader of the government, which I have no doubt is correct, the exemption from the sales tax on margarine would amount to about 2½ cents a pound. I suppose we can assume that the consumer would get the full benefit of this reduction. I am sure that no honourable senator thinks for a moment that a reduction of 2½ cents a pound in the price of margarine—assuming that the full reduction is carried through—would have any noticeable effect on the dairy industry.

Hon. Mr. Aseltine: Why bother with it then?

Hon. Mr. Horner: It will.

Hon. Mr. Crerar: These things change as we go along. Progress made by science and invention cannot be held up for the benefit of any class of people, and I shall oppose the amendment moved by the leader of the government.

I should like to put one question to my colleagues in this house. What would be the result if a plebiscite were taken today of all Canadians as to whether they favoured the abolition of the 10 per cent sales tax on margarine? I think the people would overwhelmingly vote to do away with this sales tax.

Hon. Mr. Nicol: How would Quebec vote?

Hon. Mr. Crerar: I can only say to the honourable senator from Bedford (Hon. Mr. Nicol) that my knowledge of Quebec is not comparable to his, but I predict that my honourable friend would be amazed at the support this proposal would get even in his own province.

Some Hon. Senators: Hear, hear.

Hon. Mr. Nicol: You cannot even buy margarine in Quebec.

Hon. Mr. Euler: They just seized 5,000 pounds of it in that province.

Hon. Mr. Robertson: Honourable senators, I want to emphasize that my amendment proposes that the third amendment made by the Banking and Commerce Committee be not concurred in. I listened to the speeches of honourable senators with great interest. I must disagree with the statement of the honourable senator from New Westminster (Hon. Mr. Reid) that I suggested that the point at issue is whether or not margarine is a food. Perhaps I misunderstood him, but I made no such suggestion. I said that the whole question is how to go about exempting margarine from the imposition of a sales tax if that is what is felt advisable by honourable senators.

I have often envied the ability of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) to express himself, and he has raised a pertinent point in this discussion. He said he thought I had advised the house there was no guarantee that if we reduced the taxation upon margarine the benefit would be passed on to the consumer. That statement should be considered in the light of what I said earlier.

At the outset of my remarks I expressed the opinion that we had the constitutional right to amend this bill. I also said I would not discuss the *pros* and *cons* of whether margarine should be exempted from the imposition of the sales tax. I then warned that by attempting to reduce the rate of taxation, the incidence of taxation, or the estimates, the Senate might be setting itself up as a second budget-making authority. Some honourable senators are more familiar than I am with the operation of government departments, but I take it that the officials of the Department of Finance have full information on all these matters, and that any benefit resulting from a removal of the sales tax on margarine would go to the consumer. I was merely suggesting that we are not equipped to act as budgeteers. I thought that if we once embarked upon such a policy we would not stop at margarine. I do not say we should not exercise our rights, and that we do not have the power to amend this bill. In the past the Chairman of the Standing Committee on Finance (Hon. Mr. Crerar) has protested in this house, on behalf of his committee, against expenditures by departmental officials for travelling purposes and so on, which the committee thought were too high, but he did not actually recommend that the estimates be reduced. The drawing of the matter to the attention of the government in that way did not preclude the possibility of a reduction in the estimate, if the government saw fit to make one, and it seems to me that it would have been better if a similar method had been adopted in this case.

In making these remarks I have had no desire to detract in any way from the authority or power of this house. I simply

question the wisdom of the committee's amendment, and think the Senate would be ill-advised to adopt it.

Some Hon. Senators: Question.

The Chairman: The question is on the motion of the leader of the government that the amendment made by the Banking and Commerce Committee be not concurred in.

Hon. Mr. Paterson: That is the last amendment.

The Chairman: Yes. The others have been concurred in.

All in favour of the amendment, please say "Content".

Some Hon. Senators: Content.

The Chairman: Those who are opposed, please "Non-content".

Some Hon. Senators: Non-content.

The Chairman: In my opinion, the Contents have it.

The amendments of the Standing Committee on Banking and Commerce, as amended by the Committee of the Whole, were reported.

The Hon. the Speaker: Honourable senators, is it your pleasure to concur in the amendment made by the Committee of the Whole?

Some Hon. Senators: No.

Some Hon. Senators: Carried.

The Hon. the Speaker: Carried, on division.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill as amended be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill as amended was read the third time, and passed, on division.

LEFEBVRE DIVORCE PETITION

REFERRED BACK TO COMMITTEE

On the Order:

Consideration of the following report of the Standing Committee on Divorce:

Report No. 232.—*re* petition of Domina Emerius Lefebvre—Hon. Senator Aseltine.

Hon. Mr. Aseltine: Honourable senators, I think the best way to handle this matter is to refer it back to the Standing Committee on Divorce, and I move that this be done. The motion is seconded by the honourable leader on this side (Hon. Mr. Haig).

The motion was agreed to.

CANADIAN WHEAT BOARD BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. Wishart McL. Robertson moved the second reading of Bill 223, an Act to amend the Canadian Wheat Board Act, 1935.

He said: Honourable senators, the chief purpose of this bill is to extend until July 31, 1957, certain sections of the Canadian Wheat Board Act which give the board powers to continue as the sole marketing agency for Western wheat, oats and barley, and which would otherwise expire at the end of the current crop year. The Canadian Wheat Board was originally set up in 1935 and was what might be described as a voluntary board; that is, it might pay a specified price and distribute profits in the form of participation payments. Farmers, however, were still free to sell on the open market. In 1943, to meet the wartime emergency, the Wheat Board became the sole marketing agency through which Western producers could sell their wheat. In effect this was the beginning of the present system of wheat board marketing, when the board became a wheat pool handling all Western wheat, making initial payments at the time of delivery, and declaring interim and final payments as the wheat was finally sold out of the pool.

This operation continued until 1947, under the War Measures Act and the Transitional Powers Act, when the system had gained such popularity that, in response to requests from various agricultural organizations, the Wheat Board Act was amended to continue the powers of the board as the marketing agency of Western wheat. In fact, the operation was so acceptable that in 1949 it was expanded to include oats and barley.

The achievements of the board in maintaining a stable level of prices for wheat, and its able handling of the damaged crop of 1950, need not be reviewed at this time. Suffice it to say that, in the absence of such an organization, it would be difficult to visualize the problems that have arisen in the handling of the record crop of 1952, which was the largest ever harvested on the prairies of Canada, comprising 664 million bushels of wheat, 346 million bushels of oats and 281 million bushels of barley.

It has been suggested in some quarters that this act might be extended indefinitely, but it is the government's view that the Parliament of Canada should decide as to the proper system of marketing wheat. Therefore, a definite period for expiry of the act is established.

The technical amendments deal briefly with an increase in the number of commissioners from three to not more than five, and a proviso to allow the Board to charge to moneys arising from the sale of wheat any expenses incurred in respect to the International Wheat Council or succeeding organizations.

Finally, a new section will enable the board to set up in a separate account any unclaimed and undistributed residual balances relating to any type of claim which have remained on the board's accounts for six years and which may be expended for purposes considered by the Governor in Council to be for the benefit of wheat producers.

Hon. Mr. Haig: Honourable senators, I move the adjournment of the debate. May I say that I want to discuss the motion standing on our Order Paper for approval of the International Wheat Board Agreement, and I shall reserve my remarks on this measure until that motion is before us.

The motion was agreed to, and the debate was adjourned.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, as the hour is late, when the remaining items on the Order Paper are called I shall ask that, with leave of the Senate, they be allowed to stand.

I shall be unavoidably absent from the house for the next day or two. During my absence the honourable senator from Ottawa (Hon. Mr. Lambert) will lead the house.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 23, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRANS-CANADA AIR LINES BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Transport and Communications on Bill 330, an Act to amend the Trans-Canada Air Lines Act, 1937.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the bill (330 from the House of Commons), intituled: "An Act to amend the Trans-Canada Air Lines Act, 1937", have in obedience to the order of reference of April 21, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: Honourable senators, with leave of the Senate, I move the third reading now.

Before the bill is given third reading I think it advisable to place on the record an explanation in answer to a suggestion made the other evening that the bill contained something by way of tax avoidance.

When Trans-Canada Air Lines was set up the Canadian National Railways subscribed $25 million and acquired all the shares issued at that time. In those days there was no problem of payment of income tax by a crown company so that the manner of the capital set-up from the viewpoint of income tax was unimportant. Needless to say the Canadian National Railway Company got the money it advanced to Trans-Canada Air Lines from the source—and the only source—open to it; that is it borrowed money from the government, paid interest to the government on the borrowing, invested it in T.C.A. and received payments in an equivalent amount from T.C.A., which it remitted by way of interest to the government.

Honourable senators will recall that in 1952, by an amendment to the Income Tax Act, it was provided that certain crown companies would be subject, in the year 1952 and thereafter, to income tax; and the list of companies was referred to in the amendment as being that contained in Schedule D to the Financial Administration Act, which act was passed in 1951. As a result the position changed a bit, because in 1952 and thereafter Trans-Canada Air Lines, for bookkeeping purposes, treated its payments to the Canadian National Railways as interest on the money put up; although, as stock had been taken in exchange for the advance, in reality it was a dividend. A realistic approach is provided to the question of the moneys advanced, because were it treated as a dividdend it would take considerably more money from Trans-Canada Air Lines to pay the Canadian National Railways so that the Canadian National Railways could then pay its interest charge to the dominion government. So the bill in one of its provisions enacts that the Canadian National Railways shall surrender or deliver up for cancellation $20,000,000 of the capital shares which were issued, retaining only $5,000,000 in shares, and that for the $20,000,000 of shares so returned T.C.A. will issue debentures or notes or bonds in that amount.

The provision of the bill which gave rise to the suggestion of tax avoidance is that, for 1952, the first year in which T.C.A. became subject to income tax, and until the date in 1953 when this bill is passed, payments made by T.C.A. to the C.N.R. in respect of the moneys put up by the latter corporation would be deemed, to the extent of 3 per cent, payment of interest. A payment of interest would, of course, be a deductible item of expense so far as T.C.A. is concerned. You would then have the more realistic picture that the Canadian National Railways borrowed from the dominion government, paid 3 per cent on the money, and put that money in the hands of T.C.A., from which it received 3 per cent, the one charge remaining at the same level all the way through. To leave it as a dividend for 1952 would take substantially more money from T.C.A., since that organization would first have to pay taxes on that portion of the profits and afterwards pay the money by way of dividend to the C.N.R. The money came out of the pocket of the Government of Canada and, by the route followed, it is going back into the pocket of the Government of Canada, so it was felt that in those circumstances the charge should be treated as an interest charge. That is the effect of the section.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE STATISTICS

REPORT OF COMMITTEE

Hon. W. M. Aseltine (Chairman of the Standing Committee on Divorce): Honourable senators, it has always been the custom as

each session draws to a close for the Chairman of the Standing Committee on Divorce to present a report covering the work done during the session and giving certain statistics and other information. I now have pleasure in submitting the following report, which I shall read into the record so that its contents may be available to the public.

The Standing Committee on Divorce beg leave to make their 300th report, as follows:

For the present session 344 petitions for bills of divorce were presented to the Senate and dealt with by the Standing Committee on Divorce, as follows:

Petitions heard and recommended	282
Petitions heard and rejected	3
Petitions withdrawn	12
Petitions not proceeded with	47
Total	344

Of the petitions recommended during the present session of parliament 96 were by husbands and 186 were by wives.

Of the petitions recommended 8 were from petitioners domiciled in the province of Newfoundland and 274 were from petitioners domiciled in the province of Quebec.

The committee held 49 meetings. On 21 days the committee functioned in two sections.

In 13 cases the committee recommended that part of the parliamentary fees be remitted.

The fees paid to parliament for bills of divorce heard and recommended during the session of 1952-53 amounted to $57,520.

Assuming that all bills of divorce recommended by the committee, now in various stages before parliament, receive Royal Assent, the comparison of dissolutions of marriage granted by parliament in the last ten sessions is as follows:

1945, 179; 1946, 290; 1947, 348.

That was the peak year.

1947-48, 292; 1949, 1st Session, 184, 1949, 2nd Session, 166; 1950, 240; 1951, 294; 1952, 312; 1952-53, 282.

The religious denomination of the petitioners and respondents for the present session is as follows:

Petitioners: Roman Catholic, 80; Anglican, 50; Hebrew, 48; United Church, 51; Presbyterian, 21.

Respondents: Roman Catholic, 82; Anglican, 49; Hebrew, 51; United Church, 42; Presbyterian, 16.

Petitioners: Baptist, 6; Methodist, 0; Greek Orthodox, 6; Other or not stated, 20.

Respondents: Baptist, 5; Methodist, 1; Greek Orthodox, 6; Other or not stated, 30.

Statistics covering the number of divorces granted in Canada during the years 1948 to 1952, both inclusive, are as follows:

	1948	1949	1950	1951	1952
Canada	6,881	5,934	5,373	5,163	5,562
Prince Edward Island	49	20	13	10	9
Newfoundland			5	4	3
Nova Scotia ..	78	181	199	187	188
New Brunswick	211	202	194	156	200
Quebec	292	350	234	290	309
Ontario	3,107	2,396	2,228	2,102	2,130
Manitoba ...	477	411	309	361	338
Saskatchewan	333	289	280	226	223
Alberta	651	594	534	589	630
British Columbia ..	1,683	1,491	1,377	1,339	1,532

The following statement shows a comparison between the number of divorces granted to husbands and wives respectively in the years mentioned:

	Husbands	Wives
1948	2,643	4,238
1949	2,259	3,675
1950	2,100	3,273
1951	2,010	3,153
1952	2,188	3,374

Your committee makes the same recommendation that it made in 1950, 1951 and 1952 reports. It regrets 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 could be heard. It is to be hoped that something will be done in that regard in the near future.

Honourable senators, before tabling the report I wish to make a few remarks. In the sessions of 1951 and 1952 I spoke quite extensively on this subject and I do not intend to repeat now what I said then. I should like, however, to call the attention of honourable senators to the fact that since 1947 the number of divorces in Canada has decreased considerably. In that year, which as I mentioned earlier was the peak year, 8,199 divorces were granted. The 1946 figure was 7,683. The total for 1952 was lower than 1947 by 2,637.

Hon. Mr. Beaubien: 1952 was lower by how many?

Hon. Mr. Aseltine: In the whole country there were 2,637 fewer divorces in 1952 than in 1947.

Before resuming my seat I should like to thank sincerely the members of the committee who were so faithful in their attendance and ably assisted the Chairman in the committee's arduous task. During many weeks this session the committee sat every day of the week.

I should also like to express my appreciation of the work done by the Chief Clerk of Committees and his capable staff. Without their careful attention to the clerical work, we could not have carried on. I also wish to thank the Senate's reporting staff, who were on duty over many week-ends and deserve a lot of credit.

I come now to my annual hope that perhaps before the beginning of the next session I may be relieved of work on the Divorce Committee.

Hon. Mr. Beaubien: You are too good.

Hon. Mr. Aseltine: Every session for some years past I have expressed that hope, but when a new session of parliament is assembled no one seems ready and willing to take over my duties, so in each instance I have agreed to act for one more session.

With leave of the Senate, I would file my report and ask that it be printed in the *Minutes of Proceedings.*

Hon. W. H. Golding: Honourable senators, I would not want to let this opportunity pass without expressing on behalf of every member of the Divorce Committee our appreciation of the services so freely and capably given by the chairman (Hon. Mr. Aseltine). And I feel that I can express the same sentiment on behalf of all other members of the Senate as well.

I have made a survey of the number of divorce petitions handled by the committee during the years that the present chairman has served in that capacity or as a member. While many senators in the past have given long service on the committee, he holds the record of having recommended the granting of more divorces than did any of his predecessors. May I put on the record the results of my survey?

A search of the *Journals* of the Senate reveals the respective periods served and volume of work accomplished by the following senators:

The honourable senator from Rosetown (Hon. Mr. Aseltine), has been on the committee since 1934, during a total of twenty-three sessions. For the last ten years he has been chairman. During his period of membership 3,081 divorce petitions have been granted, 2,416 of them during his term as chairman. This figure does not include cases heard during the present session.

The late Senator Sir James Lougheed was a member of the committee from 1890 to 1925, both years inclusive, during which time 1,072 divorces were granted. He was chairman for two years.

The late Senator McMeans was a member of the committee from 1925 to 1938, inclusive, a total of 14 sessions, and for ten sessions he was chairman. During his period of service 1,407 petitions were granted, 844 of which were granted while he was chairman.

The late Senator Robinson was a member of the committee from 1927 to 1947, inclusive, a total of eighteen sessions. For six years he was chairman. During his membership 1,875 divorces were granted, 504 of which were granted during his period as chairman.

The late Senator Copp was a member of the committee from 1928 to 1949, both years inclusive, a total of twenty-three sessions. During his membership, 2,807 petitions were recommended.

Those figures, honourable senators, will serve to confirm my previous observation that the present chairman has handled more petitions than did any of his predecessors, all of whom served for many years. I am sure we are all grateful to him for the able services he has rendered and the very valuable work he has done on behalf of the Senate of Canada.

Hon. Senators: Hear, hear.

Hon. Norman P. Lambert: Honourable senators, in the absence of the leader of the government (Hon. Mr. Robertson) I am sure that all members of this body would wish me to convey warmest words of appreciation to the chairman of the Divorce Committee (Hon. Mr. Aseltine) for his very interesting report and also for the quality of the service that he has rendered, not only to the members of this chamber but to parliament as a whole and the public outside.

I would also like to express on behalf of the members of this chamber appreciation of the efficient services which have been rendered on that committee by the other members. The impressive record which has just been submitted by the honourable senator from Huron-Perth (Hon. Mr. Golding) leads one to conclude that as time goes on the burden upon the chairman of the Divorce Committee becomes heavier. Whether the increase in the number of cases is in any degree due to the capacity and calibre of the chairman and his committee I would not care to say; but in any event it appears that the volume of work laid upon the committee from year to year has not abated to any marked extent. This fact provides a good deal of food for reflection on the part of us all. The report which has been presented today is not only a basis of interesting study on the part of every member of parliament, but is worthy of assessment and appreciation by the rank and file of Canadians throughout the country.

Hon. Senators: Hear, hear.

Hon. John. T. Haig: I do not rise to repeat anything which has been said by my distinguished colleague from Rosetown (Hon. Mr. Aseltine), but having year by year sat here and listened to reports of the Divorce Committee, I would ask whether we have not about reached the time when our distinguished colleagues from the province of Quebec and elsewhere who have hitherto declined to serve on this committee should reconsider their decision. I understand the reason for their attitude, and I have every respect for the personal religious convictions of other people, but I would remind honourable members that we who sit in this chamber are appointed to serve Canada, and it is one of our duties in this capacity to administer the law relating to divorce. I believe that there are few or no political leaders in Canada, including the Prime Minister and the

Leader of the Opposition in the other place and other public men throughout the country, who would not admit that they desire some better system of handling divorce applications. No responsible person would press for the establishment of divorce courts in provinces where the majority object to them. It is their right to do what they want to do.

But a person who accepts the office of senator ought to be willing to participate in any of the work assigned to this body. After an experience on the Divorce Committee extending over many years, I feel entitled to ask colleagues who do not belong to the same church as I do to consider that they share this responsibility. On behalf of other members of the committee I assure them that we would be delighted to be associated in this work with members of the Roman Catholic faith. We would appreciate their help, we would value their experience and their judgment; we would esteem them for the fervour of their religious convictions. Remember that we who serve on that committee dislike as much as anyone else the practice of divorce. But in the present state of civilization, and until the world has reached a moral elevation at which these expedients are unnecessary, people who serve on divorce tribunals must act in accordance with their conviction that, under given circumstances, they can do no other than deal with the petitions which come before them. So I am moved again to urge upon my compatriots who live in other parts of Canada and who up to date have not served with us, that between now and next session they examine their consciences and determine whether they should not come forward and help us to carry this burden. They are distinguished members of this house; they render service in every other department; and they are needed in the department we are discussing, whose operations deal with matters as vital to the Roman Catholic church as to any of the Protestant churches. The work is just as burdensome on our souls as on the souls of members of any other denomination. So I again ask that between now and next session, each senator who hitherto has not co-operated in this particular should search his conscience in the privacy of his own chamber and decide whether he will not come forward and offer some assistance.

EXCISE TAX BILL

QUESTION OF PRIVILEGE—EXPLANATION

On the Orders of the Day:

Hon. Cyrille Vaillancourt: Honourable senators, I wish to say just a few words in explanation of some remarks I made yesterday in the debate on the Excise Tax Bill. I should not like my colleague from Waterloo (Hon. Mr. Euler) to believe that my remarks reflect to any extent whatever upon his integrity and honesty. I have known him for more than twenty years, and I have always appreciated his straightforwardness. I never had any doubts about his integrity. I hope that some day, after serious thinking, he will become an ardent defender of the agricultural class and a great consumer of butter.

CANADIAN BROADCASTING CORPORATION

INQUIRY

On the Inquiry by Hon. Mr. Reid respecting the Canadian Broadcasting Corporation:

Hon. Norman Lambert: Honourable senators, with reference to the inquiry made on April 14 by the honourable senator from New Westminster (Hon. Mr. Reid), I wish to say it has been intimated to me that an answer will be given within the next two days.

Hon. Mr. Reid: I hope I get it before the Radio Bill comes on for second reading.

CANADIAN WHEAT BOARD BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 223, an Act to amend the Canadian Wheat Board Act, 1935.

Hon. John T. Haig: Honourable members, I did not move the adjournment of the debate yesterday for the purpose of making any formal address. This bill is simply a renewal of the present law with the addition of one or two matters. Its principal effect is to extend certain sections of the Wheat Board Act until August 1, 1957. It provides for the appointment of two extra commissioners, and deals with expenses in relation to international wheat marketing organizations, and also with the transfer of undistributed balances in the hands of the board. I do not object to any of these provisions, but I object to the bill as a whole because it renews the compulsory features of the Canadian Wheat Board Act.

Honourable senators, I have never been able to understand why the farmers of our four western provinces have stuck to this type of grain marketing through thick and thin. I was surprised that after their experience of the first two years' operation of the British Wheat Agreement they still believed in this form of grain marketing. There is no doubt that the farmers of Western Canada

lost money under the British Wheat Agreement, despite the fact that the government voted them a subsidy of $65 million. Let us say that Canadian farmers had a total of 300 million bushels of wheat for export, and sold 200 million bushels at the British Wheat Agreement price and the remaining 100 million bushels at the world price. As a result of this differential in prices the government of Canada paid our farmers no less than $600 million over a four-year period by way of compensation for losses they had incurred under the agreement. It took the farmers a long time to realize what had happened, but they finally admitted they had lost out under the British Wheat Agreement. After that experience I hardly thought they would be in favour of the International Wheat Agreement, but they were, and they lost no less than $50 million a year under it.

Hon. Mr. Aseltine: The Wheat Board was not responsible.

Hon. Mr. Haig: I am not saying that. The farmers supported the Wheat Board which took arbitrary action and made the agreement.

Hon. Mr. Aseltine: The Wheat Board did not do it; it was the government.

Hon. Mr. Haig: I am not going to criticize the government for having made the British Wheat Agreement, because I honestly believe that in the circumstances any government of this country would have made it. I say this because I know what the sentiment of the three Prairie Provinces was. The wheat pools in those provinces were 100 per cent in favour of the agreement.

Hon. Mr. Aseltine: That is not the Wheat Board.

Hon. Mr. Haig: Well, the effect is the same. My colleague thinks the Wheat Board is all right, but I do not agree with him. However, that is not the issue.

Hon. Mr. Beaubien: The farmers think a great deal of the Wheat Board.

Hon. Mr. Haig: The Wheat Board carried out the British Wheat Agreement and the International Agreement, and despite the losses our farmers have suffered under these agreements they still favour a system of international wheat marketing. Do not forget that the price under the agreement is lower than the current world price. I can only account for this situation in one way. Men of my age who were brought up on the prairies can easily recall selling wheat for 50 or 60 cents a bushel. I can well remember my father coming home one time and telling my mother that he had sold the wheat he had raised that year for 53 cents a bushel. He had expected to get only 48 cents, and he was delighted with the higher price. In later years when Mr. Gardiner, the present Minister of Agriculture, was Premier of Saskatchewan, he suggested that the Western farmers should be paid about 90 cents a bushel for their wheat. It was said that this could never be done, but they received at least 80 cents, which was considered to be a really good price. I remember that in 1887 Saskatchewan and Alberta had a poor wheat crop but Manitoba had a fair one. Wheat was in short supply at that time and our farmers were able to sell at 75 cents a bushel, and they thought they were millionaires. In recent years farmers have been getting $1.55 under the British Wheat Agreement and $1.80 under the International Wheat Agreement. These prices probably seem like a lot to them when compared with the old prices. For some reason the farmers just can't realize that the low wheat prices of the period from 1930 to 1935 existed all over the world; they still blame the Winnipeg Grain Exchange because wheat went down to 35 cents a bushel.

Honourable senators, the government is asking for an extension of the Canadian Wheat Board Act because of the International Wheat Agreement which is currently being negotiated, but the Prime Minister of Britain claims that his country, which is the largest purchaser of wheat, will not enter into this agreement. Now, I do not believe any International Wheat Agreement can succeed unless the British are a party to it. Manitoba and Alberta are not satisfied with the proposed price, but on the other hand the wheat pool in Saskatchewan is. There is no doubt that Britain's reason for not becoming a party to this agreement is that she feels the price of grain will go down. A certain honourable senator in this house is a distinguished grain dealer, whose memory goes back about as far as mine, and I am sure he can recall when people in Winnipeg and Chicago said they could outguess the grain market. But nobody ever did. The British have been pretty good guessers. They gambled that the price of grain would not go down, and under the British Wheat Agreement they paid 50 cents a bushel less than they would have paid on the world market. They also gained under the International Wheat Agreement. But what are they going to do now? What is to prevent Britain from buying wheat from Russia? She is already buying oats and barley from Russia, and it is not unthinkable that she will sell manufactured goods to that country and buy wheat in return. The British are hard bargainers, and at this very moment

their representatives are in Winnipeg studying the market to find out whether Canada could make certain grain deliveries.

Honourable senators, I realize that this legislation will have to be passed if we are to sign the International Wheat Agreement, but I am opposed to any compulsory measure which forces a person to sell goods through a government agency. I favour a system whereby a farmer can sell his grain to whom he chooses.

Hon. Mr. Beaubien: The farmer wants this International Wheat Agreement.

Hon. Mr. Haig: I admit that, but unfortunately the farmer is not always right.

Hon. Mr. Beaubien: He is the man who produces the commodity.

Hon. Mr. Haig: Correct. But our farmers lost $600 million, and have lost another $200 million.

Hon. Mr. Beaubien: That is their funeral.

An Hon. Senator: Who made the agreement?

Hon. Mr. Haig: The farmers' representatives made the agreement.

Hon. Mr. Stambaugh: The farmers did not lose that amount. You are just guessing at it.

Hon. Mr. Haig: The farmers of western Canada received under the British Wheat Agreement $600 million less than they should have received. There is no question about it. And in the last four years they have lost another $50 million annually. You can say they didn't, but they did. The *Western Producer* challenged my word. I insisted that what I said was correct. Then they examined the Wheat Board report itself and then wrote back and admitted I was right. I have the correspondence. Wheat used to be a $1 a bushel, or thereabouts, but now it is about $2 a bushel.

The first break in the international agreement was the refusal of the British to participate. If the big fellows drop out, the little fellows cannot be forced to remain. You cannot make a small country like Spain take 10 million bushels of wheat, or Portugal 2 million bushels. You cannot compel them to take it. All they have to do is to say they have not got the money.

Hon. Mr. Beaubien: But they have been taking it.

Hon. Mr. Haig: They took it because it was below the price they otherwise would have had to pay. But try to make them take it, if they can get it at a lower price elsewhere.

I am not objecting to the government entering into the International Wheat Agreement. They can if they want to.

You may say that mine is a voice crying in the wilderness. That may be true; but men have raised their voices for other causes and been for a time unheeded, and later they were proved to have been right. I do not believe that compulsory wheat control, or any other kind of compulsory control, is in the best interests of our people. We are an independent people, and able to conduct our own business. If the farmers on the prairies want the government to look after their marketing and trading, well and good. But why compel other people to be subject to this control? No other line of business is controlled in this way.

I am not going to vote against the bill, because it is already the law, but I do object to the principle involved therein.

Hon. T. A. Crerar: Honourable senators, I imagine it will be no surprise to any member of this house that I rise to take part in a discussion of the bill now before us. It is an important bill. It is important because of a principle embodied in it, to which I hope to devote some attention a little later. No doubt my colleagues here, or some of them, have read the debate that took place not far from here when this bill was launched on its way through parliament. It was really a quite unrealistic debate. Every party paid pious tribute to the efficiency of this method of marketing grain—paid tribute to a law under which the farmers of Western Canada have lost at least $500 million in the last seven years. In addition, every pound of bread consumed in Canada in the last seven years has been subsidized under this law by the wheat producers of Western Canada. I am bound to say I cannot follow the logic of praising such results.

It is interesting, perhaps, to take a look at the bill. The honourable leader of the opposition (Hon. Mr. Haig) made reference to a few points in the measure. There are not very many changes from the existing Wheat Board Act, a part of which would expire this year were it not for the renewal provided for in this measure. The first change is that the members of the Wheat Board shall now be called commissioners. I do not think that makes any difference in their status, though it may flatter their pride a little. The next change is that the unclaimed balances in the hands of the Wheat Board shall be disposed of under certain provisions contained in the bill. It is interesting to note that, according to the information given in the very valuable report of the Wheat Board, these unclaimed balances from 1940 to July 31st 1951 amount to more than $3,300,000. These balances arise in this way: prior to the British Wheat Agreement, participation certificates were issued to farmers when they delivered their grain and

got the initial advance on it. Cheques for balances due to farmers were then issued and circulated by the Wheat Board. Well, there are all kinds of farmers in western Canada. Some of them may lose their participation certificate and forget all about it; or they may even get a cheque for a small amount and lose it. At any rate, for some such reasons and others, the total of these claims is the amount I have mentioned.

There is a provision that I think should be clarified when the bill goes to committee, as I presume it will. Under the International Wheat Agreement of 1949 it was provided that the expenses of the Wheat Council, which was set up under the agreement, would be paid by the various governments parties to the agreement, on a *pro rata* basis. Although the language is rather vague, the explanatory note to section 4 appears to indicate that hereafter the expenses of the Wheat Council, apart from the expenses of delegates from the Wheat Board or the pools attending meetings of the council, shall be a charge against the grain marketed. If my impression as to the meaning of this section is correct, I think we should have some information on that point when the bill is before the committee. But the main purpose of the bill is of course to continue the arbitrary powers presently invested in the Wheat Board under the existing law.

I should like to draw the attention of the house to the character and extent of these powers. They are all-embracing. But before dealing with that may I, for the information of the house, recite the steps leading to the wheat agreement with Great Britain signed on July 24, 1946, and the International Wheat Agreement which was consummated in 1949 for a four-year period.

The Wheat Board was first set up by legislation passed at the 1935 session, when the late Lord Bennett was Prime Minister of Canada. At the time the legislation was introduced it provided that the board should have compulsory powers. As a matter of historic interest, the Liberal party of that day believed in liberal principles—

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I am not saying that it does not now believe in those principles—though it does not always practice them. The Liberal party of that day fought against the introduction of the compulsory principle in the legislation. The fight was so effective that the compulsory principle was dropped and for reasons which I shall mention presently, did not come into play until 1943.

Hon. Mr. Lambert: Will my honourable friend permit me a question? He seems to have jumped from 1935 to 1943.

Hon. Mr. Crerar: No, I have not.

Hon. Mr. Lambert: I should like to ask him if he has overlooked the significance of the Turgeon Commission and the failure to carry out its recommendations.

Hon. Mr. Crerar: As I recall it, the Turgeon Commission made no recommendation for the introduction of the compulsory principle in the marketing of grain.

Hon. Mr. Lambert: My honourable friend misunderstood my question. The result of the operation of the Wheat Board during Lord Bennett's time was such that something like 350 million bushels of wheat were accumulated. When the new government came into power it adopted a policy of liquidating that surplus, and at the same time appointed a royal commission to investigate the whole question of marketing, trading and options, for the purpose of re-establishing the free-trade market. The commission made its report in 1937, but resistance on the part of western members of parliament in the House of Commons was so strong that its recommendations were never put into effect, and the Wheat Board continued.

Hon. Mr. Crerar: My honourable friend has anticipated what I was about to say.

The Canadian Wheat Board Act was passed in 1935. But between 1930 and 1935 a considerable volume of the wheat export of this country was carried on under a bank guarantee from the federal government to the Co-operative Wheat Producers, the marketing agency for the three western pools. As a condition of giving that guarantee, the government of the day insisted that the late John I. McFarland be put in charge of these operations.

After 1935 there was a change in the management and policy of the Wheat Board, and the government, as my honourable friend from Ottawa (Hon. Mr. Lambert) has said, appointed a royal commission which brought in a very interesting report. The fact that its major recommendations may not have been carried out is not germane to the argument that I am now putting forward.

After it came into being on August 1, 1935, the Wheat Board functioned first under Mr. McFarland for several months, and later under other chairmen, until September, 1943. In 1941 the Wartime Prices and Trade Board was set up, and the prices of commodities generally and wages were frozen at their level as of the date of the passage of the Order in Council establishing that board. As it was recognized that wheat had been at a very low price for a number of years, it was not brought under the operation of the freeze order. It was not until September,

1943, when wheat had risen to approximately $1.25 a bushel, that it came under the freezing order and trading in futures on the Winnipeg Exchange ceased.

The argument has been made in Western Canada that the Wheat Board cannot function without compulsory powers. But the fact is that from 1935 to 1943 the board operated as an agent of the producers without a single compulsory power.

Hon. Mr. Beaubien: I would point out to my honourable friend that those were wartime years, and they cannot be compared with the present period.

Hon. Mr. Crerar: From 1943 until 1946 wheat was marketed through the Wheat Board as the sole marketing agency under the policy of the Wartime Prices and Trade Board. In 1946 the British Wheat Agreement was entered into under the authority conferred by the National Emergency Transitional Powers Act.

In 1947, more than two years after the war ended, parliament passed its first Wheat Board legislation, having within it the compulsory principle, in the form of the parent bill of the one before us today. Under the powers then granted, the board had full and complete control over the marketing of grain. Marketing has been controlled to such an extent that an individual farmer could not market his grain until he received a permit from a government representative; no railway company could transport it, and no elevator company could handle it until a permit was forthcoming from the representative of the Wheat Board.

There were other restrictive provisions. For instance, I as an individual farmer could not sell seed wheat produced by me in Manitoba to a farmer in Saskatchewan or Alberta or anywhere outside the province until I got a permit to do so. This illustrates the character of the legislation, and it is against this control feature that I protest, and will continue to protest as long as I am able to do so. I have not the slightest objection to a wheat board which is an agent of the producers and not an agent of the crown. Today, by law, the board is an agent of the crown, and the government have complete control over every phase of marketing policy relating to wheat and to some other grains as well, and have to accept the consequences for what follows.

Hon. Mr. Reid: May I ask whether, under existing conditions and regulations, a farmer can give away wheat, or is he so restricted that he cannot dispose of it for nothing?

Hon. Mr. Euler: He would not do that.

Hon. Mr. Reid: I know. But I am just wondering about it.

Hon. Mr. Crerar: As I have said, it is against that compulsory principle in the legislation that I protest. How can it be justified in a free country? It may be said that a majority of the prairie farmers want this legislation. For the sake of argument let us grant that that is true. Does that justify parliament in passing legislation which imposes a hardship on the dissenting minority? Where in the history of this parliament can it be found that we adopted the principle that, in matters of this kind, where one's natural rights are involved, the majority shall rule and the minority may be oppressed and held down? That is the principle which is involved in this bill, and, let me repeat, it is against this principle I protest.

Hon. Mr. Euler: Sometimes minorities hold down majorities.

Hon. Mr. Crerar: What is the situation with regard to other businesses: for instance, the great industry associated with the production of lumber and pulp from our forest wealth? Would the government of the day, or any government, in normal peace times, pass legislation to set up a board with powers of complete compulsion over the production, manufacture, sale and distribution of timber products? Such a course is unthinkable. Yet would it not be on all fours with this legislation?

Hon. Mr. King: Is there not this difference? In the prairie provinces co-operative societies and pools have been built up for the handling of grain and these bodies, as such, were led into this system, and are today supporting it. You would not find that condition in any other industry.

Hon. Mr. Crerar: That may be; but the point I am making is: has parliament any right to impose that handicap upon a minority because the majority want it? If it has, there has been introduced into our law-making processes a new principle which I do not think many in this house, if they fully realized its implications, would support.

Hon. Mr. Ross: It is very democratic and good Liberalism, is it not?

Hon. Mr. Crerar: Judged by the actual results to the farmers, the effect of these agreements has been calamitous. I suppose it is generally known that every producer of grain in this country has not been subjected to the same handicap as the wheat producers of Western Canada. The farmers of Ontario and Quebec have been free to sell their products as they wish to do. Some may say that the Western grain growers clamoured

for this legislation. But again I come back to the point that this does not warrant the imposition, by the whole weight of law, of disabilities upon persons who do not want to market their grain through this agency, and who should be free to market it as they wish. It is the product of their own labour. Why should they have to go and get a permit to dispose of it? Would it not be just as reasonable to say that before any workman could go to a job he must get a permit to do so from some government agent? I see no distinction in principle.

Hon. Mr. Horner: Well, that has happened.

Hon. Mr. Euler: Anyway, it may come. Perhaps we have it now.

Hon. Mr. Crerar: My colleague from Waterloo (Hon. Mr. Euler) says it may come.

Hon. Mr. Reid: It is here already.

Hon. Mr. Aseltine: We have had it, too, in the past.

Hon. Mr. Crerar: That is the crucial point in this legislation. I have no doubt the bill will be passed.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Crerar: I have great respect for my honourable friend, but he may be saying "Hear, hear" just a little too soon. In 1947, when this law was first passed, it was argued to justify so arbitrary a measure, that it was necessary in order to carry out the terms of the British Wheat Agreement. Any honourable senator who is interested will find confirmation of this statement if he reads the *Hansard* of either house. The same argument was used to extend the agreement beyond the original term: it was said to be essential for the carrying out of the International Wheat Agreement. So it is now sought to renew it again. It was introduced and passed in another place before the international agreement had really collapsed—as I think it has. And may I say a word or two about that? The matter will be before us in a few days.

The renewal of the International Wheat Agreement has been the subject of much debate and discussion. Early last summer representatives of all countries signatory to the existing agreement met in London to consider a renewal of it. They did not get very far, and the meeting was adjourned to a date subsequent to the United States elections. It was resumed in Washington at the end of January, and for ten weeks the representatives of the exporting countries and the importing countries tried to hammer out an agreement. What is the result so far? Britain, the largest purchaser under the former agreement, announced through her Food Minister the other day in the British House of Commons that she will not subscribe to the new one. India, a purchaser of 55,000,000 bushels—not an inconsiderable amount—has also refused assent to the agreement. It remains to be seen whether Germany, whose quota was also set at 55,000,000 bushels, will indicate here assent, when, next week, the various states are supposed to sign. According to press reports Australia has announced that she will not adhere to the agreement unless Britain does.

What success can there be for an international wheat agreement when by far the largest purchasers of our wheat will abstain from signing it? I do not think this agreement can operate for another year with these countries out of it. What will be the situation then? We give the Wheat Board compulsory powers. How is it going to sell wheat and determine the prices at which it shall offer wheat for sale? What measuring rod will it use to determine value? No doubt it will continue its practice of the past seven years when it has sold outside these agreements at prices which at times have been much higher than was provided in the agreements, and when its only guide as to values was the American markets in Minneapolis and Chicago. The British government will possibly, even probably, re-open the market in Liverpool when the present agreement terminates on July 31 of this year. What are we to do then?

Honourable senators, I should like to see the wisest possible solution of this problem, and I think it can only be found by going back to the original concept of the board as the agent of the producers. No man should be shackled and made to use it against his will. Why should I have to go to a government agent to get a permit so that I may market my grain? Why should this have to be done in a free country? But, as I have already said, that is the situation today. We should get back to the situation which existed prior to the war and to the introduction of these compulsory powers. Let the Wheat Board be an agent of the producers. Get the government out of the business and let the producers direct the Wheat Board as to what they want it to do. I would far rather trust their judgment than the judgment of those who are exercising compulsory powers. If we did this we would have something resembling a free market.

If this compulsory principle is to remain and grow in our economy, what will be next? I admit that it might be argued with considerable weight that these powers have not been abused by the government. I have no

doubt that the government has tried to discharge its responsibilities wisely and well. But that is not the basis upon which powers of this kind should be judged. We have no right to embed practices and principles in our laws on the theory that the government can always be trusted to do the right thing. That is not the principle upon which laws should be made, for no one knows what government may be in power in the future. The only safe and sound basis upon which to consider these questions is on their merits. I have never wavered from my conviction that the application of a compulsory principle, where I do no hurt to my neighbour, is wrong and unsound.

Honourable senators, for these reasons I am opposed to this legislation.

Some Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, yesterday I was reproved for not keeping up to date with modern trends of the agricultural industry, but there are some in this chamber who need to modernize their thoughts on the subject of wheat board marketing. Incidentally, a great deal of this discussion has been out of order. The resolution asking parliament to approve the International Wheat Agreement will come before us in the near future, and I intend to have something to say about the agreement at that time.

I hate compulsory measures just as much as does the honourable gentleman from Churchill (Hon. Mr. Crerar), but the fact is we have them. I should like to ask my honourable friend what he thinks about the wheat quota delivery system in Western Canada, which is certainly of a compulsory nature. In the days when farmers used old-fashioned machinery and there was not much wheat on the market, it was not a difficult job for farmers to dispose of their wheat at the grain elevators. They simply queued up and the first man in line unloaded his wheat. Nowadays a farmer has to produce facts about the number of acres on his farm and so on, and severe penalties are imposed if he is caught trying to deliver a higher quota than he is entitled to. The rights of the individual are sacrified in the interests of the many. In Western Canada a large wheat producer who lives close to an elevator is able to deliver all his wheat without much trouble, but a farmer who lives some distance away often finds upon reaching the elevator that he is unable to sell even one bushel of his wheat. Honourable senators, this quota system which is operated on a compulsory basis will probably remain with us for all time.

As I have said, severe penalties can be imposed under the system, and a number of inspectors are kept busy trying to see that people do not exceed their quota. Despite this elaborate checking system one farmer was reported to have delivered some 5,000 bushels more than he should have. Even a hockey team in a certain town in my district is known as the "Quota Jumpers".

I am sure the honourable gentleman from Churchill knows something about the Wheat Board at the time of the Union Government around 1917-18. As a matter of fact, I think he was a member of the government at that time.

Hon. Mr. Crerar: No.

Hon. Mr. Horner: At any rate, that is when the first Wheat Board was established in Canada.

Hon. Mr. Lambert: I should like to correct the honourable gentleman. In 1917-18 this country had what was known as the Board of Grain Supervisors, and it was not until 1919-20 that the first Wheat Board was established.

Hon. Mr. Horner: Perhaps that is so. Anyway, I remember that in those days Henry Wise Wood was either the chairman of the Board or one of its directors.

Hon. Mr. Lambert: That was later on.

Hon. Mr. Horner: I remember one time when the United Farmers of Alberta were holding a convention in Calgary. I happened to be on a train carrying a lot of farmers to the convention, and they were ready to get rid of Henry Wise Wood for all time. In those days some farmers living near the American border were getting as much as $3.50 a bushel for their wheat in the United States.

Hon. Mr. Davis: Do not forget that the Canadian dollar was at quite a discount then.

Hon. Mr. Horner: Well, they were able to make a profit on a few loads. I tried to tell these farmers on the train that they were mistaken. I said that when the final payment came they would find they had received a very good price under the system. I was interested. Of course, I was there on other business, but I watched the papers to see what became of Henry Wise Wood. I learned that when he explained the situation and the board's actions in connection with the marketing of wheat, he was returned as head of the organization with the largest vote in its history.

The honourable senator from Churchill (Hon. Mr. Crerar) talks of the old system of the Grain Exchange. What disturbs the farmers in Western Canada is that every time grain is dealt with there is a profit to the broker. And when grain passes through

forty dealings, either the consumer or the producer has to pay for the forty commissions. That must be plain to anyone. The honourable senator's idea of free enterprise, it seems to me, is "Give me a large room and let me run a poker game, and take a rake-off".

I have always said that for any *bona fide* exporter of grain, or any dealer or miller who takes delivery of grain to be made into flour, an exchange is possibly necessary. But we all know of men who are never likely to use a bushel of grain commercially, yet are adept at circulating rumours to the effect that grain is going down in price, in order to cause grain to be taken off the market so that they may buy it and sell again at a profit. I certainly would not attempt to go out and canvass the western farmer in support of that kind of thing.

The honourable member from Rosetown (Hon. Mr. Aseltine) had a visit from a highly successful man. Apparently, under the old system, this man had sold flax on the very day that it was at the top price. He had got $6.20 for it. But that price was paid on that one day only, and then it proceeded to tumble, and it did not stop tumbling until it fell to $3. He had exercised his judgment as a free individual, and I must say he did a very fine job. But, in my opinion, he was fortunate. However, one farmer might sell his grain at a certain price on the open market, and a day or two later his neighbour might sell his at 40 cents a bushel less. They might be men of equal ability, and both hard-working, but the one might be more fortunate than the other.

Despite the losses that the farmers suffer under the present system, one reason why they are satisfied with it is that they all receive the same price for the same grade of wheat.

Hon. Mr. Crerar: May I ask a question of the honourable senator?

Hon. Mr. Horner: Certainly.

Hon. Mr. Crerar: You mentioned the Grain Exchange. I said nothing about the operations of the Grain Exchange. Would my honourable friend explain why the farmers' organizations in the United States, of which there are several, embracing hundreds of thousands of farmers, are utterly opposed to the closing of the futures markets in Minneapolis and Chicago?

Hon. Mr. Horner: Well, the farmers of the United States for the past several years have not had to market grain in that manner. They have been subsidized, in some cases, to the extent of 20 cents a bushel. They are securing a good price. Why the farmers are complaining, I am sure I do not know.

Hon. Mr. Crerar: They were opposed to it before the subsidizing started.

Hon. Mr. Horner: Yes, they opposed it.

The honourable senator talked of the change in the Wheat Board. It was a farmers' organization before it became a government organization, in 1937, or earlier. Do you remember what the late Dr. Motherwell said the government did to the old Wheat Board? He declared that the government had caponized it—taken away all its usefulness—when it became a government organization. And another member of the Commons said, when the government undertook to administer the Wheat Board, that it was like putting a weasel in a hen coop to guard the chickens.

I well remember travelling from Ottawa, across Manitoba, Saskatchewan and Alberta in 1937, and witnessing such a sight as I had never seen in Western Canada before. I think I am the only man living who ever predicted the exact number of millions of bushels of wheat produced in the West. En route to Calgary I was up at three o'clock on the train as it passed through that beautiful land of grain. The crop was high and burning up. I said there would not be more than 130 million bushels that year. The government Wheat Board of that day boasted about selling the wheat at 70 cents a bushel. I called in the Press and said the price should be $1.25, at least. Well, my estimate of the crop turned out to be right, and within about a month they were selling wheat at $1.54 a bushel. They were making use of the grain exchange.

In the near future, I would like to see the farmers represented on the Wheat Board independently of the government. The system of all sharing alike is not likely to be done away with. I think it is here to stay, whether we like it or not, for some time to come.

Hon. J. Wesley Stambaugh: Honourable senators, I live quite a distance from the city of Winnipeg, and do not think I am greatly affected by the smoke screen and the poisonous propaganda from the Winnipeg Grain Exchange. Nor am I greatly affected by the copious tears shed by them over the losses sustained by the farmers in their dealings through the Grain Board. My neighbours are farmers. I am personally acquainted with most of the directors of the Alberta wheat pool, who are *bona fide* farmers. I attend most of the farmers conventions held in Alberta, and I think I know their feelings so far as the Wheat Board is concerned. It would be foolish to say that all the farmers are satisfied with the present operations of the board. Indeed, where could one find a

group of people entirely satisfied with anything? However, I believe that the majority —perhaps nine out of ten—of the farmers of Alberta are better satisfied with the present operation of the Wheat Board than they have ever been with any other system. We contend that the present system should be continued until something better is offered.

It is useless for anyone today to try to estimate how much the farmer may have lost through the operations of the Wheat Board. A comparison can be made between the average price paid for No. 1 wheat and the price the farmers receive, but it gives no more accurate basis for an average price than a computation with respect to the average price of fruit, potatoes or any other produce which fluctuates on the market from day to day.

In conclusion, I repeat that the average Alberta farmer is very well satisfied with the present operation of the Wheat Board.

Hon. Norman P. Lambert: Honourable senators, when amendments to the Canadian Wheat Board Act have come to this chamber, as they have over the past thirteen or fourteen years, they have always received more serious consideration than in the lower house. The reason is, I think, that there are in this house honourable senators who have an intimate knowledge and an active understanding of what is involved. That is particularly true of the debate now taking place. The sincere and genuine observations by the honourable senator from Churchill (Hon. Mr. Crerar) have added much to the debate. I heartily agree with much of what he has had to say about the freedom and liberty of the individual to market his grain. I do not intend to argue the matter with him, for I believe he is entitled to the wholehearted respect of every honourable senator for the forthright way in which he has expressed his viewpoint.

I wish to deal briefly with this bill from the standpoint of what a government in a country like Canada is expected to do in matters of this kind. If time permitted, I should have reviewed the historical evolution of the entire problem of Wheat Board marketing since the closing years of the first war. But it is sufficient to say that the whole disturbance of what might be called the normal way of marketing grain originated with the appointment of the first Wheat Board in the middle of the year 1919 to take care of the 1919-20 crop.

As a result of the experiences of those days, when wheat brought an average price of $2.65 a bushel, the farmers of Western Canada fell into a twofold illusion which not only influenced the progress of events over the succeeding ten years, but influenced the course of political views in Western Canada for the ensuing thirty years. The twofold illusion of which I speak was, first, that high prices were associated with Wheat Boards and government administration of marketing; and, second, that through such boards the producer was entitled to command the world price of wheat.

That illusion persisted over the period from 1920 to 1930. Then came the great depression, which brought severe distress and hardship to the people of the Prairie provinces, and lead them to think that there was something wrong with the system under which they had previously lived. Formerly they had boasted of their individual enterprise, took pride in their own efforts, and asked nothing but the opportunity to buy and sell where they wanted to. In a short time they were converted to the viewpoint that the government must stand as a guide and protector to give them the security they needed in their distress.

But to philosophize at this time about the advantages of freedom and liberty under those conditions, is of little moment to the facts in the case.

Before 1935, as a result of the conditions I have mentioned, the government of the day decided, as the senator from Churchill (Hon. Mr. Crerar) has said, to take control of the marketing of wheat from the hands of the pool and give it to the first Wheat Board, under the chairmanship of Mr. John I. McFarland. The result of his operations against the trend of the times did not show a profit. The government changed in 1935, with the result that new personnel came into the Wheat Board and there was a change of policy. The board decided to liquidate the wheat surplus and get out of controlled government marketing. The Turgeon Commission was appointed by the King government for the purpose of investigating the whole problem of marketing, and particularly that phase of it related to option trading in Winnipeg. The commission studied the matter for two years, travelled widely and looked at marketing schemes the world over, and made a report recommending open trading and resumption of option trading on the Winnipeg Grain Exchange.

No action was taken on the strength of that report, the reason being that the opposition of the farmers of Western Canada, supported for the most part by the eastern provinces, made itself felt in the House of Commons. It was so vigorous and its influence on parliament was so effective that no change was ever made. True, the Wheat Board did not function very actively until the outbreak of war in 1939, but it then went into action.

I have in my hand a list of the amendments, of which the present bill is the ninth, since the Wheat Board Act of 1935 was introduced; so that I cannot quite agree with my honourable friend from Churchill (Hon. Mr. Crerar) when he said—or I so understood him—that the element of compulsion in connection with this agreement dates from 1946 or 1947, when the Wheat Board became an agency of the Crown. It is true that prior to that time the Wheat Board was a producers' organization, but the elements of compulsion were present in it from the beginning.

Hon. Mr. Crerar: In the Wheat Board?

Hon. Mr. Lambert: In connection with the Wheat Board legislation.

Hon. Mr. Crerar: Oh, after 1943.

Hon. Mr. Lambert: I understood the honourable senator to say that the compulsion feature attached to the board only when it became an agency of the Crown.

Hon. Mr. Crerar: No, the compulsory feature was present, under the orders of the Wartime Prices and Trade Board—applicable generally across Canada—until the present Wheat Board Act was passed, in 1947.

Hon. Mr. Lambert: I am indebted to the honourable senator for what he said but I maintain that ever since 1935, and even earlier, Wheat Board legislation contained an element of compulsion. In 1939 an amendment was adopted which imposed a limit of 5,000 bushels on the quantity of wheat which any one producer could sell to the board, and provided that the producer delivering wheat should receive an advance of 70 cents per bushel; it also made the provisions of the act applicable to wheat produced in the eastern as well as the western divisions. From that time, although the board was supposed to exist solely for the purpose of serving the producer, there was in it an increasing measure of compulsion. The reason it finally became an agency of the Crown was, I believe, to enable it to control every phase of the movement of grain pursuant to the British wheat agreement. In passing, I may say that personally I was critical of that legislation, and I still regard it as a very poor business deal. What I am trying to make clear is that successive governments, of either political colour, from the beginning of the thirties, have responded very definitely to the overwhelming demand and desire of the western producers for this security, which they think is preferable to the monetary returns they might otherwise receive.

Hon. Mr. McDonald: Because they were looking for stability.

Hon. Mr. Lambert: Well, stability, security, whatever you like to call it. The question whether a government is justified in saying to any group, "You do not know your own business, and we are going to lead you along another path and do things which you should be better able to do for yourselves" raises a basic problem of democratic government, but I do not suppose that any government's tenure of office would last long if it followed that course. I am going to quote something which was said by a gentleman who used to lead the other side of this house, the Right Honourable Arthur Meighen. I am sure that his opinion in connection with this kind of situation will carry a good deal of weight with my honourable friend from Churchill (Hon. Mr. Crerar) as well as other honourable senators. He said:

> Where there is a mandate for legislation which comes before the Senate, where such legislation has been clearly discussed and placed on the political platforms of the successful party in an election, then only in most exceptional circumstances should there be any attempt or desire on the part of the Upper House to refuse to implement such legislation by its concurrence.

He further stated:

> It is enough to emphasize the fact that authority lies behind a popular mandate which the Senate never can ignore, and that only under very special circumstances should that chamber, even for purposes only of delay, fail to comply with an electoral judgment.

After twenty years marked by a succession of legislative amendments, the present bill is clearly intended to establish the permanency of the Wheat Board.

The members of the board will be known as commissioners of the Wheat Board, much as the members of the Board of Grain Commissioners are known as commissioners of that board, and the life of the board is extended, with all the powers heretofore vested in its members, for another four years. I submit that, in view of the attitude on this question which has been taken by the people of this country and their representatives in the other place, where this bill passed without an adverse vote, and with practical unanimity, the Senate should approve this bill.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: The honourable senator from Churchill (Hon. Mr. Crerar) suggested that the bill might be referred to committee. If he insists on that course, I have no objection to it.

Hon. Mr. Crerar: No, I do not insist. I had in mind only that section 4 might usefully be

clarified. As it stands, I think it puts on the wheat producers the whole of the cost of the administration of the International Wheat Council, whereas hitherto *pro rata* contributions have been levied on the various governments. But I do not urge that the bill be sent to committee.

Hon. Mr. Lambert: Under these circumstances, with the concurrence of the Senate, I would ask that the bill be put on the Order Paper for third reading tomorrow.

NORTH PACIFIC FISHERIES CONVENTION BILL

SECOND READING

Hon. Thomas Reid moved the second reading of Bill 293, an Act to implement the International Convention for the High Seas Fisheries of the North Pacific Ocean.

He said: Honourable senators, the purpose of the bill is to obtain approval of ratification of the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed by Canada, the United States and Japan in Tokyo on the 9th day of May, 1952, and to provide the necessary enabling legislation for the carrying out of Canada's obligations under the convention.

It may be remembered that the articles of this convention were passed by both houses of parliament last session. The first part of the bill deals with the setting up of the commission itself, and its powers and methods of procedure. The latter part contains the schedule outlining the articles of the convention signed by the governments of Canada, the United States and Japan.

The treaty embraces all waters of the North Pacific Ocean, except all territorial waters. Japan agrees not to fish in the area of the North Pacific Ocean for salmon, halibut, and herring, as these three species of fish come specifically under legal regulations and scientific management by the United States and Canada. It should be pointed out that these three species of fish constitute well over 90 per cent of British Columbia's catch of fish, and in 1951 resulted in a revenue of some $38 million. The landed value of the remaining fish caught produced a revenue of $3 million, or roughly just 10 per cent of the total catch. Under the treaty Canada is given protection during the life of the agreement for our three most valuable species of fish in the Pacific—halibut, salmon and herring.

This protection is something the fishermen of British Columbia have been asking and hoping for over the past twenty years or more, and it removes the fear of exploitation of these fisheries off our shores by the Japanese.

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The second important clause of the treaty has to do with Bristol Bay, which lies in Alaskan territory. The Americans have spent over $3½ million to protect and regulate fishing in these waters because of the salmon which spawn in the rivers and lakes of Alaska. This industry gives employment to upwards of some 10,000 persons in Alaska.

Under the treaty both Canada and Japan recognize the claim of the United States to the salmon in these waters, with the proviso that these claims by the United States are to be fully investigated by the commission set up under the treaty. If it is found that the salmon in Bristol Bay intermingle and do not all spawn in United States territory, the provision in the treaty dealing with these salmon can be amended.

The third main point in the treaty is that, due to the intermingling of fish from the Gulf of Alaska as well as from waters to the south, Canadian fishermen will be allowed to fish in the off-shore waters of the Gulf of Alaska. This will prove advantageous to British Columbia fishermen. Americans in Alaska have always protested against the fishing in these waters by foreign fishing vessels, and in 1939 the United States nearly had open warfare with Japan over this issue.

I want to take a few moments to indicate just what the situation was in 1939 between Japan and the United States over the insistence of the Japanese fleets to fish in Bristol Bay. I should like to read from a letter sent by the American government to Japan at that time:

> American fishermen are aware that salmon fishing operations can be successfully conducted in the comparatively shallow off-shore area of certain Alaskan waters; and that by using motor-powered vessels, long and deep fishing nets, and special seines the per capita catch of salmon may be greatly increased.
>
> The prospect of the use of these more effective methods of Japanese Nationals engaging in off-shore fishing in Alaskan waters, while similar methods are denied to American fishermen, has provoked among American citizens expressions of serious concern and resentment. It is clear to all that if foreign nationals are permitted to carry on fishing operations off the shores of Alaska, the conservation efforts of the American government would in a comparatively short period be completely nullified whatever the intentions of those engaged in such fishing operations.

The United States government sent many letters to Japan protesting against Japanese fishing fleets fishing in Bristol Bay with nets that were sometimes two miles long catching fish that the United States government claimed were headed for the rivers and lakes in Alaska. Japan reluctantly withdrew her fishing fleets, but we know now that at that time she had it in mind to attack the United States in open warfare a little while later.

Honourable senators, this treaty is quite a forward step in the field of international co-operation. This is the first time in the history of the world that one nation has agreed to respect the fishing rights of another nation, or other nations, in the open sea and beyond territorial waters.

The treaty is to run for eleven years. It may be amended after five years, but only if it can be shown that Canada and the United States are not protecting the three species of fish either by legal regulation or scientific management, or because Canada and the United States are not fully fishing the salmon, halibut and herring resources in these waters. We can be assured, however, that Canada and the United States will continue to fish salmon, halibut and herring in the North Pacific.

Some criticism has been made of the treaty by those who advocate that Canada should have extended her territorial waters and defined them in this treaty. It should be pointed out that Canada's territorial waters have always been recognized, if not defined, as the three-mile limit. The extension of our territorial waters certainly could not have been carried out under a bill or treaty of this kind.

There has been a lot of loose thinking and loose talking lately about territorial waters, and by their speeches many people seem to indicate there is an international law governing territorial waters. My study of international law and the freedom of the seas and of territorial waters has shown me that there simply is no agreement whatsoever amongst the various countries of the world regarding the extent of territorial waters. On the other hand, freedom of the seas is recognized by all nations. The doctrine of the three-mile limit was a doctrine inaugurated by the British and later adopted by the United States, and, of course, followed or adhered to by Canada, Australia and New Zealand and the British colonies generally. Outside of Great Britain, United States, Canada and countries of the British Empire, who naturally followed Great Britain, all other countries of the world have asserted and claimed greater distances from their shores than that of three miles, the old cannonball distance. Russia, for instance, claims an exclusive fishery on the Pacific Coast for from twelve to fourteen miles, and in some areas 50 miles. Some countries claim four, some six, some again claim eight miles. Five countries in Europe with a coastline of over 4,000 miles all claim greater distances than that of three miles, and all Latin American countries claim even greater distances from their shores than six miles.

There is no one matter so likely to raise friction between countries as that of fisheries in the open seas; and it is just as well at this point to mention that controversies over common fishing grounds have threatened international peace for well over three centuries. As a matter of historical fact, there was no such doctrine as freedom of the seas until piracy ultimately came to an end, some two hundred years ago. The problems of fishing and fisheries in the open seas are under discussion by the United Nations at the present time, and a committee has been set up to study the open seas and the rights of nations on them. I am sorry that Canada has no direct delegate on that committee. Here is what they have to say in their latest report:

> On the high seas adjacent to its territorial waters, the coastal state may exercise the control necessary to prevent the infringement, within its territory or territorial waters, of its customs, fiscal or sanitary regulations. Such control may not be exercised more than twelve miles from the coast.

May I point out that Canada has extended her jurisdiction for customs purposes to some twelve miles, in accordance with the paragraph I have just read.

I again quote from the report of the United Nations:

> The proposed contiguous zones are not intended for purposes of security or of exclusive fishing rights. In 1930, the Preparatory Committee of the Codification Conference found that the replies from governments offered no prospect of reaching agreement to extend beyond territorial waters the exclusive rights of coastal states in the matter of fishing. The commission considers that in that respect the position has not changed.

I understand a committee has been set up by the government to examine the matter of Canada's territorial waters. It would be a mistake, I believe, to place this matter before the United Nations. It is my opinion that the chief objection confronting any proposed enlargement of Canada's three-mile limit now in effect would not be from European foreign countries, but rather from Great Britain and the United States, both of which countries would no doubt protest, particularly as they would be faced with a complete right-about-face in this matter, especially after so long a national policy of complete freedom of the seas outside territorial waters jurisdiction. They might, therefore, be against any enlargement or extension of Canada's three-mile limit, particularly if fishing rights were involved.

If any extension of Canada's territorial waters is decided upon by the government after the committee's report, this should be done, in my opinion, by a simple definite announcement to all other countries of any such proposed change, and I doubt very much if any country would seriously violate such

territorial limits claimed. Canada has already laid claim to a distance of twelve miles off-shore from low tide for customs purposes only, and should now increase her territorial jurisdiction for preventing pollution of sea waters by oil or chemicals. One company in the state of Washington wanted to put a chemical called arsenic trioxide into the Puget Sound waters; and it has been recommended to the authorities that this material be placed in cement and taken out to sea, because if it were dumped into the open waters within at least three miles it would kill the fish that came into contact with it.

While on the subject of examining Canada's territorial rights, I may say that I think that when dealing with territorial waters the dominion should give some consideration to provincial rights with respect to oil wells three miles out. Any one who has travelled south into the United States and seen oil wells away out in the water will realize how valuable these rights can be. Since the provinces have control of all land, and as the land continues out under the water, I think they could very well claim the oil rights in the territorial waters. Bear in mind that in the past all other nations of the world have simply announced their claim or right to territorial jurisdiction extending to three, four, six, eight or twelve miles, as the case may be, and these rights have generally been respected and never seriously challenged by any other nation. Any danger would only arise if Canada, the United States or any other country endeavoured to maintain claims to off-shore waters in the open seas for fisheries. In support of this statement one has only to examine the United Nations report I have just read and look at the consideration which has been given to the matter by the committee set up under the United Nations Assembly.

During the debate on this bill in the House of Commons a question was raised as to Hecate Strait, that area of water which lies between the mainland of British Columbia and Queen Charlotte Islands, an extremely valuable fishing area. The Queen Charlotte Islands consist of two large islands and a number of smaller islands situated at the northern tip some 30 or 35 miles from the mainland. United States fishermen have for many years fished these waters in Hecate Strait, but the right of Americans to fish has not always been recognized by Canada. On two occasions in the House of Commons, when I was a member there, I took the matter up; and I understand that the matter is now being considered by a committee set up by the government.

I should like to point out briefly that in the years 1906 and 1907 Canada chased American fishing vessels out of those waters, claiming that they were strictly Canadian waters. The Americans at that time made no protest whatever, but simply left for home. That happened over a two-year period, but no further attention has been paid to the matter.

I am of the opinion—and I should like to check this with the records of that time—that the hand of Great Britain entered into that affair. She has always fought to maintain the freedom of the seas and the three-mile territorial limit. At that time Canada was only a colony, though a promising one, and Great Britain was no doubt consulted and advised accordingly.

I am not now suggesting that we should chase the Americans out of these waters, but I advocate that the time has come when Canada should approach the American authorities and point out that these are Canadian waters in which Americans may fish only by virtue of a licence or permit. For the peace of the world I think we should have some such understanding with our American neighbours.

In support of that belief I should like to point out that Russia at one time claimed fishing rights in the whole Pacific Ocean. She had naval and military locations as far south as San Francisco. Just last year there passed through the Panama Canal thirty-three Soviet trawlers and one mother ship headed for the North Pacific. If the Russians decided to come down and fish off our shores in Hecate Strait and we protested, they would have every right to point to the fact that we have allowed the Americans to fish there with impunity. But if we entered into such an arrangement with the United States as I suggest—that is by way of some licensing scheme—Canada would have no difficulty in supporting her position. If, however, Canada's position were later challenged, the matter could be placed before the International Court of Justice. Norway recently placed a somewhat similar set of circumstances before that court by way of a complaint against British fishermen trespassing on her waters. The court supported Norway's contention, and a line was drawn from one point of land to another in Norway—I understand at one spot it is a distance of forty miles from shore—within which British fishermen may not now fish.

I come back now to the treaty itself. I have some doubts whether under the treaty the commission is empowered to set up its own scientific staff with the object of obtaining reliable scientific information required and necessary for the carryng out of that treaty. I refer particularly to information on the intermingling of salmon in the North Pacific waters of the Bering Sea. If under the treaty it is found that the commission has to obtain such information from scientific organizations

in the three countries concerned, namely, the United States, Canada and Japan, in that event Canada and the United States will start off at a disadvantage. Japan has more scientific information on the fisheries of the North Pacific than has either the United States or Canada. Canada, as a matter of fact, has no such information as is required under the treaty. I have on many occasions in the past brought this fact to the attention of the government, but no notice has so far been taken of it. The matter of finding out where the salmon in the Bering Sea or Bristol Bay go to spawn is one of the important questions of the treaty, and is second only in importance to the clauses which protect Canada's three most important fisheries on the Pacific from exploitation by Japan.

It must always be borne in mind that previous to the outbreak of the last war Japan had conducted a most extensive scientific research in the Bristol Bay and Bering Sea waters; and, but for the intervention of the war, Japan might by this time have completed her scientific investigations in those areas not only as to salmon but as to all species of fish, including crabs and ground fish.

I understand that the United States has for some time been busy conducting a scientific research in this area; but Canada, as I have said, has no such information and it is problematical whether she could obtain it without a great deal of expense. Certainly it would take time. However, Canada is not at the present time greatly interested in fishing in either Bristol Bay or the Bering Sea; as has already been mentioned, she is protected against exploitation of her three important fisheries on the North Pacific.

It should be pointed out that with the freedom of the seas universally recognized by international law, but for this treaty there would be nothing to prevent the Japanese from fishing these waters for salmon, halibut or herring. I believe this important fact should be given more publicity than it has received so far. This is the first treaty of its kind in all the history of mankind, and is therefore a new and forward step in international affairs affecting the rights of nations to certain fisheries in the open seas. The further fact that such a treaty has been signed by three nations may well deter or prevent other nations from entering these offshore fisheries.

The treaty in all its phases has been passed by both the United States and Japan, and the setting up of the commission awaits only the passage of this measure through the Senate.

Each country may under the treaty appoint four commissioners, but each country will have only one vote on matters to be decided.

In conclusion, may I say that this history-making treaty points the way to a rational solution of the open seas fishery problems in many parts of the world today.

Honourable senators, as the treaty has already been before the Senate, it may not be necessary to refer this bill to a committee.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Lambert: With the consent of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, April 24, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILL

FIRST READING

Hon. Mr. Haig (for Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce) presented Bill E-12, an Act for the relief of Mildred Hannah Earle.

The bill was read the first time.

SECOND READING

Hon. Mr. Haig: With the consent of the house I move that this bill be now read the second time. If it reaches the other house by Monday it will be considered there among the current business. The facts in connection with this petition are very clear, and there is no doubt about them.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

Hon. Mr. Haig: Honourable members, if no one objects, I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed, on division.

CANADIAN WHEAT BOARD BILL

THIRD READING

Hon. Mr. Lambert moved the third reading of Bill 223, an Act to amend the Canadian Wheat Board Act, 1935.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA WATER CONSERVATION ASSISTANCE BILL

SECOND READING

The Senate resumed from Tuesday, April 21, the adjourned debate on the motion of Hon. Mr. Gershaw for the second reading of Bill 109, an Act to authorize the grant of assistance to a province for the conservation of water resources.

Hon. Thomas Reid: Honourable senators, as pointed out by the mover of the second reading (Hon. Mr. Gershaw), the purpose of this bill is primarily to assist provincial governments to conserve water supplies and to reduce hazards of floods. Four federal measures along somewhat similar lines are already in effect: the Canada Forestry Act, the Maritime Marshland Rehabilitation Act, the Prairie Farm Rehabilitation Act, and the Eastern Rocky Mountain Forest Conservation Act. I believe there are also one or two others of some importance.

Under this measure the municipalities are called upon to pay 25 per cent of the cost, with the remaining 75 per cent to be paid by the provincial and federal governments. This legislation will undoubtedly be of assistance to all provinces—particularly British Columbia, whose people have been requesting some such assistance as has been provided for some time now to other provinces.

Honourable senators, may I point out that the great salmon industry of British Columbia could be entirely destroyed if legislative measures for the conservation of water and the building of dams to prevent floods is not put into effect. I fully realize that legislation affecting fish comes under a different department and minister than does the bill now before us. However, that is no reason why the attention of the government and other ministers should not be drawn to the dangers facing the salmon in the interior streams and lakes of British Columbia, should schemes to preserve watersheds, and for forest conservation, irrigation and dams to prevent flooding, as provided for in this bill, be proceeded with, without regard to the effects such schemes may have on the spawning beds in the various streams, rivers and lakes where the salmon are born and where they live and grow for eighteen months before proceeding out to sea.

British Columbia, as everyone knows, is alive and bustling with new developments, and industrialists with millions to invest are seeking a part and share in our great natural heritage of timber, metals, gas, oil and water power. We should not, however, overlook the fact that the products of our fishing grounds are still extremely important for the present and future well-being of Canada. These constitute a very valuable supply of food, and it cannot be denied that food is today more important than ever especially because of the ever increasing world population. Last year British Columbia's salmon fishery was valued at some $84 million. And may I say that the total value of its production in the past 40 years is some $500 million, compared with a total production of around $450 million from gold mines in the province over a period of more than twice as long—namely, in 90 odd years, or since the first gold rush in British Columbia.

Perhaps someone may ask at this point: but what can the dominion government do in this matter, since under the British North America Act the provinces have the sole right

to do what they want in regard to all streams, lakes and the development of water power within their boundaries? I am not unaware of this, and shall deal with this question before concluding.

First, however, I want to outline the dangers at present confronting the salmon fishing industry of British Columbia, particularly that of the Fraser river basin, and show the damage which could arise under the financial assistance offered in this bill and other measures, unless certain precautionary measures are taken—steps in which the dominion government or authorities must be interested. And I wish to emphasize the necessity in these modern times for the various departments of government to get out of the water-tight compartments in which they seem to be.

Only a short time ago the British Columbia government gave away one of the province's most valuable heritages. I was accused of being against the development of the scheme projected by the Aluminum company because I protested the giving away of that heritage for practically nothing. I am not going into that this afternoon, but I wish to point out that the salmon fishing industry of British Columbia is the greatest heritage of the province, a heritage which has never been handed over to any corporation. The Alcan company have been very callous regarding the salmon or other fish affected by the dam. As a matter of fact, the company's vice-president, who came from the United States, said openly that he had been fighting the fishing interests for thirty years and had never lost a battle, and did not expect to lose this one against British Columbia sockeye salmon. They built a dam there which runs all the waters back to the Pacific instead of the Fraser river, and practically dried up one of the great streams and imperilled a fishery to the north which last year was worth millions of dollars. And we have no power in any federal act to stop them. Once the right to construct the dam was given by the province—the construction being a matter within provincial jurisdiction—the provisions of the federal act could only become effective after the damage was done.

I am pleased to hear that the present Minister of Fisheries intends to present some amendments to the Fisheries Act with the view of protecting fisheries not only in British Columbia but in the Maritime provinces and Newfoundland. The latter province, as it develops, may have particular need for protection.

The object of the bill now before us is to permit the construction of dams to prevent flooding.

Hon. Mr. Gershaw: Would the honourable senator yield for a moment?

Hon. Mr. Reid: Yes.

Hon. Mr. Gershaw: His speech so far hardly seems to apply to the bill before us. I would call to his attention paragraph (c) of section 3(3), which reads:

(c) the province will provide adequate protection for fish and wildlife resources in the said area.

Does that not cover the situation he has in mind?

Hon. Mr. Reid: It does not entirely cover the situation. On looking at the statute one would think that we had power to take care of, for instance, the situation which developed in connection with the Alcan dam construction. I think steps have to be taken directly by the province to give the necessary protection; and before I conclude my remarks I shall direct the attention of the house to what I think the federal government should do in co-operation with the province.

I think the matter is summed up very well in an editorial entitled "Fish over the Dam", by Roy Brown, in the Vancouver *Daily Province,* which reads as follows:

When engineers want waterpower in British Columbia some of the most tempting sites they find are on streams that support great runs of salmon. When the public gets worried about what may happen to the salmon run if a dam is built the public is told: "You can have your power and your fish, too." The engineers promise to build fishways by which the fish can get past the obstructions to spawn.

There is a good deal of guff talked about fishways. Some of them work fairly well, some fail. The other day at the B.C. Natural Resources conference, experts in the fishery business dashed the cold water of fact on the somewhat nebulous assurances we get about spawning fish getting past dams and, more important, fingerling fish surviving the drop over the dams on their way to the sea.

Although provision can be made for getting full-grown fish up and around a dam, no one seems to realize the difficulties in passing fingerlings over the obstruction or dam without great loss. As a matter of fact, our sockeye fishery commission was the first body in North America to give actual statistics on the mortality among fish when going over an obstruction on their way downstream. Among sockeye salmon the mortality rate is something like 68 per cent, and other species of salmon suffer a minimum loss of 26 per cent. That information was given out after some two or three years of research.

The article continues:

The conference was told that to date research has failed to provide an "assured" method of passing migrating fish over high dams without serious loss.

That statement should be kept in mind. It should be kept in mind when the fishery and the power interests clash and the public is subject to a bombardment of confusing claims.

As we have said in these columns many times, we need power and we need fish. We need fish because this sad old world of ours needs all the food it can produce, no matter what surpluses may develop sectionally.

If we need both power and fish it seems to us that it is the duty of the government—the government and not the government's power commission—to decide the issue on the cold, hard economic facts. The decision should be made after the experts have given their evidence. It should be made with a view to the future of this province and of Canada.

In the meantime do not let us be led astray in our thinking by vague assurances and claims that are put forth with such earnest enthusiasm.

I want to illustrate by way of reference to the Prairie Farm Rehabilitation Act and what can take place. The P.F.R. board has done worthwhile service in my own province. The people of British Columbia wanted the assistance available under the act and they are getting it. But if the flood control measures in one district called Birkenhead had been allowed to proceed, they would have wiped out the spawning stock of sockeye salmon. The board, in co-operation with the province, decided to go ahead with a scheme for the prevention of flooding, and to reclaim land for agricultural and garden produce purposes, but at the outset of the work no attention was given to the effects upon spawning fish, and had it not been for the timely intervention of the salmon commission, of which I am a member, certain gravel beds in the spawning area would have been completely removed and lost to us. I think it will be realized, from this one instance I have given, what my speech today is intended to convey.

Regarding the development in the United States of power on the Columbia river, all of whose waters originate in Canada, the American authorities have proceeded until there are now some fourteen dams on that river, all below the international boundary. However, not enough water is available at certain periods of the year, and the American authorities would like to construct more dams, backing the water right into Canada.

A word about the Trans-Canada highway, which is under the control of the minister in charge of this bill. It is reported:

Canadian federal government engineers have made exhaustive tests and have found excellent rock for foundations for a dam at Mica Creek on the Columbia, upriver from Revelstoke.

This dam can be as high as 600 feet and behind it, for nearly 100 miles, almost back to Golden—

A district which the honourable senator from Kootenay East (Hon. Mr. King) knows exceedingly well.

—there will be a vast inland lake which for many years to come will provide storage water, available in low-water seasons, for a dozen or more huge power plants in the U.S.

But what will be the effect if the scheme is gone ahead with.

Last week we had the surprising announcement from Premier Bennett that the B.C. provincial government and the federal government are going ahead with the hard-surfacing of the Big Bend highway, on a magnificent scale, to have it take its place as a part of the Trans-Canada highway.

This decision is made in the face of the fact that within five or ten years the entire roadbed will probably be wiped out by the erection of the Mica dam.

I cite this as another illustration to show that schemes of this kind, largely financed by contributions from the dominion government, are being adopted without a thought as to the effects on other resources such as salmon. Hence my statement a little while ago that we shall have to free these departments of government from the tight compartment which each one seems to be in, and have them co-operate along lines which I am about to suggest.

We are faced also with the development of sulphate plants and pulp mills in the interior of British Columbia, and as all these require water, probably schemes will be put forward for the damming of streams to supply these mills. There is a difference between the manufacturing of pulpwood under the process called "sulphite" and that termed "sulphate", and it has been discovered that the sulphite method is the more potent in causing pollution of waters. All the way up to the Fraser river dams are being proposed and sites located for dams to provide water for pulp mills. The dominion government should be interested in this matter, apart from the mere function of giving assistance in the building of dams for the control of flooding.

Under section 3 of this bill the federal government may contribute towards the cost of projects for the construction of dams intended for the prevention of floods. Representations have been made by certain bodies in British Columbia that if enough dams are constructed on the Fraser river there will not be a repetition of floods such as occurred in the Fraser valley a few years ago. That statement of course sounds good, but it is open to dispute. Be that as it may, one is impressed forcibly with the fact that all such projects can result in harm to certain natural resources; and my contention is that the dominion government should not sit idly by under the threat of the destruction of our fisheries and limit its interest in these matters to simply providing a percentage of the construction costs.

Or take, as another example, schemes to conserve water for irrigation. Has any thought been given to providing screens in the irrigration ditches to keep the fish from going to those ditches? In the absence of

any such obstacle they will travel along the channels built by power shovel machinery and perish there because of the insufficiency of water. Steps must therefore be taken to provide screens at the mouth of these canals. This, may I say, has been done in the state of Washington.

As regards reforestation: logging companies, naturally, are interested; but there is another aspect to logging operations which is important to salmon. We find companies cutting down timber and then dragging their logs right through the gravel bars, with the result that many spawning beds have been destroyed. No great interest seems to be taken in the effects of this practice, which may I say, are causing great damage to our fisheries.

My suggestion to the government is that it set up a separate authority representing the Prairie Farm Rehabilitation Board and the Departments of Agriculture, Fisheries, and Resources and Development, and that the provincial governments be approached, either immediately after the election or before it, with a request for legislation similar to that which has been passed in the state of Washington. It is true that the Washington law was enacted somewhat late, and the state's action may be likened to locking the door after half the horses have been stolen, but the law itself is a good one. One provision worthy of note is that no construction work which may affect the fisheries may be undertaken until it has been referred to the fisheries authorities. The dominion Fisheries Act gives us in this respect little or no protection. Any damage done is done before the law can be invoked. The act was placed on the statute books approximately forty years ago, and is now out of date, as may be judged from the fact that anyone found guilty of acts resulting in the destruction of fish is liable only to a penalty of not less than $4 nor more than $20 a day during the period that a governmental order to make some repairs or build some hatchery or fishery around the dam is not complied with.

The situation with respect to the Aluminum Company, to which I referred at the beginning of my remarks, did not come under this act. The Aluminum Company knew this and for a long time they defied the federal authorities. I think the Fisheries Act should be revised and brought up to date in the light of this country's hydro-electric and industrial development, and I understand the Honourable Minister of Fisheries has this in mind.

In conclusion, I suggest that every branch of government, before being allowed to proceed with any project, should find out from the Department of Fisheries whether it would cause harm to our great fishing industry in British Columbia, and to the spawning beds in that province.

Some Hon. Senators: Hear, hear.

Hon. Mr. Gershaw: Honourable senators, we are indebted to the honourable gentleman from New Westminster (Hon. Mr. Reid) for what he has brought to our attention this afternoon, but this legislation does not contemplate a structure such as he has in mind. First of all, the bill sets a ceiling on the amount the federal government may contribute towards the cost of any structure; and fish and game will definitely be protected during the carrying out of any work.

The honourable gentleman said that irrigation systems destroy wild life. But the very opposite has happened in at least one irrigated area. Fish and wild game have been protected there and have thrived, and fishing and hunting have become valuable industries in the locality. I really believe that the departmental officials will see to it that fish and wild life are protected under this legislation.

Hon. Mr. Reid: I hope so.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Lambert: Honourable senators, ordinarily I would suggest that this bill be sent to the Standing Committee on Natural Resources. However, a large number of senators are regularly attending sittings of the Banking and Commerce Committee, which just now has before it a heavy volume of important legislation, and it might be advisable to add this measure to that committee's agenda. Therefore, if it is agreeable to the house, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

EMERGENCY GOLD MINING ASSISTANCE BILL

SECOND READING

Hon. John C. Davis moved the second reading of Bill 329, an Act to amend the Emergency Gold Mining Assistance Act.

He said: Honourable senators, I could speak to the bill directly first, but on observing the large number of "welfare" bills on the Order Paper I thought I would draw attention to the economic and governmental policy that gives rise to this type of legislation. Order No. 1 refers to Bill 223, an Act to amend the Canadian Wheat Board Act, 1935. Order No. 2 refers to Bill 109, an Act to authorize the grant of assistance to a province for the conservation of water resources. Order No. 4 refers to

Bill 329, an Act to amend the Emergency Gold Mining Assistance Act, the bill now before the house. Order No. 6 refers to Bill 333, an Act to amend the Prairie Farm Assistance Act. Order No. 10 refers to an Act to amend the Veterans Benefit Act, 1951; and Order No. 11 refers to Bill 336, an Act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.

Yesterday afternoon during the debate on the amendment to the Canadian Wheat Board Act we were regaled by references to governmental and economic assistance to certain classes of our people. Frankly, I do not think the honourable senator from Churchill (Hon. Mr. Crerar) and the honourable leader of the opposition (Hon. Mr. Haig) are sufficiently aware of what has been happening in the last twenty-five or thirty years.

Originally I was politically and economically a member of the Manchester school of economists, which, based on free trade and the theory of *laisser-faire*—the idea that people should be allowed to do as they wish—held that in order to bring about the greatest good for the greater number there should be no interference with private initiative. That was the age of the rugged individualist.

Now this has entirely changed. The first intimation on a theoretical basis came in a book entitled *Economic Consequences of the Treaty of Versailles,* written by the great British economist, Keynes. He outlined the theory that the economic sanctions imposed on Germany after the First Great War were impossible of fulfilment, and that prosperity could only be achieved by government spending, even on a deficit basis. Unfortunately he lived in an era of fair prosperity. That prosperous period was followed by the greatest economic crisis of all history. There came into power in the United States a government which immediately started to put into force, on an experimental basis, the theory of the Keynesian school of economists—"government spending for prosperity".

Nowadays in the United States you have numerous "Fair Deal" and "New Deal" institutions, generally referred to by their abbreviated alphabetical titles. These are all of a paternalistic nature. Canada was not far behind the United States. When Mackenzie King came to power in 1935 he put the same ideas into force in this country, although his cabinet was probably unaware of it.

Here is a list of some welfare legislation that I have hurriedly jotted down: family allowances, unemployment insurance, workmen's compensation, old age pensions, veterans' pensions, veterans allowances, hospital grants, university grants, flood assistance, Central Mortgage and Housing, railway freight rates, and so on. And we now have before us Bill 329, an Act to amend the Emergency Gold Mining Assistance Act.

All these measures are of a similar pattern, and their effect is to make Canada a welfare state, a social democracy. A lot of economic theorists in this country and other places do not mention this. However, that does not vitiate the fact. Over and above all this, and by no means the least, is the government-owned Bank of Canada, the guardian and watch dog of our credit and currency system. I will not dwell on the central bank at this time, except to say that it is the one governmental institution that controls our economic balance wheel.

Canada is not the only democracy which is operating on a welfare basis. It is ridiculous to advocate today the old theory of the Manchester school. Everybody now wants co-operative action on national and international problems. I think we have been subjected long enough to some of these ancient fallacies, without registering protest, and I take this opportunity to say that I do not believe in them. I think we might as well name them and call them what they are. If the welfare state continues to develop, as today's Order Paper indicates it will, we shall never abandon the co-operative functions of modern government.

The purpose of the bill before us is to amend the Emergency Gold Mining Assistance Act. In large measure gold mines enjoy their greatest prosperity in depression years. For the purpose of maintaining a possible future consumption of materials produced in Canada in times of depression we have, in a paternalistic way, given assistance to gold mines in the past, meanwhile maintaining the communities and technical personnel on a possibly expansive foundation.

This is not a new bill. Its principle has been in operation for several years, and to date has only been changed by inconsequential amendments.

Up to the present time, we have been spending about $10½ million per annum for the assistance of gold mining. Now it is proposed to make it $15 million. On account of the rise in the cost of production last year and the appreciation in the exchange value of the Canadian dollar, the gold mining industry's returns from sales have decreased. Meanwhile, the costs of operation are mounting. Now, under our system of a welfare state—social democracy—we have to maintain the communities in our times. There is nothing new in the bill. It is going to cost us about $4½ million to $5 million,

actually, in addition to present costs, raising the total amount from $10·2 million to $15 million.

I should add, in all fairness, that the gold mines have continually increased their productivity per man year and are extending their efforts to this end.

The motion was agreed to, and the bill was read the second time.

THIRD READING

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

Hon. Mr. Davis: In the other place the bill was read the third time immediately after the second reading. There seems to be no doubt that we are committed to the principle of the bill. The amount I mentioned has been verified by the authorities in the Department of Resources.

With leave, I move the third reading of the bill now.

The motion was agreed to, and the bill was read the third time, and passed.

FISHERIES RESEARCH BOARD BILL

SECOND READING

Hon. Donald MacLennan moved the second reading of Bill 331, an Act to amend the Fisheries Research Board Act.

He said: Honourable senators, the Fisheries Research Board now consists of fifteen members. The purpose of the first amendment is to increase the membership of the board to nineteen. Under the present act the board meets annually in Ottawa, and at their meetings they select a chairman and a secretary to hold office for one year, until the next annual meeting.

The second amendment, which repeals the present section 5 of the act and substitutes a new section of the same number, proposes that the chairman be appointed permanently and at a salary determined by the Governor in Council. The present section 5 of the act provides that of the members of the board first appointed under the act, five shall be appointed for a term of five years, five for a term of three years and five for a term of one year. The amendment proposes that all members other than the chairman shall be appointed for five years and be eligible for reappointment. The eighteen members are to be appointed by the minister.

I do not think I need to say anything further.

Hon. Mr. Quinn: Will the honourable gentleman tell us why we need an additional four members on the Research board? It seems to me that fifteen members are enough.

Hon. Mr. MacLennan: I suppose the reason is that the board has biological stations all over Canada. There is one in British Columbia, one in Winnipeg, one in New Brunswick, one in Halifax, one in St. John's, Newfoundland, and one in Prince Edward Island. The board also does some work at McGill University.

Hon. Mr. Roebuck: Will these members be paid for their services?

Hon. Mr. MacLennan: The chairman is on salary.

Hon. Mr. Aseltine: And the secretary, I think.

Hon. Mr. MacLennan: The chairman is on salary, and during his absence a vice-chairman may be appointed and paid an emolument.

Hon. Mr. Roebuck: How are the members of the board appointed now?

Hon. Mr. MacLennan: The chairman is appointed by the Governor in Council and the members by the minister.

There appear to be no other amendments of any consequence.

Hon. Mr. Paterson: Before the honourable senator resumes his seat, may I ask him what the board has accomplished?

Hon. Mr. MacLennan: The board studies the habits of fish from a biological standpoint; it observes their movements and feeding habits; and it directs fishermen to the places where fish congregate. On the technical side, the board instructs fishermen in the proper methods of fish processing.

Hon. Mr. Paterson: Does the board have any fish hatcheries under its direction?

Hon. Mr. MacLennan: I do not think so. The act does not indicate that it has.

Hon. Mr. Paterson: But the board does advise the owners of hatcheries?

Hon. Mr. MacLennan: Yes.

Hon. Mr. Paterson: I take it that all the members are experts?

Hon. Mr. MacLennan: Yes; the majority of them are scientists.

Hon. Mr. Paterson: They operate in connection with commercial fisheries, not sport fishing?

Hon. Mr. MacLennan: They have nothing to do with sport fishing.

Hon. Thomas Reid: Honourable senators, as one who has some knowledge of the work of the Fisheries Research Board, I have a suggestion to make to the government. But

first may I say that since coming to parliament, in 1930, I have taken a keen interest in the activities of the research board, and I know something about the good work it has done. However, I have at times criticized its actions, or lack of action, and have endeavoured to point out instances where it has failed to do a good job.

After some sixteen years' experience on the international salmon commission and with the work of scientists and biologists, may I say that one of the reasons the commission has had such success is that it has been directed not by scientists but by a layman. Ample proof could be produced that scientists and biologists must be under the direction of practical men, otherwise they may spend a lifetime and find out little or nothing.

My suggestion to the government is that they appoint a layman as chairman of this board. Where would you find more capable men than the Minister of Fisheries and his deputy? Yet neither of them is a scientist. The trouble with scientists—I was going to say doctors and lawyers too—

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Reid: —is that they are too clannish, and apt to protect one another. I do not say this in any carping sense, but I am disturbed about the prospects of having a board that is overbalanced with scientists who chiefly come, not from the Pacific or Atlantic coast, but from interior sections of Canada.

I recall a visit I once paid to the Fisheries Research headquarters at Nanaimo, where I saw a scientist working away at some experiment. I approached him and asked him what he was doing. He replied that he was testing sea water. Upon being asked what he was testing it for, he told me that it was for salinity, and that he had been testing sea water for salinity over a period of ten or twelve years. He admitted that he could not tell me anything about plankton and such properties of the water on which fish live. Here was a man who had been simply testing water for salinity over a period of ten years and still had no findings to report. And I can point to other employees of the Fisheries Research Board who are about as unproductive as that man was.

Although the board has done much valuable work, I am anxious to see it do still better. So I repeat my suggestion to the government that they do not appoint a scientist to the position of chairman, but rather that they appoint a layman with practical qualities such as those of the Minister of Fisheries or his deputy. What success the salmon commission has had so far has been due in part at least to the direction of six laymen who have told the scientists what was wanted to be done, and reminded them "We are not going to wait twenty or thirty years for the answers; we want them this year or next." In that way the scientists were kept on the line and thereby accomplished something.

Hon. Norman P. Lambert: Honourable senators, my knowledge of fisheries, like that of the honourable senator from Thunder Bay (Hon. Mr. Paterson), is limited to fly fishing in a trout stream, just as my knowledge of wild life is limited to an interest in "Ducks Unlimited". But it is difficult for me to accept altogether the castigation by my honourable friend from New Westminster (Hon. Mr. Reid) of the responsible heads of the Department of Fisheries for any shortcomings on the part of the Research Board.

Hon. Mr. Reid: I have found no fault with the heads of the department. What fault there is has been on the part of the Research Board.

Hon. Mr. Lambert: Special reference was made to the Deputy Minister of Fisheries.

Hon. Mr. Reid: I said he was capable of doing his job.

Hon. Mr. Lambert: Then I must have misunderstood my friend.

We are all aware of the fact that there has been marked development on the part of the government, and a growth in public opinion, as to the marketing of fish in Canada, particularly the fresh salt-water fish coming from either coast. I have some knowledge of the biological problems affecting fresh water fish, such as the Winnipeg goldeye and the tullibee, which are caught in Lake Winnipeg, and I am satisfied that the scientists have faced tremendous tasks in trying to counteract the infestation of these fish by microbes. Similar problems exist further east in connection with the victimizing of white fish and trout in the fresh water lakes by the growing population of eels. These problems justify the expansion of the scientific force of the Department of Fisheries. There are good scientists and poor ones; and I suppose that in this respect workers in this department are no different from those in any other. They must be directed, and their efforts intensified and increased, in order to serve the growing demands and needs of the people of this country for the consumption of fish.

There is the other very important point of the infiltration of impure matter into the streams and lakes of this country.

Hon. Mr. Reid: Pollution.

Hon. Mr. Lambert: Yes. Here, again, science can be of great value in bringing some people to their senses with regard to that evil.

Hon. John T. Haig: Honourable senators, I wholly agree with the honourable member from New Westminster (Hon. Mr. Reid) in his contention that the administrative heads of government bodies should be laymen or civilians, but I want to defend and commend as strongly as I can the contribution of our scientists. I do not know much about fisheries, but there is one subject on which I claim—whether the claim be accepted or not—to know something, and that is wheat. But for the work of our scientific men there would be today no wheat crops worth mentioning in the West or any other part of Canada. The laboratory work at Winnipeg in the past fifty years in behalf of the wheat producers of this country is beyond price. When rust struck the prairies in the early thirties, our grain growers were helpless, but the research chemists came to our aid and solved the problem by breeding a rust-resistant wheat. True, as time went on the resistant qualities decreased; but new strains were evolved and the difficulty was overcome. The present Minister of Agriculture, as the head of the department responsible for dealing with problems of wheat production, saw to it that scientific attention was directed to such matters, and I give him due credit for it; but that should not obscure the fact that, without the hard and persistent work of the scientists themselves, those problems would not have been solved.

Hon. Mr. MacLennan: Is it not a fact that at all times sneers at scientists and college professors elicit a good deal of vulgar popularity?

Hon. Mr. Roebuck: Very true.

Hon. Mr. Haig: So I want to speak on behalf of the scientists. In medicine, where would we be without the research to which many medical men have dedicated themselves? I have met and known not a few eminent medical practitioners, and others of lesser standing, who have seen fit to devote their lives to research. I recall Dr. Stewart, who devoted his life to the investigation of tuberculosis, and who died of the effects of that disease. The same quality of unselfish service has been evident in the agricultural field. Of fisheries I cannot speak, because I do not know, though I cannot see why the same would not be true in that department. But I quite agree that these men must be directed—

Hon. Mr. Reid: That is the idea.

Hon. Mr. Haig: —by business men or men who have had experience in directing others. The value of the work of our scientists is "above rubies", and our country should honour them, because they have done much to put Canada in the front rank of the progressive countries of the world.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Some Hon. Senators: Now.

Hon. Mr. Lambert: With leave, I move the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

PRAIRIE FARM ASSISTANCE BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill 333, an Act to amend the Prairie Farm Assistance Act.

He said: Honourable senators, this is a very short bill. It deals with a class of lands which, under the provisions of the act of 1939, if they were sold after December 31, 1940, are not eligible for award. The first purpose of the amendments, therefore, is to make those lands eligible for assistance under the Prairie Farm Assistance Act. The second purpose is to provide that a lease containing an option to sell is to be regarded as an agreement for sale; and by this interpretation lands disposed of prior to December 31, 1940, under a lease containing an option to sell, will be eligible for assistance under this act. The general effect of the act is to extend to more northerly districts of the Prairie provinces the area under the application of the act.

Hon. Mr. Aseltine: Could the honourable senator give any figures as to the amount paid out under the act in 1952? The crop in the Prairie provinces that year was so heavy that it might be termed two crops in one. Very few areas would be eligible to receive assistance at this time.

Hon. Mr. Lambert: It is not needed.

Hon. Mr. Aseltine: I would like to know if the honourable senator has any information in that respect.

Hon. Mr. Lambert: The honourable senator's question is a very pertinent one, and I have not the information at hand now, but I think it could be easily supplied. Speaking of last year, when bountiful and timely moisture helped to create so big a crop, I suppose that the amount to be currently appropriated for prairie farm assistance under the act would be as low as it has ever been.

Hon. Mr. Aseltine: Honourable senators, I have supported this kind of legislation right

from the beginning, so I have no objection to the passage of the bill now before the house. The district from which I come has never required much assistance under this act, but the farmers of neighbouring districts where the land is not too good and rainfall has not been too plentiful have benefited greatly from the legislation. I think that the area which has recently been settled in the northern part of the province should come under the act, despite the fact it receives more rainfall than does the Palliser triangle. A great deal of land in that area has been leased or sold to veterans since 1945, but the benefits of this bill do not appear to extend to them.

As I understand section 2 of the bill, lands leased prior to December 31, 1940, under a lease option agreement, will be eligible for award under the act even though the option is not taken up until after that date.

Hon. Mr. Lambert: That is right.

Hon. Mr. Aseltine: Apparently, however, none of the areas sold or leased since the war are included. Perhaps the mover could give the house some information on that point, or move to have the bill referred to committee, where detailed information could be furnished to honourable senators.

Hon. Mr. Lambert: I believe these veterans' settlements are included in the lands which come under the Prairie Farm Assistance Act, but if the house sees fit to give this measure second reading I shall move to have it referred to committee, where definite information on these questions can be given.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Lambert moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

FOOD AND DRUGS BILL

COMMONS AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill J, an Act respecting food, drugs, cosmetics and therapeutic devices.

Hon. Mr. Lambert: Honourable senators, I move concurrence in the amendment.

The motion was agreed to.

CANADIAN CITIZENSHIP BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill Q-5, an Act to amend the Canadian Citizenship Act.

Hon. Mr. Lambert: Honourable senators, I move concurrence in these amendments. They are of an inconsequential nature. If any honourable member wishes to see them I would refer him to the *Minutes of Proceedings* of the Senate of Tuesday, April 21.

Hon. Mr. Reid: Are these important amendments?

Hon. Mr. Lambert: No. I could deal with them at this time if the honourable gentleman thinks it is necessary, but they are really trivial.

The motion was agreed to.

CANADA SHIPPING BILL

COMMONS AMENDMENTS REFERRED TO COMMITTEE

On the Order:

Consideration of the amendments made by the House of Commons to Bill D-7, intituled: "An Act to amend the Canada Shipping Act, 1934"—(Honourable Senator Lambert).

Hon. Mr. Lambert: Honourable senators, as these amendments are lengthy and rather important I would move that they be not now concurred in but be referred to the Standing Committee on Transport and Communications for consideration.

The motion was agreed to.

VETERANS BENEFIT BILL

SECOND READING

Hon. Mr. Lambert moved the second reading of Bill 335, an Act to amend the Veterans Benefit Act, 1951.

He said: Honourable senators, the purpose of this bill is simply to extend for another year the provisions of the Veterans Benefit Act, 1951. When this legislation was originally passed, in 1951, it was provided that it should expire on the last day of the first session of Parliament, 1952, and last year the provisions of the bill were extended to the last day of the first session of parliament, 1953. The purpose of the act is to provide Korean veterans with benefits comparable to those received by veterans of the last Great War. Under the act some 9,474 gratuities have been paid to Korean veterans to date, and so far re-establishment credits have been set up for 9,046 Korean veterans. At the present time approximately 150 Korean veterans are in universities or vocational training schools. Passage of this bill would make the benefits under the act available for another year.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Lambert: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

SECOND READING

Hon. Gordon B. Isnor moved the second reading of Bill 336, an Act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.

He said: Honourable senators, as you will note, this is an act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons. The bill follows the pattern, somewhat, of the one we have just passed for additional benefits for our servicemen. I am very pleased to have the opportunity of explaining this bill, dealing as it does with a subject in which I have been interested for many years.

I well recall taking an active part, when a member of the House of Commons, in the special committee on veterans affairs, and on many occasions discussing with the honourable senator from Dorchester (Hon. Mr. Emmerson), who was also a member of the committee, legislation dealing with veterans' welfare.

I believe all honourable senators will agree that our country is justly proud of the legislation it has put on the statute books for the benefit of its veterans, which legislation has come to be known as the Veterans' Charter.

It has always been a source of satisfaction to know that members of all groups in the House of Commons without exception—and I know the same is true of all members of this chamber—agree in general principle and unite in their efforts to bring about legislation of real benefit to our veterans. The generous manner in which veterans' legislation has been treated in years past has in itself been the expression of a sincere tribute, and rightly so, to the sacrifices made by those who enlisted to serve our country.

I recall how our Veterans' Charter was once defined by the late Right Honourable Ian Mackenzie, who at the time was Minister of Veterans' Affairs and later was appointed to this chamber. He summed it up in these words:

> The Veterans' Charter grew in spirit, substance and final form out of the hearts and minds of a united people dedicating themselves and the lives of their sons and daughters to victory. Its basic provisions were the result of a desire to deal in a just manner with all who served.

Those who have studied the Charter and followed veterans' legislation, not alone in our own country, but in other countries, agree that the measures which Canada has passed on behalf of her veterans are perhaps the broadest and most beneficial of all. We who sat on the special committee on Veterans' Affairs in the past have had an opportunity of looking into the educational, pension and other benefit schemes provided by other countries, and I repeat that we may be justly proud of the legislation we have passed in Canada on behalf of our veterans and their dependants.

I also recall the various briefs which from time to time were placed before the special committee by the Canadian Legion and other veterans' organizations. I have particularly in mind one resolution which was included in the brief of 1948 dealing with the subject and the purposes of the bill before us today. The resolution read as follows:

> That the government accept greater responsibility for the welfare and education of the children of men who lost their lives in the service, by extending benefits equivalent to the rehabilitation benefits their fathers would have rceeived had he returned.

May I quote the following comment which was made on that particular resolution:

> Veterans feel that this is an important omission in Canada's rehabilitation program as it effects the children of those who lost their lives in the service. Subsistence maintenance until the age of 16, 17 or 21, as the case may be, is not enough. The responsibility for educational or training benefits or assistance to enter a trade or calling must rest with the government.

Thus, you will see that the Canadian Legion played an important part in bringing about this legislation which we are considering today. I am happy that the government has now seen fit to carry out the Legion's recommendation in the bill which we have before us.

I do not think it is necessary to remind honourable senators of the rehabilitation benefits made available to the veterans themselves. All honourable members are no doubt aware that approximately 40,000 returned soldiers of World War II took advantage of the educational facilities offered by this country. Those men are now in every walk of life, in every profession. The contribution which they are making to this country today cannot be over-estimated.

I am familiar with the cases of more than one veteran who took advantage of this legislation to fit themselves further to enter the professions. They studied at Dalhousie University, Halifax, and took degrees in law and medicine. Many worked in their spare time, particularly during week-ends, to earn

money with which to meet the living expenses of themselves, and, in some instances, of their wives and children. In our larger cities, such as Montreal, Toronto, and Winnipeg, there are many people who are making great contributions to such professions as the law and medicine who, but for the benefits received from veterans' legislation, could not be where they are today.

I believe, honourable senators, that no finer investment of our country's money was ever made than in the education of our returned soldiers from World War II. What was said in support of that legislation can equally well be said about this bill to provide benefits for the higher education of the children of soldiers who made the supreme sacrifice in the service of their country.

Hon. Mr. Quinn: The title of this bill is "An Act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons." May I ask the honourable senator who are the "other persons"?

Hon. Mr. Isnor: I shall perhaps touch on that phase of the bill in my later remarks, but it applies to nursing sisters and others who strictly speaking might not be regarded as members of the armed forces.

I may say that at the present time about 12,000 children are receiving payments under schedule B of the Pensions Act. That schedule gives the list of those entitled to the benefits under the act, including widows and their children who are now receiving a pension. The Department of Veterans Affairs estimates that the peak, so far as pension payments for World War II are concerned, will be reached in the period between 1958 and 1962.

Candidates who qualify under the provisions of this bill will receive a training allowance while they are in full attendance at properly designated educational institutions, plus payment of their tuition fees. I shall mention the benefits when I discuss the bill clause by clause.

Briefly, honourable senators, the purpose of the bill is to provide financial assistance for higher education of the pensioned sons and daughters of former members of the forces who died as a result of their service. I shall now deal quickly with the bill clause by clause.

Hon. Mr. Aseltine: May I first ask a question? Will my honourable friend tell the house if these benefits are to be paid to people whether they need them or not, without any kind of means test? Also, will he tell us how many persons are likely to be affected and what the annual cost will be?

Hon. Mr. Isnor: May I be permitted to cover those points as I deal with the bill in detail? I am sure in that way my friend will get a complete answer to his question.

Paragraph (a) of section 2, the interpretation section, defines "Educational institution"; and paragraph (b) designates the "minister" as the Minister of Veterans Affairs. Paragraph (c) defines "student" as,

> (i) a child on whose behalf a pension is being paid pursuant to any of the enactments set out in schedule A of this act in respect of a person who served in the naval, army or air forces of Canada in the war that commenced in August, 1914, or in the war that commenced in September, 1939.
>
> (ii) a child on whose behalf a pension is being paid, pursuant to or by virtue of any of the enactments set out in schedle B . . .

Briefly, it includes all children in respect of whom a pension is now being paid; and as I said a moment ago, they number about 12,000. It is of course unlikely that the entire 12,000 will take advantage of a higher education. Statistics show that about 60 per cent of the students reach a certain grade, and only 10 per cent take what we call higher education. So that out of the 12,000, perhaps 1,200 will enter university. However, provision is made for assistance for persons training in the trades.

Hon. Mrs. Fallis: The honourable gentleman referred to children of veterans of World War I. Would they not by now have passed the educational stage of their lives?

Hon. Mr. Isnor: The bill provides that candidates may make application for assistance within fifteen months after this bill becomes law. As to veterans of World War II, it is readily apparent that boys who entered the army as early as seventeen or eighteen years of age will still be young enough to take advantage of educational benefits.

Hon. Mrs. Fallis: The honourable gentleman misunderstood my question. I had reference particularly to veterans of the First World War.

Hon. Mr. Isnor: All I can say is that the act applies to children of pensioners from both the first and second world wars.

By section 4 of the bill provision is made for payment of a monthly allowance of $25 during the period in which the student is attending a full-time course of study in an educational institution. In addition, the tuition fees on the average would be about $300. The total of those two items, calculated on a term of eight or nine months, would amount to an annual outlay per student of from $500 to $550. I trust that is, in part at least, an answer to the question asked by the senator from Rosetown (Hon. Mr. Aseltine).

I have already mentioned that a candidate shall apply for benefits within fifteen months after the coming into effect of this act. By subsection (3) of section 6 the time may be extended. That subsection reads:

> The minister may extend the periods prescribed by this section where he is satisfied that because of ill health or any other good cause the student was unable to resume or commence a course of education or instruction in an educational institution within the time limited by this section.

That will protect any candidate who otherwise might, through no fault of his own, be deprived of these benefits.

A limitation to which some reference was made in the other place appears in the clause which states that no allowance or costs shall be paid in respect of a student who, having failed in one or more classes or subjects in any academic year, fails in more than one of the supplementary examinations in any such subjects. We know what took place during the rehabilitation period. A great many ex-service men, attracted by the prospects in the medical profession, decided they wanted to be doctors and, after one or two attempts, failed to pass their examinations. It was thought not to be to the national advantage, nor perhaps in the best interests of the soldiers themselves, that they be allowed to continue their studies along that line, and they turned their attention to the engineering or the legal profession, after having failed in medicine—assuming it is possible for one to make a success in the legal profession after having failed in medicine! But of course, under these circumstances, men changed from one course to another and continued their studies for the time being.

Section 10 provides that the Governor in Council may make regulations to carry out the purposes of the act. The last section, clause 11, provides that the act shall come into force on the 1st day of July, 1953.

That, honourable senators, is the section-by-section background of the bill, which I hope I have covered to your enlightenment and satisfaction.

May I say, in closing, that the last bill I had the privilege to present before this body was one dealing with an institution bearing the name of a veteran of World War I—the Callow Veterans' and Invalids' Welfare League—and I think it would be appropriate at this time to express, on behalf of Walter Callow, his gratitude for the support accorded his bill by the members of this chamber. Honourable members will be pleased to learn that last Thursday Walter Callow was presented with his charter by the Lieutenant-Governor of Nova Scotia, the Honourable Alistair Fraser, on behalf of the Governor General of Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: I did not hear the honourable senator answer any of my questions.

Hon. Mr. Isnor: I thought I answered them one by one.

Hon. Mr. Aseltine: My first question was, has he any information as to how many persons will be affected by and receive benefits under this measure? The second question was, do its benefits apply to every student, whether he needs them or not, and without any means test? My third question was, has the sponsor any idea of what will be the annual cost of this provision?

Hon. Mr. Isnor: I must apologize to the honourable senator for not having been able to make myself as clear as I hoped to be. I stated that at the present time 12,000 children enjoy the benefits arising under schedule B of the bill. The estimate given in the other place, and which I think is on the low side, was that about 10 per cent of them would try to take advantage of a higher education. That, I think, is a fairly definite answer to the first question.

My answer to the second question was that, according to my information, university tuition fees will amount to about $300 a year, to which must be added the allowance of $25 a month to each boy or girl who qualifies under the scheme. This would amount to another $250 for ten months: actually an academic year is about nine months. Adding $300 and $250 gives a total of $550 for each and every student. Multiply this amount by 1,200—that is, 10 per cent of the 12,000 I have mentioned—and we have the answer.

To the third question, which I may have overlooked, my reply is that there is no means test. The act will apply to each and every boy, girl and nurse now receiving a grant from the government under schedule B. In other words, it is a provision for the children of the widows of a deceased soldier; and I think its value will be better appreciated if one reflects on the difficulties which face a widow with two or three children in providing not only for the ordinary expenses of the household and the upkeep of her children, but for the expenses of their education. It is in view of these circumstances that the government, responding to the representations of various organizations, decided to make this provision, in the form of a grant which, as I have said, is estimated to amount to about $550 for each and every one of those qualified to receive it.

Hon. Mr. Haig: I understood the honourable member to say that, after World War II, students who failed to pass the medical examinations turned to law and got through as lawyers.

Hon. Mr. Isnor: I may have said that, but I did not intend thereby to imply, what apparently is in the mind of the distinguished gentleman, the leader of the opposition (Hon. Mr. Haig), that there is in my mind any difference between the capacities of a medical man and a lawyer.

Hon. Mr. Haig: But did the honourable senator say so?

Hon. Mr. Isnor: I think I said something along that line; but if I rephrase my remark to reverse the situation, would he have any objection?

Hon. Mr. Haig: I assume that it is intended to send this bill to committee.

Hon. Mr. Isnor: Of course, that is for the acting leader of the government (Hon. Mr. Lambert) to say. As the bill received so much publicity and unanimous support from all sides in the other place I did not think it would be necessary to send it to committee, but that is not for me to decide.

Hon. Mr. Haig: In view of the fact that the honourable senator has, in my judgment, cast an aspersion on the legal profession, I want to have the bill go to committee, so that we may learn, by inquiry from the principals of the universities of Canada, how many men who failed to pass their examinations in medicine changed their course of study and got through in law. I would like to have that information, because I have some pride in the legal profession. I do not think we lawyers are the most intelligent people in the world, but neither are we the least intelligent. It seems to me the remark is a serious aspersion on the legal profession, and, it may be, as personified by myself and my colleague from Rosetown (Hon. Mr. Aseltine), since we are the ones who have spoken on the bill.

Hon. Mr. King: Those students merely went into an easier profession!

Hon. Mr. Haig: In order that we may find the facts from the principals of the universities, they should be summoned to bring their records with them, to let us know how many men failed to pass in medicine and then passed in law. Also I would like the gentlemen to tell us why; because, if law is as easy a study as, in that event, it might seem to be, it is time something was done about it.

Hon. Mr. Isnor: I would not like to leave any wrong impression as to what was in my mind. Because of my lack of legal training, I may not have been able to express myself as fluently or clearly as the honourable leader of the opposition (Hon. Mr. Haig); and if I said anything which does not meet with his approval, I at once apologize.

Hon. Mr. Haig: I am not interested in apologies. The honourable member has stated something as a fact, and I am going to try to prove that it is incorrect.

Hon. Mr. Isnor: There is no question in my mind that a great number of students could not pass their examinations, and for that reason it was not deemed advisable that they pursue their particular studies. Perhaps that clarifies the situation as far as the legal profession is concerned.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Lambert: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

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

THE SENATE

Monday, April 27, 1953

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

Prayers and routine proceedings.

CO-OPERATIVE CREDIT ASSOCIATIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 338, an Act respecting Co-operative Credit Associations.

The bill was read the first time.

INTERNATIONAL WHEAT AGREEMENT

ORDERED TO BE PRINTED IN SENATE RECORDS

Hon. Mr. Lambert: I beg leave to move:

That the Agreement Revising and Renewing the International Wheat Agreement, tabled on Tuesday, April 21, be printed as an appendix to the *Official Report of Debates of the Senate* and as an appendix to the *Minutes of the Proceedings of the Senate* for this date.

The motion was agreed to.

See Appendix to today's report.

COLUMBIA RIVER AGREEMENT

ORDER FOR RETURN

Hon. Thomas Reid moved:

That an order of the Senate do issue for a return of a copy of an agreement entered into by Great Britain, acting for Canada, and the United States of America, affecting the waters of the Columbia River in British Columbia in 1906 or 1907.

The motion was agreed to.

PUBLIC BILLS

SUSPENSION OF RULES

Hon. Norman P. Lambert moved:

That from this day until the end of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

The motion was agreed to.

THE LATE SENATOR DUFF

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. Norman P. Lambert: Honourable senators, it is my sad duty to refer to the passing of our late colleague from Lunenburg, the Honourable William Duff. I am sure we were all saddened by the news of his death which came suddenly to us over the week-end.

I have in my hand a statement made by the honourable leader of the government (Hon. Mr. Robertson), which he has asked me to incorporate in any remarks made tonight by way of tribute to the late Senator Duff. It reads:

I regret very much that I shall be absent from the Senate when references are made to the passing of our esteemed colleague, the Honourable William Duff, of Lunenburg. I have requested the acting leader (Hon. Mr. Lambert) to ask the indulgence of honourable senators in placing on the record this word of tribute to Senator Duff's memory.

My home and associations were in the particular part of Nova Scotia with which Senator Duff's business and political activities were long identified. His many kindnesses to me personally when I first came to the Senate will long be remembered by me.

I extend to the members of his family my deepest sympathy in their bereavement.

To Senator Duff's more intimate friends it was quite evident during his recent appearance in this chamber that in the loss of his devoted wife some weeks earlier he had received a mortal blow. The disappearance now of both of them from these halls, after an active attachment extending over some thirty-six years, may be likened to the removal of an established landmark which has seemed to become almost an inseparable part of a familiar scene.

Senator Duff was to have celebrated his eighty-first birthday tomorrow. Since he was forty-five years of age he has been an outstanding figure in parliament and in the public life of his country.

Our late colleague was born at Carbonear, Newfoundland, the son of Scottish parents who had migrated there from the county of Stirling, Scotland. He received his first schooling in Newfoundland, but his secondary education was taken at a well-known private school named Blair Lodge, at Polmont, located near Falkirk, Scotland, near his father's birthplace.

Upon his return to Newfoundland he worked with his father, who was a fish merchant and who, incidentally, had spent twelve years as a member of the legislative assembly in that colony. In the year 1895, at the age of twenty-three, our late colleague went to live in Nova Scotia, first at Bridgewater and then at Lunenburg. His beginnings in business there were in the general store of his father-in-law, and then in the local weekly newspaper office, where he learned to be a printer and to know well the smell of printer's ink. From there he graduated into the business of shipping, and the handling of fish, and over the years that followed he did well and established a successful industry.

After serving as Clerk and Treasurer and Mayor of Lunenburg, William Duff made his entry into federal politics, in 1917. With the

exception of one year he was a member of the House of Commons and the Senate ever since that time.

Our late colleague was essentially a House of Commons man. On the hustings and in parliament, particularly during his nineteen years as a member of the House of Commons, he was an effective advocate of his party's interests and a redoubtable opponent. He was colourful and at times vociferous, but he had a real quality of mind which now and and again surprised even his friends. His early training in the atmosphere of Scottish schools and the Presbyterian church had ingrained in him a knowledge of the Scriptures and of the Shorter Catechism, as well as the works of Shakespeare; and frequently he revealed an intimate and quick familiarity with those books which earned for him the very warm regard of those who were associated with him in parliament.

I remember one occasion early in 1935 in the House of Commons, during a debate in which Prime Minister Bennett was bent on ridiculing Mr. Mackenzie King about his book *Industry and Humanity*. Mr. Bennett, who always was pretty ready with a scriptural quotation when opportunity afforded, quoted the ninth verse of the tenth chapter of Revelation, as follows:

> And I went unto the angel, and said unto him, Give me the little book. And he said unto me, Take it, and eat it up; and it shall make thy belly bitter, but it shall be in thy mouth sweet as honey.

Mr. Bennett had hardly completed his quotation when the stentorian voice of the member for Lunenburg was heard to say "Let the Prime Minister read verse eleven of the same chapter."

The challenge was not met, but after the house adjourned, in the freedom of the lobby, no person expressed warmer admiration for William Duff's familiarity with the scriptures than Mr. Bennett, for he knew as well as Mr. Duff that verse eleven reads:

> And he said unto me, Thou must prophesy again before many peoples, and nations, and tongues, and kings.

The incident is recorded in House of Commons Debates, 1935, page 60. It illustrates one of those surprising feats of memory, without any preparation, but in simple response to the challenge of the moment, which help to lighten and clarify the pages of our parliamentary records.

The late Senator Duff and his wife represented some of the history and the glory of the earlier background of this country. They were strong characters in their community and their memory is worthy of respect and preservation. Their span of eighty-odd years was lived in an atmosphere of expectation and anticipation which gave vitality to life itself. In these days when so much emphasis is placed upon security it is well to remember, as exemplified in the lives of people like Senator Duff, that the glory of their journey has lain in the faith and courage which inspired them. As was so truly expressed in an editorial offering which many of us must have read last Saturday:

> The pervading sense of the unknown tomorrow is what makes life alive. Take it away and nothing is left but a clattering tread-mill.

I think those words really typify and symbolize the outlook and spirit of Senator William Duff and his wife.

On behalf of the Senate, I extend to the bereaved family our deepest respect and sympathy.

Hon. John T. Haig: Honourable senators, there is not much I can add to the very eloquent and fluent remarks of the acting leader of the government (Hon. Mr. Lambert). I had the pleasure and honour of being a member of this chamber when Senator Duff entered it, in May of 1936. He came here with a great reputation from the House of Commons. I remember that shortly after he came to the Senate he made a speech which I must confess I did not like too much. At that time the Right Honourable Arthur Meighen was leader on this side of the house and I was surprised that he did not reply to the remarks of Senator Duff. After the house adjourned that day I asked Mr. Meighen why he had not replied, and he said, "Oh, no, I like him too much, John." Well, honourable senators, I learned to like Bill Duff a great deal too. Whenever he and his wife were in Ottawa they stayed at the same hotel as I did, and I recall with much pleasure the enjoyable Sunday evenings we used to spend together.

We shall all miss the homely common sense of Senator Duff. He was a typical pioneer of this country, who represented the fishing industry with great enthusiasm. It seemed as if the fishing industry were part of himself; boats and fish seemed to be always in his thoughts.

I am sure it was apparent to most of us when Senator Duff was last in this chamber, some two or three weeks ago, that the recent death of his wife had been a blow from which he would not likely recover. Their lives had been so closely intertwined that death could not long separate one from the other.

Senator Duff was a distinguished member of this chamber, and his name will long be remembered in both houses of Canada's parliament. When he was in the House of Commons he conformed to the practices there,

and when he came to the Senate he adopted the attitude appropriate to his new role. I recall listening to one of his typical fighting speeches in the other house very shortly before he was summoned to the Senate, but in this chamber he acted in an entirely different way. He seemed to realize that he had come to a place where, regardless of politics, he had to do what he considered best for his country, and be fair in his judgment of legislation coming from the other house.

On my own behalf and that of the members on this side of the house I wish to tender our deep sympathy to the late Senator and Mrs. Duff's three daughters in the loss of their beloved and distinguished parents.

Hon. J. H. King: Honourable senators, it was my good fortune to know Senator Duff over a period of some thirty-five years. I knew him as a member and later as Deputy Speaker of the House of Commons, and as a distinguished member of this chamber. I am grateful to the leaders on both sides of the house for the kind words they have said about our late colleague and his wife. Senator and Mrs. Duff will be greatly missed in both Ottawa and their home community. I should like to extend to their three daughters my deepest sympathy and respect.

Hon. Gordon B. Isnor: Honourable senators, as one of the representatives of Nova Scotia in this chamber I wish to join in the expression of tributes to the memory of our late colleague from that province. Although my remarks may not be as eloquent as those to which we have already listened, they will be just as sincere.

Nova Scotia is a small province, closely knit in friendships and interests. Perhaps it was because of this that all Nova Scotians came to know the late Senator William Duff in a very intimate way. His very friendly manner made that possible and accounted, largely, for his exceptionally large circle of friends.

As one who had known Senator Duff for a period of over thirty years, particularly during my twenty-five years in public life, I can say with all confidence that one could not ask for a more sincere and finer type of friend. He was a man of wonderful understanding and with a remarkably sympathetic feeling for the needs of others.

His was a life with a purpose; never aimless, never wasted. Life to him was a matter of service: to his family—in which he took profound pride and found rich happiness—and to his community. While we knew he was born in Newfoundland, we Nova Scotians always looked upon our province as his home; and Lunenburg county, the home of Nova Scotia fishermen, was to him a community which he loved and where he was loved.

Honourable senators, I feel that you who have been associated with him will remember his image—the image of one whose job was always well done—and that that image will remain vivid with all who knew him.

I join with those who have already spoken in extending sincere and heartfelt sympathy to his three daughters.

YUKON BILL

SECOND READING

Hon. James A. MacKinnon moved the second reading of Bill 230, an Act to provide for the government of the Yukon Territory.

He said: Honourable senators, this bill is important, but not contentious. I propose, following the usual custom, to make a brief statement on the legislation contemplated; and if the bill is given the second reading, I will then, if that is your wish, move that it be referred to a committee. I think I am prepared to answer questions that you might like to ask during my statement or at its conclusion.

The purpose of this bill is to revise and consolidate the Yukon Act, now contained in chapter 215 of the Revised Statutes of Canada, 1927, and subsequent amendments in 1940, 1941, 1948 and 1951.

It will be recalled that two years ago the Council of the Yukon Territory was increased from three to five members, and that, while this Council has legislative powers, it does not have any executive authority. The legislative powers presently held by the Commissioner in Council are similar to those conferred by provincial legislatures. There are, however, certain fields in which the provinces have jurisdiction, and which it is desirable to pass now from the federal government to the Commissioner in Council. Among these are roads, wills, property of married women, coroners and inquests, controverted elections, the establishment and maintenance of hospitals, and agriculture. The present bill proposes to drop from the act the sections relating to these matters, and ordinances governing these will be passed by the Yukon Council.

At present there are also in the Yukon Act a number of sections relating to criminal matters. These will be dropped and appropriate sections governing these matters will be incorporated in the Criminal Code.

Under the new act the Commissioner in Council is empowered to make ordinances for the borrowing of money by the Commissioner to meet annual expenses pending receipt of territorial revenues. In addition the Council will be enabled to pass ordinances authorizing the Commissioner to borrow money for loans to municipalities for the carrying out of local

municipal construction programs. However, no money shall be borrowed or lent for these purposes without the approval of the Governor in Council.

At present crown lands in the territory are held in the name of the crown in the right of Canada. The bill enables the Commissioner to hold such lands for the beneficial use of the territory; that is, for public buildings, schools or hospitals. Other changes include conferring upon the Governor in Council the power to make regulations governing reindeer, and the preservation of sites which might be the subject of archaeological research.

Hon. Mr. King: How are the councillors chosen?

Hon. Mr. MacKinnon: All five members of the council are elected.

Hon. Mr. Haig: I have no particular objection to the second reading, but I suggest to my honourable friend that the bill ought to go to committee.

Hon. Mr. MacKinnon: All right.

Hon. Mr. Haig: I am not aware of any opposition to the bill, but I think we should look over legislation of this kind. There is no need to hurry its passage, and we have plenty of time to consider it.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. MacKinnon: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Reid: It seems that all bills are being sent to the Banking and Commerce Committee. A good many of us are not members of that committee. Why not refer this bill to another committee? In my opinion this bill would not properly go to the Banking and Commerce Committee.

Hon. Mr. Lambert: I may say to the honourable senator from New Westminster (Hon. Mr. Reid) that we are simply following the practice that has been adopted in the closing days of every session. Although he may not be a member of the Banking and Commerce Committee, he is of course—as is every other senator—entitled to attend the committee's meetings and take part in its discussions on this bill or any other bill.

Hon. Mr. Quinn: What committee would my honourable friend suggest?

Hon. Mr. Reid: The Committee on Natural Resources.

The motion was agreed to, and the bill was referred to the Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

INTERNATIONAL WHEAT COUNCIL
RESUMED EIGHTH SESSION—FEBRUARY 2, 1953
WASHINGTON, D.C.

Document No. 8/75
(Revised)
April 10, 1953

AGREEMENT REVISING AND RENEWING THE INTERNATIONAL WHEAT AGREEMENT

The Governments signatory to this Agreement,

Considering that the International Wheat Agreement which was opened for signature at Washington on March 23, 1949 was entered into in order to overcome the serious hardship caused to producers and consumers by burdensome surpluses and critical shortages of wheat, and

Considering that it is desirable that the International Wheat Agreement be renewed, with certain modifications, for a further period, and

Having decided to conclude for that purpose this Agreement revising and renewing the International Wheat Agreement,

Have agreed as follows:

PART 1—GENERAL

ARTICLE I

Objectives

The objectives of this Agreement are to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable stable prices.

ARTICLE II

Definitions

1. For the purposes of this Agreement:

"Advisory Committee on Price Equivalents" means the Committee established under Article XV.

"Bushel" means sixty pounds avoirdupois.

"Carrying charges" means the costs incurred for storage, interest and insurance in holding wheat.

"C. & f." means cost and freight.

"Council" means the International Wheat Council established by Article XIII.

"Crop-year" means the period from August 1 to July 31, except that in Article VII it means in respect of Australia the period from December 1 to November 30 and in respect of the United States of America the period from July 1 to June 30.

"Executive Committee" means the Committee established under Article XIV.

"Exporting country" means, as the context requires, either (i) the Government of a country listed in Annex B to Article III which has accepted or acceded to this Agreement and has not withdrawn therefrom, or (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply.

"F.a.q." means fair average quality.

"F.o.b." means free on board ocean vessel.

"Guaranteed quantity" means in relation to an importing country its guaranteed purchases for a crop-year and in relation to an exporting country its guaranteed sales for a crop-year.

"Importing country" means, as the context requires, either (i) the Government of a country listed in Annex A to Article III which has accepted or acceded to this Agreement and has not withdrawn therefrom, or (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply.

"Marketing costs" means all usual charges incurred in procurement, marketing, chartering, and forwarding.

"Metric ton" means 36·74371 bushels.

"Old crop wheat" means wheat harvested more than two months prior to the beginning of the current crop-year of the exporting country concerned.

"Territory" in relation to an exporting or importing country includes any territory in respect of which the rights and obligations under this Agreement of the Government of that country apply under Article XXIII.

"Transaction" means a sale for import into an importing country of wheat exported or to be exported from an exporting country, or the quantity of such wheat so sold, as the context requires. Where reference is made in this Agreement to a transaction between an exporting country and an importing country, it shall be understood to refer not only to transactions between the Government of an exporting country and the Government of an importing country but also to transactions between private traders and to transactions between a private trader and the Government of an exporting or an importing country. In this definition "Government" shall be deemed to include the Government of any territory in respect of which the rights and obligations of any Government accepting or acceding to this Agreement apply under Article XXIII.

"Unfulfilled guaranteed quantity" means, in the case of an exporting country, the difference between the quantities entered in the Council's records in accordance with Article IV in respect of that country for a crop-year and its guaranteed sales for that crop-year and, in the case of an importing country, the difference between the quantities entered in the Council's records in accordance with Article IV in respect of that country for a crop-year and that portion of its guaranteed purchases for that crop-year which it is, at the relevant time, entitled to purchase having regard to paragraph 9 of Article III.

"Wheat" includes wheat grain and, except in Article VI, wheat-flour.

2. Seventy-two units by weight of wheat-flour shall be deemed to be equivalent to one hundred units by weight of wheat grain in all calculations relating to guaranteed purchases or guaranteed sales, unless the Council decides otherwise.

PART 2—RIGHTS AND OBLIGATIONS

ARTICLE III

Guaranteed Purchases and Guaranteed Sales

1. The quantities of wheat set out in Annex A to this Article for each importing country represents, subject to any increase or reduction made in accordance with the provisions of Part 3 of this Agreement, the guaranteed purchases of that country for each of the three crop-years covered by this Agreement.

2. The quantities of wheat set out in Annex B to this Article for each exporting country represent, subject to any increase or reduction made in accordance with the provisions of Part 3 of this Agreement, the guaranteed sales of that country for each of the three crop-years covered by this Agreement.

3. The guaranteed purchases of an importing country represent the maximum quantity of wheat which, subject to deduction of the amount of the transactions entered in the Council's records in accordance with Article IV against those guaranteed purchases,

(a) that importing country may be required by the Council, as provided in Article V, to purchase from the exporting countries at prices consistent with the minimum prices specified in or determined under Article VI, or

(b) the exporting countries may be required by the Council, as provided in Article V, to sell to that importing country at prices consistent with the maximum prices specified in or determined under Article VI.

4. The guaranteed sales of an exporting country represent the maximum quantity of wheat which, subject to the deduction of the amount of the transactions entered in the Council's records in accordance with Article IV against those guaranteed sales,

(a) that exporting country may be required by the Council, as provided in Article V, to sell to the importing countries at prices consistent with the maximum prices specified in or determined under Article VI, or

(b) the importing countries may be required by the Council, as provided in Article V, to purchase from that exporting country, at prices consistent with the minimum prices specified in or determined under Article VI.

5. If an importing country finds difficulty in exercising its right to purchase its unfulfilled guaranteed quantity at prices consistent with the maximum prices specified in or determined under Article VI or an exporting country finds difficulty in exercising its right to sell its unfulfilled guaranteed quantity at prices consistent with the minimum prices so specified or determined, it may have resort to the procedure in Article V.

6. Exporting countries are under no obligation to sell any wheat under this Agreement unless required to do so as provided in Article V at prices consistent with the maximum prices specified in or determined under Article VI. Importing countries are under no obligation to purchase any wheat under

this Agreement unless required to do so as provided in Article V at prices consistent with the minimum prices specified in or determined under Article VI.

7. The quantity, if any, of wheat-flour to be supplied by the exporting country and accepted by the importing country against their respective guaranteed quantities shall, subject to the provisions of Article V, be determined by agreement between the buyer and seller in each transaction.

8. Exporting and importing countries shall be free to fulfill their guaranteed quantities through private trade channels or otherwise. Nothing in this Agreement shall be construed to exempt any private trader from any laws or regulations to which he is otherwise subject.

9. No importing country shall, without the permission of the Council, purchase under this Agreement more than ninety per cent of its guaranteed quantity for any crop-year before February 28 of that crop-year.

ANNEX A TO ARTICLE III

Guaranteed Purchases

Crop-year August 1 to July 31	1953-54	1954-55	1955-56	Equivalent in bushels for each crop-year
	thousands of metric tons			
Austria	250	250	250	9,185,927
Belgium	615	615	615	22,597,382
Bolivia	95	95	95	3,490,652
Brazil	360	360	360	13,227,736
Ceylon	255	255	255	9,369,646
Costa Rica	35	35	35	1,286,030
Cuba	202	202	202	7,422,229
Denmark	50	50	50	1,837,185
Dominican Republic	26	26	26	955,336
Ecuador	35	35	35	1,286,030
Egypt	400	400	400	14,697,484
El Salvador	20	20	20	734,874
Germany	1,500	1,500	1,500	55,115,565
Greece	350	350	350	12,860,299
Guatemala	25	25	25	918,593
Haiti	45	45	45	1,653,467
Honduras Republic	15	15	15	551,156
Iceland	11	11	11	404,181
India	1,500	1,500	1,500	55,115,565
Indonesia	142	142	142	5,217,607
Ireland	275	275	275	10,104,520
Israel	215	215	215	7,899,898
Italy	850	850	850	31,232,154
Japan	1,000	1,000	1,000	36,743,710
Lebanon	75	75	75	2,755,778
Liberia	2	2	2	73,487
Mexico	415	415	415	15,248,640
Netherlands	675	675	675	24,802,004
New Zealand	160	160	160	5,878,994
Nicaragua	10	10	10	367,437
Norway	230	230	230	8,451,053
Panama	20	20	20	734,874
Peru	185	185	185	6,797,586
Philippines	236	236	236	8,671,515
Portugal	175	175	175	6,430,149
Saudi Arabia	60	60	60	2,204,623
Spain	145	145	145	5,327,838
Sweden	25	25	25	918,593
Switzerland	215	215	215	7,899,898
Union of South Africa	320	320	320	11,757,987
United Kingdom	4,819	4,819	4,819	177,067,939
Venezuela	170	170	170	6,246,431
Total (42 countries)	16,208	16,208	16,208	595,542,052

ANNEX B TO ARTICLE III

Guaranteed Sales

Crop-year August 1 to July 31	1953-54	1954-55	1955-56	Equivalent in bushels for each crop-year
	thousands of metric tons			
Australia*	2,041	2,041	2,041	75,000,000
Canada	6,804	6,804	6,804	250,000,000
France	10	10	10	367,437
United States of America	7,353	7,353	7,353	270,174,615
Total	16,208	16,208	16,208	595,542,052

* In the event of the provisions of Article X being invoked by Australia by reason of a short crop, it will be recognized that certain markets, by virtue of their geographical position, are traditionally dependent upon Australia for the supply of their requirements of wheat grain and wheat-flour. The necessity of meeting these requirements will be one of the factors to be taken into account by the Council in determining the ability of Australia to deliver its guaranteed sales under this Agreement in any crop-year.

ARTICLE IV

Recordings of Transactions Against Guaranteed Quantities

1. The Council shall keep records for each crop-year of those transactions and parts of transactions in wheat which are part of the guaranteed quantities in Annexes A and B to Article III.

2. A transaction or part of a transaction in wheat grain between an exporting country and an importing country shall be entered in the Council's records against the guaranteed quantities of those countries for a crop-year:

(a) provided that (i) it is a price not higher than the maximum nor lower than the minimum specified in or determined under Article VI for that crop-year, and (ii) the exporting country and the importing country have not agreed that it shall not be entered against their guaranteed quantities; and

(b) to the extent that (i) both the exporting and the importing country concerned have unfulfilled guaranteed quantities for that crop-year, and (ii) the loading period specified in the transaction falls within that crop-year.

3. A transaction or part of a transaction for the purchase and sale of wheat shall be eligible for entry in the Council's records against the guaranteed quantities of the exporting and importing countries concerned on the conditions specified in this Article, notwithstanding that the transaction has been entered into before the deposit of its instrument of Acceptance of this Agreement by either or both of those countries.

4. If a commercial contract or governmental agreement on the sale and purchase of wheat-flour contains a statement, or if the exporting country and the importing country concerned inform the Council that they are agreed, that the price of such wheat-flour is consistent with the prices specified in or determined under Article VI, the wheat grain equivalent of such wheat-flour shall, subject to the conditions prescribed in (a) (ii) and (b) of paragraph 2 of this article, be entered in the Council's records against the guaranteed quantities of those countries. If the commercial contract or governmental agreement does not contain a statement of the nature referred to above and the exporting country and the importing country concerned do not agree that the price of the wheat-flour is consistent with the prices specified in or determined under Article VI, either of those countries may, unless they have agreed that the wheat grain equivalent of that wheat-flour shall not be entered in the Council's records against their guaranteed quantities, request the Council to decide the issue. Should the Council, on consideration of such a request, decide that the price of such wheat-flour is consistent with the prices specified in or determined under Article VI, the wheat grain equivalent of the wheat-flour shall be entered against the guaranteed quantities of the exporting and importing countries concerned, subject to the conditions prescribed in (b) of paragraph 2 of this Article. Should the Council, on consideration of such a request decide that the price of such wheat-flour is inconsistent with the prices specified

in or determined under Article VI, the wheat grain equivalent of the wheat-flour shall not be so entered.

5. Provided that the conditions prescribed in paragraphs 2 or 4 of this Article, other than that in (b) (ii) of paragraph 2, are satisfied, the Council may authorize transactions to be recorded against guaranteed quantities for a crop-year if (a) the loading period specified in the transaction is within a reasonable time up to one month, to be decided by the Council, before the beginning or after the end of that crop-year, and (b) the exporting and importing country concerned so agree.

6. The Council shall prescribe rules of procedure, in accordance with the following provisions, for the reporting and recording of transactions which are part of the guaranteed quantities:

(a) Any transaction or part of a transaction, between an exporting country and an importing country, qualifying under paragraph 2, 3, or 4 of this Article to form part of the guaranteed quantities of those countries shall be reported to the Council within such period and in such detail and by one or both of those countries as the Council shall lay down in its rules of procedure.

(b) Any transaction or part of a transaction reported in accordance with the provisions of subparagraph (a) shall be entered in the Council's records against the guaranteed quantities of the exporting country and the importing country between which the transaction is made.

(c) The order in which transactions and parts of transactions shall be entered in the Council's records against the guaranteed quantities shall be prescribed by the Council in its rules of procedure.

(d) The Council shall, within a time to be prescribed in its rules of procedure, notify each exporting country and each importing country of the entry of any transaction or part of a transaction in the Council's records against their guaranteed quantities.

(e) If, within a period which the Council shall prescribe in its rules of procedure, the importing country or the exporting country concerned objects in any respect to the entry of a transaction or part of a transaction in the Council's records against its guaranteed quantity the Council shall review the matter and, if it decides that the objection is well founded, shall amend its records accordingly.

(f) If any exporting or importing country considers it probable that the full amount of wheat already entered in the Council's records against its guaranteed quantity for the current crop-year will not be loaded within that crop-year, that country may request the Council to make appropriate reductions in the amounts entered in its records. The Council shall consider the matter and, if it decides that the request is justified, shall amend its records accordingly.

(g) Any wheat purchased by an importing country from an exporting country and resold to another importing country may, by agreement of the importing countries concerned, be entered against the unfulfilled guaranteed purchases of the importing country to which the wheat is finally resold, provided that a corresponding reduction is made in the amount entered against the guaranteed purchases of the first importing country.

(h) The Council shall send to all exporting and importing countries, weekly or at such other interval as the Council may prescribe in its rules of procedure, a statement of the amounts entered in its records against guaranteed quantities.

(i) The Council shall notify all exporting and importing countries immediately when the guaranteed quantity of any exporting or importing country for any crop-year has been fulfilled.

7. Each exporting country and each importing country may be permitted, in the fulfillment of its guaranteed quantity, a degree of tolerance to be prescribed by the Council for that country on the basis of its guaranteed quantity and other relevant factors.

ARTICLE V

Enforcement of Rights

1. (a) Any importing country which finds difficulty in purchasing its unfulfilled guaranteed quantity for any crop-year at prices consistent with the maximum prices specified in or determined under Article VI may request the Council's help in making the desired purchases.

(b) Within three days of the receipt of a request under subparagraph (a) the Secretary of the Council shall notify those exporting countries which have unfulfilled guaranteed quantities for the relevant crop-year of the amount of the unfulfilled guaranteed quantity of the importing country which has requested the Council's help and invite them to offer to sell wheat at prices consistent with the maximum prices specified in or determined under Article VI.

(c) If within fourteen days of the notification by the Secretary of the Council under subparagraph (b) the whole of the unfulfilled guaranteed quantity of the importing country concerned, or such part thereof as in the opinion of the Council is reasonable at the

time the request is made, has not been offered for sale, the Council shall as soon as possible decide:

(i) the quantities

and also, if requested,

(ii) the quality and grade

of wheat grain and/or wheat-flour which each or any of the exporting countries is required to offer to sell to that importing country for loading during the relevant crop-year or within such time thereafter, not exceeding one month, as the Council may decide.

The Council shall decide on (i) and (ii) above after receiving an assurance, if requested, that the wheat grain or wheat-flour is to be used for consumption in the importing country or for normal or traditional trade; and in reaching its decision the Council shall also take into account any circumstances which the exporting and the importing countries may submit, including in relation to the proportion of wheat-flour:

(iii) the industrial programs of any country and

(iv) the normal traditional volume and ratio of imports of wheat-flour and wheat grain and the quality and grade of wheat-flour and wheat grain imported by the importing country concerned.

(d) Each exporting country required by the Council's decision under subparagraph (c) to offer quantities of wheat grain and/or wheat-flour for sale to the importing country shall, within thirty days from the date of that decision, offer to sell those quantities to such importing country for loading during the period provided under subparagraph (c) at prices consistent with the maximum prices specified in or determined under Article VI and, unless those countries agree otherwise, on the same conditions regarding the currency in which payment is to be made as prevail generally between them at that time. If not trade relations have hitherto existed between the exporting country and the importing country concerned and if those countries fail to agree on the currency in which payment is to be made, the Council shall decide the issue.

(e) In case of disagreement between an exporting country and an importing country on the quantity of wheat-flour to be included in a particular transaction being negotiated in compliance with the Council's decision under subparagraph (c), or on the relation of the price of such wheat-flour to the maximum prices of wheat grain specified in or determined under Article VI, or on the conditions on which the wheat grain and/or wheat-flour shall be bought and sold, the matter shall be referred to the Council for decision.

2. (a) Any exporting country which finds difficulty in selling its unfulfilled guaranteed quantity for any crop-year at prices consistent with the minimum prices specified in or determined under Article VI may request the Council's help in making the desired sales.

(b) Within three days of the receipt of a request under subparagraph (a) the Secretary of the Council shall notify those importing countries which have unfulfilled guaranteed quantities for the relevant crop-year of the amount of the unfulfilled guaranteed quantity of the exporting country which has requested the Council's help and invite them to offer to purchase wheat at prices consistent with the minimum prices specified in or determined under Article VI.

(c) If within fourteen days of the notification by the Secretary of the Council under subparagraph (b) the whole of the unfulfilled guaranteed quantity of the exporting country concerned, or such part thereof as in the opinion of the Council is reasonable at the time the request is made, has not been purchased, the Council shall, as soon as possible, decide:

(i) the quantities

and also, if requested,

(ii) the quality and grade

of wheat and/or wheat-flour which each or any of the importing countries is required to offer to purchase from that exporting country for loading during the relevant crop-year or within such time thereafter, not exceeding one month, as the Council may decide. In reaching its decision on (i) and (ii) above, the Council shall take into account any circumstances which the exporting and the importing countries may submit, including in relation to the proportion of wheat-flour:

(iii) the industrial programs of any country and

(iv) the normal traditional volume and ratio of imports of wheat-flour and wheat-grain and the quantity and grade of wheat-flour and wheat grain imported by the importing countries concerned.

(d) Each importing country required by the Council's decision under subparagraph (c) to offer to purchase quantities of wheat grain and/or wheat-flour from the exporting country shall within thirty days from the date of that decision, offer to purchase those quantities from such exporting country for loading during the period provided under subparagraph (c) at prices consistent with the minimum prices specified in or determined under Article VI and, unless those countries agree otherwise, on the same conditions regarding the currency in which payment is to be made as prevail generally between them at that

time. If no trade relations have hitherto existed between the exporting country and the importing country concerned and if those countries fail to agree on the currency in which payment is to be made, the Council shall decide the issue.

(e) In case of disagreement between an exporting country and an importing country on the quantity of wheat-flour to be included in a particular transaction being negotiated in compliance with the Council's decision under subparagraph (c), or on the relation of the price of such wheat-flour to the minimum prices of wheat grain specified in or determined under Article VI, or on the conditions on which the wheat grain and/or wheat-flour shall be bought and sold, the matter shall be referred to the Council for decision.

3. For the purposes of this Article Port Churchill shall not be a port of shipment.

ARTICLE VI

Prices

1. (a) The basic minimum and maximum prices for the duration of this Agreement shall be:

Minimum—$1.55

Maximum—$2.05

Canadian currency per bushel at the parity for the Canadian dollar, determined for the purposes of the International Monetary Fund as at March 1, 1949 for No. 1 Manitoba Northern Wheat in bulk in store Fort William/Port Arthur. The basic minimum and maximum prices, and the equivalents thereof hereafter referred to, shall exclude such carrying charges and marketing costs as may be agreed between the buyer and the seller.

(b) Carrying charges as agreed between the buyer and seller may accrue for the buyer's account only after an agreed date specified in the contract under which the wheat is sold.

2. The equivalent maximum prices for bulk wheat for:

(a) No. 1 Manitoba Northern wheat in store Vancouver shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article;

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba, shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using currently prevailing transportation costs and exchange rates;

(c) f.a.q. wheat in store Australian ocean ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, converted into Australian currency at the prevailing rate of exchange;

(d) sample wheat of France (minimum natural weight seventy-six kilograms per hectolitre; minimum protein content ten per cent; maximum dockage and moisture content two per cent and fifteen per cent respectively) in store French ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, converted into the currency of France at the prevailing rate of exchange;

(e) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned; and

(f) No. 1 Soft White wheat or No. 1 Hard Winter wheat in store Pacific ports of the United States of America shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using the prevailing rate of exchange and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

3. The equivalent minimum price for bulk wheat for:

(a) No. 1 Manitoba Northern wheat f.o.b. Vancouver,

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba,

(c) f.a.q. wheat f.o.b. Australia,

(d) sample wheat of France (minimum natural weight seventy-six kilograms per hectolitre; minimum protein content ten per cent; maximum dockage and moisture content two per cent and fifteen per cent respectively) f.o.b. French ports,

(e) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America, and

(f) No. 1 Soft White wheat or No. 1 Hard Winter wheat f.o.b. Pacific ports of the United States of America,

shall be respectively:

the f.o.b. prices of Vancouver, Port Churchill, Australia, France, United States of America Gulf/Atlantic ports and the United States of America Pacific ports equivalent to the c. & f. prices in the United Kingdom of Great Britain and Northern Ireland of the minimum prices for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph 1 of this Article, computed by using currently prevailing transportation costs and exchange rates and, in those importing countries where a quality differential is recognized, by making such allowances for difference in quality as may be agreed between the exporting country and the importing country concerned.

4. The Executive Committee may, in consultation with the Advisory Committee on Price Equivalents, determine the minimum and maximum price equivalents for wheat at points other than those specified above and may also designate any description of wheat other than those specified in paragraphs 2 and 3 above and determine the minimum and maximum price equivalents thereof; provided that, in the case of any other description of wheat the price equivalent of which has not yet been determined, the minimum and maximum prices for the time being shall be derived from the minimum and maximum prices of the description of wheat specified in this Article, or subsequently designated by the Executive Committee in consultation with the Advisory Committee on Price Equivalents, which is most closely comparable to such other description, by the addition of an appropriate premium or by the deduction of an appropriate discount.

5. If any exporting or importing country represents to the Executive Committee that any price equivalent established under paragraph 2, 3, or 4 of this Article is, in the light of current transportation or exchange rates or market premiums or discounts, no longer fair, the Executive Committee shall consider the matter and may, in consultation with the Advisory Committee on Price Equivalents, make such adjustment as it considers desirable.

6. If a dispute arises as to what premium or discount is appropriate for the purposes of paragraphs 4 and 5 of this Article in respect of any description of wheat specified in paragraph 2 or 3 or designated under paragraph 4 of this Article, the Executive Committee in consultation with the Advisory Committee on Price Equivalents, shall on the request of the exporting or importing country concerned decide the issue.

7. All decisions of the Executive Committee under paragraphs 4, 5 and 6 of this Article shall be binding on all exporting and importing countries, provided that any of those countries which considers that any such decision is disadvantageous to it may ask the Council to review that decision.

8. In order to encourage and expedite the conclusion of transactions in wheat between them at prices mutually acceptable in the light of all the circumstances, the exporting and importing countries, while reserving to themselves complete liberty of action in the determination and administration of their internal agricultural and prices policies, shall endeavour not to operate those policies in such a way as to impede the free movement of prices between the maximum price and the minimum price in respect of transactions in wheat into which the exporting and importing countries are prepared to enter. Should any exporting or importing country consider that it is suffering hardship as the result of such policies, it may draw the attention of the Council to the matter and the Council shall inquire into and make a report on the complaint.

ARTICLE VII

Stocks

1. In order to assure supplies of wheat to importing countries, each exporting country shall endeavour to maintain stocks of old crop wheat at the end of its crop-year at a level adequate to ensure that it will fulfill its guaranteed sales under this Agreement in each subsequent crop-year.

2. In the event of a short crop being harvested by an exporting country, particular consideration shall be given by the Council to the efforts made by that exporting country to maintain adequate stocks as required by paragraph 1 of this Article before that country is relieved of any of its obligations under Article X.

3. In order to avoid disproportionate purchases of wheat at the beginning and end of a crop-year, which might prejudice the stabilization of prices under this Agreement and render difficult the fulfillment of the obligations of all exporting and importing countries, importing countries shall endeavour to maintain adequate stocks at all times.

4. In the event of an appeal by an importing country under Article XII, particular consideration shall be given by the Council to the efforts made by that importing country to maintain adequate stocks as required by paragraph 3 of this Article before it decides in favour of such an appeal.

ARTICLE VIII

Information to be Supplied to the Council

The exporting and importing countries shall report to the Council, within the time prescribed by it, such information as the Council may request in connection with the administration of this Agreement.

PART 3—ADJUSTMENT OF GUARANTEED QUANTITIES

ARTICLE IX

Adjustments in Case of Nonparticipation or Withdrawal of Countries

1. In the event of any difference occurring between the total of the guaranteed purchases in Annex A to Article III and the total of the guaranteed sales in Annex B to Article III as a result of any country listed in Annex A or Annex B (a) not signing or (b) not depositing an instrument of acceptance of or (c) withdrawing under paragraph 5, 6, or 7 of Article XXII from or (d) being expelled under Article XIX from or (e) being found by the Council under Article XIX to be in default of the whole or part of its guaranteed quantity under this Agreement, the Council shall, without prejudice to the right of any country to withdraw from this Agreement under paragraph 6 of Article XXII, adjust the remaining guaranteed quantities so as to make the total in the one Annex equal to the total in the other Annex.

2. The adjusment under this Article shall, unless the Council decides otherwise by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, be made by reducing pro rata the guaranteed quantities in Annex A or Annex B, as the case may be, by the amount necessary to make the total in the one Annex equal to the total in the other Annex.

3. In making adjustments under this Article, the Council shall keep in mind the general desirability of maintaining the total guaranteed purchases and the total guaranteed sales at the highest possible level.

ARTICLE X

Adjustment in Case of Short Crop or Necessity to Safeguard Balance of Payments or Monetary Reserves

1. Any exporting or importing country which fears that it may be prevented, by a short crop in the case of an exporting country or the necessity to safeguard its balance of payments or monetary reserves in the case of an importing country, from carrying out its obligations under this Agreement in respect of a particular crop-year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of the whole or a part of its obligations for that crop-year. An application made to the Council pursuant to this paragraph shall be heard without delay.

2. If the matter relates to a short crop, the Council shall, in dealing with the request for relief, review the reporting country's supply situation.

3. If the matter relates to balance of payments or monetary reserves, the Council shall seek and take into account, together with all facts which it considers relevant, the opinion of the International Monetary Fund, as far as the matter concerns a country which is a member of the Fund, on the existence and extent of the necessity referred to in paragraph 1 of this Article.

4. The Council shall, in dealing with a request for relief under this Article, adhere to the principle that the country concerned will to the maximum extent feasible, if it is an exporting country, make sales to meet its obligations under this Agreement and, if it is an importing country, make purchases to meet its obligations under this Agreement.

5. The Council shall decide whether the reporting country's representations are well founded. If it finds they are well founded, it shall decide to what extent and on what conditions the reporting country shall be relieved of its guaranteed quantity for the crop-year concerned. The Council shall inform the reporting country of its decision.

6. If the Counsel decides that the reporting country shall be relieved of the whole or part of its guaranteed quantity for the crop-year concerned, the following procedure shall apply:

(a) The Council shall, if the reporting country is an importing country, invite the other importing countries, or, if the reporting country is an exporting country, invite the other exporting countries, to increase their guaranteed quantities for the crop-year concerned up to the amount of the guaranteed quantity of which the reporting country is relieved. Any increase in guaranteed quantities under this sub-paragraph shall require the approval of the Council.

(b) If the amount of which the reporting country is relieved cannot be fully offset in the manner provided in (a) of this paragraph, the Council shall invite the exporting countries, if the reporting country is an importing country, or the importing countries, if the reporting country is an exporting country, to accept a reduction of their guaranteed quantities for the crop-year concerned up to the amount of the guaranteed quantity of

which the reporting country is relieved, after taking account of any adjustments made under (a) of this paragraph.

(c) If the total offers received by the Council from the exporting and importing countries to increase their guaranteed quantities under (a) of this paragraph or to reduce their guaranteed quantities under (b) of this paragraph exceed the amount of the guaranteed quantity of which the reporting country is relieved, their guaranteed quantities shall, unless the Council decides otherwise, be increased or reduced, as the case may be, on a pro rata basis, provided that the increase or reduction of the guaranteed quantity of any such country shall not exceed its offer.

(d) If the amount of the guaranteed quantity of which the reporting country is relieved cannot be fully offset in the manner provided in (a) and (b) of this paragraph, the Council shall reduce the guaranteed quantities in Annex A to Article III, if the reporting country is an exporting country or in Annex B to Article III, if the reporting country is an importing country, for the crop-year concerned by the amount necessary to make the total in the one Annex equal to the total in the other Annex. Unless the exporting countries in the case of a reduction in Annex B, or the importing countries in the case of a reduction in Annex A, agree otherwise, the reduction shall be made on a pro rata basis, account being taken of any reduction already made under (b) of this paragraph.

ARTICLE XI

Adjustments of Guaranteed Quantities by Consent

1. The Council, when requested to do so by the exporting and importing countries whose guaranteed quantities would thereby be changed, may approve increases in the guaranteed quantities in one Annex to Article III for the remaining period of the Agreement together with equivalent increases in the guaranteed quantities in the other Annex for that period.

2. An exporting country may transfer part of its guaranteed quantity to another exporting country and an importing country may transfer part of its guaranteed quantity to another importing country for one or more crop-years, subject to approval by the Council by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

3. The guaranteed quantity of any country acceding under Article XXI of this Agreement shall be offset by appropriate adjustments by way of increase or decrease of the guaranteed quantities of one or more other countries in Annexes A and B to Article III. Such adjustments shall not be approved unless each exporting or importing country whose guaranteed quantity is thereby changed has consented.

ARTICLE XII

Additional Purchases in Case of Critical Need

In order to meet a critical need which has arisen or threatens to arise in its territory, an importing country may appeal to the Council for assistance in obtaining supplies of wheat in addition to its guaranteed purchases. On consideration of such an appeal the Council may reduce pro rata the guaranteed quantities of the other importing countries in order to provide the quantity of wheat which it determines to be necessary to relieve the emergency created by the critical need, provided that it considers that such emergency cannot be met in any other manner. Two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries shall be required for any reduction of guaranteed purchases under this paragraph.

PART 4—ADMINISTRATION

ARTICLE XIII

The Council

A. Constitution

1. The International Wheat Council, established by the International Wheat Agreement which was opened for signature in Washington on March 23, 1949, shall continue in being for the purpose of administering the present Agreement.

2. Each exporting country and each importing country shall be a voting member of the Council and may be represented at its meetings by one delegate, alternates, and advisers.

3. Such intergovernmental organizations as the Council may decide to invite may each have one non-voting represetative in attendance at meetings of the Council.

4. The Council shall elect for each crop-year, a Chairman and a Vice Chairman.

B. Powers and Functions

5. The Council shall establish its rules of procedure.

6. The Council shall keep such records as are required by the terms of this Agreement and may keep such other records as it considers desirable.

7. The Council shall publish an annual report and may publish any other information concerning matters within the scope of this Agreement.

8. The Council shall have such other powers and perform such other functions as it may deem necessary to carry out the terms of this Agreement.

9. The Council may, by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, delegate the exercise of any of its powers or functions. The Council may at any time revoke such delegation by a majority of the votes cast. Any decision made under any powers or functions delegated by the Council in accordance with this paragraph shall be subject to review by the Council at the request of any exporting or importing country made within a period which the Council shall prescribe. Any decision, in respect of which no request for review has been made within the prescribed period, shall be binding on all exporting and importing countries.

C. Voting

10. (a) Subject to the provisions of subparagraphs (b) and (c) of this paragraph, the importing countries shall hold 1,000 votes, which shall be distributed among them in the proportions which their respective guaranteed purchases for the current crop-year bear to the total of the guaranteed purchases for that crop-year. The exporting countries shall also hold 1,000 votes, which shall be distributed among them in the proportions which their respective guaranteed sales for the current crop-year bear to the total of the guaranteed sales for that crop-year.

(b) If at any Session of the Council an importing country or an exporting country is not represented by an accredited delegate and has not authorized another country to exercise its votes in accordance with paragraph 15 of this Article, the total votes to be exercised by the exporting countries shall be adjusted to a figure equal to the total of votes to be exercised at that Session by the importing countries and redistributed among exporting countries in proportion to their guaranteed sales.

(c) No exporting country or importing country shall have less than one vote and there shall be no fractional votes.

11. The Council shall redistribute the votes in accordance with the provisions of paragraph 10 of this Article whenever there is any change in the guaranteed purchases or guaranteed sales for the current crop-year.

12. If an exporting or an importing country forfeits its votes under paragraph 5 of Article XVII or is deprived of its votes under paragraph 7 of Article XIX, the Council shall redistribute the votes as if that country had no guaranteed quantity for the current crop-year.

13. Any reduction in its guaranteed quantity accepted by an exporting country or an importing country under paragraph 6 (b) of Article X and any transfer of part of a country's guaranteed quantity for only one crop-year under paragraph 2 of Article XI shall be disregarded for the purpose of redistributing votes under this Article.

14. Except where otherwise specified in this Agreement, decisions of the Council shall be by a majority of the total votes cast.

15. Any exporting country may authorize any other exporting country, and any importing country may authorize any other importing country, to represent its interests and to exercise its votes at any meeting or meetings of the Council. Evidence of such authorization satisfactory to the Council shall be submitted to the Council.

D. Sessions

16. The Council shall meet at least once during each half of each crop-year and at such other times as the Chairman may decide.

17. The Chairman shall convene a Session of the Council if so requested by (a) five countries or (b) one or more countries holding a total of not less than ten per cent of the total votes or (c) the Executive Committee.

E. Quorum

18. The presence of delegates with a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries prior to any adjustment of votes under paragraph 10 (b) of this Article shall be necessary to constitute a quorum at any meeting of the Council.

F. Seat

19. The seat of the Council shall be London unless the Council decides otherwise by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

G. Legal Capacity

20. The Council shall have in the territory of each exporting and importing country such legal capacity as may be necessary for the exercise of its functions under this Agreement.

H. Decisions

21. Each exporting and importing country undertakes to accept as binding all decisions of the Council under the provisions of this Agreement.

ARTICLE XIV

Executive Committee

1. The Council shall establish an Executive Committee. The members of the Executive Committee shall be three exporting countries elected annually by the exporting countries and not more than eight importing countries elected annually by the importing countries. The Council shall appoint the Chairman of the Executive Committee and may appoint a Vice Chairman.

2. The Executive Committee shall be responsible to and work under the general direction of the Council. It shall have such powers and functions as are expressly assigned to it under this Agreement and such other powers and functions as the Council may delegate to it under paragraph 9 of Article XIII.

3. The exporting countries on the Executive Committee shall have the same total number of votes as the importing countries. The votes of the exporting countries shall be divided among them as they shall decide, provided that no exporting country shall have more than forty per cent of the total votes of the exporting countries. The votes of the importing countries shall be divided among them as they shall decide, provided that no importing country shall have more than forty per cent of the total votes of the importing countries.

4. The Council shall prescribe rules of procedure regarding voting in the Executive Committee and may make such other provisions regarding rules of procedure in the Executive Committee as it thinks fit. A decision of the Executive Committee shall require the same majority of votes as this Agreement prescribes for the Council when making a decision on a similar matter.

5. Any exporting or importing country which is not a member of the Executive Committee may participate, without voting, in the discussion of any question before the Executive Committee whenever the latter considers that the interests of that country are affected.

ARTICLE XV

Advisory Committee on Price Equivalents

The Council shall establish an Advisory Committee on Price Equivalents consisting of representatives of three exporting countries and of three importing countries. The Committee shall advise the Council and the Executive Committee on the matters referred to in paragraphs 4, 5, and 6 of Article VI and on such other questions as the Council or the Executive Committee may refer to it. The Chairman of the Committee shall be appointed by the Council.

ARTICLE XVI

The Secretariat

1. The Council shall have a Secretariat consisting of a Secretary and such staff as may be required for the work of the Council and of its committees.

2. The Council shall appoint the Secretary and determine his duties.

3. The staff shall be appointed in accordance with regulations established by the Council.

ARTICLE XVII

Finance

1. The expenses of delegations to the Council, of representatives on the Executive Committee, and of representatives on the Advisory Committee on Price Equivalents shall be met by their respective Governments. The other expenses necessary for the administration of this Agreement, including those of the Secretariat and any remuneration which the Council may decide to pay to its Chairman or its Vice Chairman, shall be met by annual contributions from the exporting and importing countries. The contribution of each such country for each crop-year shall be in the proportion which its guaranteed quantity bears to the total guaranteed sales or purchases at the beginning of that crop-year.

2. At its first Session, after this Agreement comes into force, the Council shall approve its budget for the period ending July 31, 1954 and assess the contribution to be paid by each exporting and importing country.

3. The Council shall, at its first Session during the second half of each crop-year, approve its budget for the following crop-year and assess the contribution to be paid by each exporting and importing country for that crop-year.

4. The initial contribution of any exporting or importing country acceding to this Agreement under Article XXI shall be assessed by the Council on the basis of the guaranteed quantity to be held by it and the period remaining in the current crop-year, but the assessments made upon other exporting and importing countries for the current crop-year shall not be altered.

5. Contributions shall be payable immediately upon assessment. Any exporting or importing country failing to pay its contribution within one year of its assessment shall forfeit its voting rights until its con-

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tribution is paid, but shall not be deprived of its other rights nor relieved of its obligations under this Agreement. In the event of any exporting or importing country forfeiting its voting rights under this paragraph its votes shall be redistributed as provided in paragraph 12, of Article XIII.

6. The Council shall, each crop-year, publish an audited statement of its receipts and expenditures in the previous crop-year.

7. The Government of the country where the seat of the Council is situated shall grant exemption from taxation on the salaries paid by the Council to its employees except that such exemption need not apply to the nationals of that country.

8. The Council shall, prior to its dissolution, provide for the settlement of its liabilities and the disposal of its records and assets.

ARTICLE XVIII

Co-operation With Other Intergovernmental Organizations

1. The Council may make whatever arrangements are desirable for consultation and co-operation with the appropriate organs of the United Nations and its specialized agencies and with other intergovernmental organizations.

2. If the Council finds that any terms of this Agreement are materially inconsistent with such requirements as may be laid down by the United Nations or through its appropriate organs and specialized agencies regarding intergovernmental commodity agreements, the inconsistency shall be deemed to be a circumstance affecting adversely the operation of this Agreement and the procedure prescribed in paragraphs 3, 4, and 5 of Article XXII shall be applied.

ARTICLE XIX

Disputes and Complaints

1. Any dispute concerning the interpretation or application of this Agreement, which is not settled by negotiations, shall, at the request of any country party to the dispute, be referred to the Council for decision.

2. In any case where a dispute has been referred to the Council under paragraph 1 of this Article, a majority of countries, or any countries holding not less than one-third of the total votes, may require the Council, after full discussion, to seek the opinion of the advisory panel referred to in paragraph 3 of this Article on the issues in dispute before giving its decision.

3. (a) Unless the Council unanimously agrees otherwise, the panel shall consist of:

(i) two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting countries;

(ii) two such persons nominated by the importing countries; and

(iii) A chairman selected unanimously by the four persons nominated under (i) and (ii) or, if they fail to agree, by the Chairman of the International Wheat Council.

(b) Persons from countries whose Governments are parties to this Agreement shall be eligible to serve on the advisory panel, and persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government.

(c) The expenses of the advisory panel shall be paid by the Council.

4. The opinion of the advisory panel and the reasons therefor shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

5. Any complaint that any exporting or importing country has failed to fulfill its obligations under this Agreement shall, at the request of the country making the complaint, be referred to the Council which shall make a decision on the matter.

6. No exporting or importing country shall be found to have committed a breach of this Agreement except by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries. Any finding that an exporting or importing country is in breach of this Agreement shall specify the nature of the breach and, if the breach involves default by that country in its guaranteed quantity, the extent of such default.

7. If the Council finds that an exporting country or an importing country has committed a breach of this Agreement it may, by a majority of the votes held by the exporting countries and a majority of the votes held by importing countries, deprive the country concerned of its voting rights until it fulfills its obligations or expel that country from the Agreement.

8. If any exporting or importing country is deprived of its votes under this Article, the votes shall be redistributed as provided in paragraph 12 of Article XIII. If any exporting or importing country is found in default of the whole or part of its guaranteed quantity, or is expelled from this Agreement, the remaining guaranteed quantities shall be adjusted as provided in Article IX.

PART 5—FINAL PROVISIONS

ARTICLE XX

Signature, Acceptance, and Entry into Force

1. This Agreement shall be open for signature in Washington until and including April 27, 1953, by the Governments of the countries listed in Annex A and Annex B to Article III.

2. This Agreement shall be subject to acceptance by signatory Governments in accordance with their respective constitutional procedures. Subject to the provisions of paragraph 4 of this Article, instruments of acceptance shall be deposited with the Government of the United States of America not later than July 15, 1953 provided, however, that a notification by any signatory Government to the Government of the United States of America by July 15, 1953 of an intention to accept this Agreement, followed by the deposit of an instrument of acceptance not later than August 1, 1953 in fulfilment of that intention, shall be deemed to constitute acceptance on July 15, 1953 for the purposes of this Article.

3. Provided that the Governments of countries listed in Annex A to Article III responsible for not less than fifty per cent of the guaranteed purchases and the Governments of countries listed in Annex B to Article III responsible for not less than fifty per cent of the guaranteed sales have accepted this agreement by July 15, 1953, Part 1, 3, 4 and 5 of the Agreement shall enter into force on July 15, 1953 and Part 2 on August 1, 1953, for those Governments which have accepted the Agreement.

4. Any signatory Government which has not accepted this Agreement by July 15, 1953 as provided in paragraph 2 of this Article may be granted by the Council an extension of time after that date for depositing its instrument of acceptance. Parts 1, 3, 4 and 5 of this Agreement shall enter into force for that Government on the date of the deposit of its instrument of acceptance, and Part 2 of the Agreement shall enter into force on August 1, 1953 or on the date of the deposit of its instrument of acceptance whichever is later.

5. The Government of the United States of America will notify all signatory Governments of each signature and acceptance of this Agreement.

ARTICLE XXI

Accession

The Council may, by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, approve accession to this Agreement by any Government not already a party to it and prescribe conditions for such accession; provided, however, that the Council shall not approve the accession of any Government under this Article unless at the same time it approves adjustments of the guaranteed quantities in Annexes A and B to Article III in accordance with paragraph 3 of Article XI. Accession shall be effected by depositing an instrument of accession with the Government of the United States of America, which will notify all signatory and acceding Governments of each such accession.

ARTICLE XXII

Duration, Amendment, Withdrawal, and Termination

1. This Agreement shall remain in force until and including July 31, 1956.

2. The Council shall, at such time as it considers appropriate, communicate to the exporting and importing countries its recommendations regarding renewal or replacement of this Agreement.

3. The Council may, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, recommend an amendment of this Agreement to the exporting and importing countries.

4. The Council may fix a time within which each exporting and importing country shall notify the Government of the United States of America whether or not it accepts the amendment. The amendment shall become effective upon its acceptance by exporting countries which hold two-thirds of the votes of the exporting countries and by importing countries which hold two-thirds of the votes of the importing countries.

5. Any exporting or importing country which has not notified the Government of the United States of America of its acceptance of an amendment by the date on which such amendment becomes effective may, after giving such written notice of withdrawal to the Government of the United States of America as the Council may require in each case, withdraw from this Agreement at the end of the current crop-year, but shall not thereby be released from any obligations under this Agreement which have not been discharged by the end of that crop-year.

6. Any exporting country which considers its interests to be seriously prejudiced by the non-participation in or withdrawal from this Agreement of any country listed in Annex A to Article III responsible for more

than five per cent of the guaranteed quantities in that Annex or any importing country which considers its interests to be seriously prejudiced by the nonparticipation in or withdrawal from the Agreement of any country listed in Annex B to Article III responsible for more than five per cent of the guaranteed quantities in that Annex, may withdraw from this Agreement by giving written notice of withdrawal to the Government of the United States of America before August 1, 1953.

7. Any exporting or importing country which considers its national security to be endangered by the outbreak of hostilities may withdraw from this Agreement by giving thirty days' written notice of withdrawal to the Government of the United States of America.

8. The Government of the United States of America will inform all signatory and acceding Governments of each notification and notice received under this Article.

ARTICLE XXIII

Territorial Application

1. Any Government may at the time of signature or acceptance of or accession to this Agreement, declare that its rights and obligations under the Agreement shall not apply in respect of all or any of the overseas territories for the foreign relations of which it is responsible.

2. With the exception of territories in respect of which declaration has been made in accordance with paragraph 1 of this Article, the rights and obligations of any Government under this Agreement shall apply in respect of all territories for the foreign relations of which that Government is responsible.

3. Any Government may, at any time after its acceptance of or accession to this Agreement, by notification to the Government of the United States of America, declare that its rights and obligations under the Agreement shall apply in respect of all or any of the territories regarding which it has made a declaration in accordance with paragraph 1 of this Article.

4. Any Government may, by giving notification of withdrawal to the Government of the United States of America, withdraw from this Agreement separately in respect of all or any of the overseas territories for whose foreign relations it is responsible.

5. The Government of the United States of America will inform all signatory and acceding Governments of any declaration or notification made under this Article.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Agreement on the dates appearing opposite their signatures.

Done at Washington, this thirteenth day of April 1953, in the English, French, and Spanish languages, all texts being equally authentic, the original to be deposited in the archives of the Government of the United States of America, which shall transmit certified copies thereof to each signatory and acceding Government.

THE SENATE

Tuesday, April 28, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE LATE QUEEN MARY

MESSAGE OF THANKS FROM HER MAJESTY QUEEN ELIZABETH

The Hon. the Speaker: I would ask honourable senators to rise.

(*Honourable senators rose and stood in their places.*)

The Hon. the Speaker: Honourable senators, I have the honour to communicate to this house the following message, signed by Her Majesty the Queen in her own hand:

WINDSOR CASTLE

Members of the Senate and of the House of Commons of Canada:

I have received with heartfelt appreciation the Address which you have presented to me.

I am sincerely grateful for your sympathy in the loss that I have sustained through the death of Her Majesty Queen Mary, my Grandmother, and I greatly value the loyal assurances which have accompanied your message.

ELIZABETH R.

14th April, 1953.

CANADA WATER CONSERVATION ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 109, an Act to authorize the grant of assistance to a province for the conservation of water resources.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (109 from the House of Commons), intituled: "An Act to authorize the grant of assistance to a province for the conservation of water resources", have in obedience to the order of reference of April 24, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: Honourable senators, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

YUKON BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 230, an Act to provide for the government of the Yukon Territory.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (230 from the House of Commons), intituled: "An Act to provide for the government of the Yukon Territory," have in obedience to the order of reference of April 27, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hayden: Honourable senators, I move the third reading now.

The motion was agreed to, the bill was read the third time, and passed.

PRAIRIE FARM ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 333, an Act to amend the Prairie Farm Assistance Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (333 from the House of Commons), intituled: "An Act to amend the Prairie Farm Assistance Act", have in obedience to the order of reference of April 24, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hayden: Honourable senators, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 336, an Act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (336 from the House of Commons), intituled: "An Act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons", have in obedience to the order of reference of April 24, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Hayden: Honourable senators, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN BROADCASTING CORPORATION

INQUIRY

On the inquiry by Hon. Mr. Reid respecting the Canadian Broadcasting Corporation:

Hon. Mr. Lambert: Honourable senators, I understand that the information requested by the honourable senator from New Westminster (Hon. Mr. Reid) will be delivered to the chamber later this afternoon. There has been some delay, the reason for which is not quite evident to me, in the production of this information; but after repeated efforts we have the assurance that the reply will be furnished today, so that I hope to be able to place it in the hands of the honourable senator from New Westminster (Hon. Mr. Reid) in the order of proceedings tomorrow.

INTERNATIONAL WHEAT AGREEMENT

RESOLUTION OF APPROVAL

Hon. Norman P. Lambert moved:

That it is expedient that the houses of parliament do approve the International Wheat Agreement opened for signature at Washington on April 13, 1953, and that this house do approve the same.

He said: Honourable senators, this resolution is a sequel of the bill to amend the Wheat Board Act which passed through this house the other day. As a matter of fact the Wheat Board Act is the legislative authority on which this agreement is based. If our practice in this respect were similar to that of the British parliament, the agreement would be carried out by the action of the crown alone; but recent practice over a brief period in this country has been to refer to us as well as to the other house all international agreements. It is really a concession to democratic procedure. As I have indicated, it is doubtful whether a similar resolution would be submitted to the British parliament for debate and ratification. There, I believe, the procedure is to table international agreements, and any member of either house who wishes to discuss any agreement may do so by resolution. Our practice is to obtain parliamentary ratification, and I mention this circumstance because the bill on which this motion is based was passed here the other day.

The agreement itself was printed as an appendix to the *Official Report of Debates of the Senate* and as an appendix to the *Minutes of the Proceedings of the Senate* on April 27. It is composed of five parts containing some twenty-three articles. I do not propose to examine these articles at length, for a good deal of the matter in them is of a technical nature. I would suggest that the subject-matter of this resolution might easily be referred to the appropriate standing committee for further study, where detailed explanations may be given to honourable senators on any of its aspects.

Article I of Part 1 of the agreement which deals with its objectives, reads:

The objectives of this agreement are to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices.

That paragraph strikes me as being a pretty fair equivalent of a phrase that was used freely in this country some twenty years ago, and which was quoted quite freely in the debates of parliament at that time. The phrase "for use and not for profit" was associated with socialistic propaganda in this country. However, I think the expression summarizes, in one sense, the cited objectives of this agreement—to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices. It is an expression which should give us some thought. I say this without advocating or criticizing the objectives of the agreement. At the same time, I think it suggests at once that the contents of this bill, and the resolution upon which it is based, present parliament with a problem that has as much to do with political philosophy as it has with economics and finances.

Part 2, dealing with rights and obligations, is rather lengthy and contains two annexes. Annex A lists the countries which are guaranteeing certain purchases under the agreement, and annex B lists the countries which are guaranteeing sales under the agreement. The administrative machinery to be used by the Council in recording the transactions, and so on, of the agreement are set forth.

Article V of Part 2, which deals with the enforcement of rights, is rather lengthy and provides for action in case of disagreement.

Article VI, relating to prices, is important because it mentions the minimum price of $1.55 and the maximum price of $2.05. Those prices, I am sure, will be the subject of some discussion here and probably of some difference of opinion. At any rate, that is the practical part of this bill.

In Part 3 are provisions for dealing with the adjustment of guaranteed quantities in relation to the amounts that are allocated to the different countries cited in annex A and annex B, about which I have spoken.

Part 4 gives the set-up of the organization relating to the administration, namely, the provision for a council composed of representatives of each exporting country and each importing country, and also the provision for a working executive committee. The provisions for disputes and complaints, and co-operation with other inter-governmental organizations, are all covered in the last clauses of Part 4.

The final provisions are in Part 5, where the conditions regarding the signature, acceptance, and entry into force of these resolutions are set forth. The first clause says:

> This agreement shall be open for signature in Washington until and including April 27, 1953, by the governments of the countries listed in annex A and annex B to article III.

That was yesterday. I am informed authoritatively that forty-one of the forty-two countries that are cited in annex A have already signed these agreements, subject to the ratification of their different countries in accordace with their respective constitutional procedure. It is also set forth that any signatory government which has not accepted this agreement by July 15, 1953, may be granted by the council an extension of time after that date for depositing its instrument of acceptance. But a limit is set to the extension that may be granted, namely, August 1, 1953. So that in the administration of this agreement, a good deal of latitude is given to the council for meeting unforseen contingencies.

Regarding the merits or demerits of this agreement, I think that a large number of those who have discussed the agreement have fastened upon the fact that the United Kingdom has not become a signatory. Britain has decided for the present at least to stand out. There is a suggestion, really a decision, on the part of the British government to decontrol their markets altogether, but that will not be done before September 15 of this year. In the meantime the imports of Great Britain are under the Cereal Division of the Department of Food Administration, and they have not yet been decontrolled.

It is only fair to state that the position of Great Britain in relation to these agreements is not so much one of objection to the form of the agreements and to the co-operative character of the organization that is being set up to serve them, as it is a position resulting from the problem of exchange, of acquiring a sufficient supply of dollars with which to see their way clearly ahead in the operations of the coming year.

Hon. Mr. Paterson: Might I ask the honourable senator a question? An article appeared in a paper recently saying that if England did not sign, Australia would not sign. Is it your understanding that Australia has signed?

Hon. Mr. Lambert: My understanding is that Australia has signed. I may say that on page 7 of the agreement as printed in the *Minutes of the Proceedings*, of which I have a copy in my hand, there is the following note:

> In the event of the provisions of article X being invoked by Australia by reason of a short crop, it will be recognized that certain markets, by virtue of their geographical position, are traditionally dependent upon Australia for the supply of their requirements of wheat grain and wheat flour. The necessity of meeting these requirements will be one of the factors to be taken into account by the council in determining the ability of Australia to deliver its guaranteed sales under this agreement in any crop-year.

So that apart altogether from the monetary situation in relation to pounds sterling, this other natural contingency affects the position of Australia. But my understanding is that all of the countries have signed this agreement with the exception of Great Britain.

As to the ratification of the agreement, there is still time for any country that has signed the agreement to refuse to go through with it.

Hon. Mr. Paterson: May I ask the honourable senator this. He referred to the crop year after the 1st of July. Is it up to the 1st of August?

Hon. Mr. Lambert: This is to operate in the new crop-year, 1953-54.

Hon. Mr. Paterson: And it also operates in relation to carry-overs?

Hon. Mr. Lambert: Oh, yes, it operates over all wheat on hand. Naturally, every country that is entering into this agreement is going to do so on the basis of merchandising all the wheat it has—new crop and carry-overs, and anything that may develop inside the next three years. The period of the agreement, of course, is for three years, as from July 31, 1953.

The question of prices, as I said, will no doubt be debated here. I am trying to present these provisions just as objectively

as I can, without expressing too much of my own personal view in regard to them. So far as the maximum price of $2.05 and the minimum price of $1.55 are concerned, I am not a prophet, nor the son of a prophet. Furthermore, I do not think it is possible to argue conclusively with anyone who asserts that he is a prophet in this matter. But in relation to the United Kingdom Wheat Agreement that we made in 1946, and which went into effect during 1947, I would point out that the prices quoted then were subject to some criticism—and in this house, too—on the ground that they were too low.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Lambert: And that the prospect was that the farmer, the producer, would not receive enough. Well, if I were going to engage in soothsaying, I certainly would not care to criticize these prices on the same ground.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Lambert: That is my personal view on the matter. What may happen over the next three of four years as a result of the workings of nature throughout these forty-one countries remains to be seen. The fact is, however, that there are forty-one countries which have placed the importing of wheat and the handling of food supplies in the hands of government agencies; and the vendor countries are also subject to government control.

The picture, as I see it, seems to be one of contrast. Under the old order of things prices were determined by the higgling of the market. When wheat was bought and sold through the exchanges we had world trade and a world price. Today most of the exchanges have been done away with, especially the machinery which enabled the buyer and seller, by use of options, to protect themselves in their transactions. They have, for the time being at least, disappeared; and in their place we have a great international exchange with forty-one member countries. The price is arrived at, not by standing up and bidding for present or future deliveries, but by the member countries meeting in conference and deciding on a price.

In these circumstances we have little choice but to fit ourselves into the jigsaw puzzle and make our contribution to the overall picture. A good many points in connection with this whole matter could be brought out in committee, and I would be quite pleased if the subject-matter of the resolution were referred to, say, our Standing Committee on Banking and Commerce.

Hon. Mr. Burchill: Would my honourable friend say whether he considers that such an agreement amounts to a combine?

Hon. Mr. Lambert: I do not think it amounts to a combine. The elements of competition that were expressed in the meetings that took place in Washington would certainly remove any suggestion that it could be regarded as a combine.

I am informed on fairly good authority that one of the major supplier countries felt very strongly that the price of wheat should have been $2.50 a bushel. Britain, of course, thought that it should have been $2, or five cents a bushel less than the agreed price. It has been quite evident over the past twelve months that Britain has been opposed to an international wheat agreement, largely because of the problem and difficulty of exchange.

Hon. W. M. Aseltine: Honourable senators, first may I say that this agreement is not at all in the nature of a combine, because of the fact that it is an agreement reached between the growers and the purchasers. There could be no such thing as a combine in business if the manufacturer and the purchaser got together and agreed on the price of a certain article.

As many honourable senators know, I have been a wheat grower since 1918. I grow a considerable quantity each year, depending on the season, and—so I have been told—I was appointed to this chamber because of being a wheat grower on quite a large scale.

I did not speak on the Canadian Wheat Board Bill when it was up for consideration a few days ago, for I preferred to reserve what I might have said then until this motion came before us.

When I commenced the growing of wheat, in 1918, I was no doubt influenced by the fact that Canada's first wheat board came into existence about that time, and it was proving very satisfactory to the western farmers; and I have ever since been more or less in favour of a wheat board. I believe that 90 per cent of the farmers of the three prairie provinces want a wheat board of some kind. The remaining 10 per cent would prefer to sell their wheat on the open market. Some 75 per cent of the 90 per cent are in favour of the wheat board having absolute power to purchase from the farmers all the wheat they grow. The remainder of the 90 per cent favour a voluntary arrangement; in other words, they want a wheat board, but they also want to be able to sell on the open market if they desire to do so.

When we considered the British Wheat Agreement of 1945-49 and the International Wheat Agreement of 1950-53, I made several speeches, and brought the attention of the

house to the fact that under those agreements the farmers whom I represent had lost a considerable sum of money.

In the first case, the farmers were depending on the "have regard to" clause contained in the British wheat agreement, and they were greatly disappointed when at the end of the five-year period that clause was not honoured. I was opposed to the British Wheat Agreement because I believed that, in view of a probable increase in the selling value of wheat, the price was not high enough. For the same reason I objected to the first International Wheat Agreement which came into being after the five-year pool, and I think I was justified by events. During the whole period from 1945 to the present time wheat has been worth considerably more than we have been paid for it.

The agreement now before us is not at all satisfactory to me. I notice that prices are to be paid in United States dollars. In Canada the American dollar is at a discount, and for that reason we shall receive less than the maximum of $2.05 per bushel. Moreover, this price is less six cents carrying charge which the growers obtained under the agreement now about to expire; so the nominal figure is reduced to $1.99. Nor is that sum net to the farmer; from it must be subtracted, so far as Saskatchewan is concerned, another 18 cents for handling charges and freight.

Hon. Mr. Lambert: That is, to Fort William.

Hon. Mr. Aseltine: To Fort William, Port Arthur and Vancouver, B.C.

Consider next the minimum price of $1.55. The loss of the six cents carrying charge and the deduction of handling charges and freight leave the farmer with a price much less than would appear on the surface.

It must also be remembered that these prices are for No. 1 wheat, but only about 25 per cent of our production reaches that grade.

Hon. Mr. Lambert: My honourable friend must admit that more than 25 per cent graded No. 1 last year.

Hon. Mr. Aseltine: If I were speaking of the Rosetown area I would concede that. But some of our local grain grades No. 2, and I have known times when considerable amounts graded No. 2 to as low as No. 5. In those years, of course, the returns were considerably less, because the lower the grade the less the grower receives for it.

In my opinion, honourable senators, the price we are to obtain under this agreement is not sufficient. Many farmers believe, and so do I, that if the Wheat Board were entrusted with the sale we would get higher returns. In that connection I refer to a letter dated April 22, 1953, issued by the Searle Grain Company Limited, which gives the following list of wheat prices as of the previous day:

	Price
Portal, North Dakota	$2.19½
North Portal, Saskatchewan	1.23
Minneapolis May Future	2.34¼
Chicago Board of Trade	2.17¾
No. 1 Northern to overseas countries, (Class II)	2.13
No. 1 Northern to Wheat Agreement countries	1.77
Canadian Eastern wheat, Montreal	2.09
To farmers at Ontario country points,	1.79

Hon. Mr. Lambert: Is the Searle Grain Company, the publisher of that bulletin, a supporter of a wheat board?

Hon. Mr. MacKinnon: No.

Hon. Mr. Aseltine: I do not think they are in favour of the Wheat Board at all. In that respect I do not agree with them. But I am citing these prices because I believe they are authentic.

My reason for supposing that the price of wheat will not decline is that a big crop in 1953 cannot be expected. From 1950 to 1952, inclusive, our crops were heavy; and during the time I have been farming, that is since 1918, I have never known of four good crops in succession. This year the ground throughout the West is very dry. There is practically no water in the low spots; hardly any rain has fallen since August of last year, and no one to whom I have spoken anticipates that this year's crop will be even an average one.

On another ground I do not think that the prices are adequate. According to the index of the Dominion Bureau of Statistics the cost of machinery and other things the farmer has to buy, related to an index figure of 100 in 1935-39, is now 216·6. On that basis the farmer is paying twice as much for his requirements as he did in the later thirties. At the same time, comparatively speaking, the $2.05 which is to be his maximum return under this agreement is worth only 94½ cents—to be exact, 94·6 cents; and the low figure of $1.55 for No. 1 wheat is the equivalent of only 71½ cents.

Honourable senators will gather that I am not enamoured of the agreement, and while I have no doubt that it will be ratified by the Canadian parliament I do not see how it can possibly succeed. In the first place, Britain is not a signatory to the agreement, and I am afraid that if we sell wheat at $2.05 to the signatory countries we shall run into trade difficulties with Britain. That country has always been our best wheat market, and I am fearful that this agreement may tend to sever our mutual trade relations, particularly with respect to wheat.

Hon. Mr. Lambert: May I ask my honourable friend if he would rather sell his wheat to Great Britain at $2.00 a bushel or receive a higher price at the cost of carrying on only a minimum of trade with that country?

Hon. Mr. Aseltine: I said earlier that one of my reasons for not favouring the agreement is that the price is too low. Like many others, I feel that the Wheat Board should be given a free hand to sell at the highest possible price. I think that answers the honourable gentleman's question. If we did not enter the agreement and the Wheat Board were given a free hand, I would not complain if it decided to sell wheat to Britain for less than $2.05 a bushel.

Hon. Mr. Lambert: Even though you think the price of wheat should be higher?

Hon. Mr. Euler: What do you think the price should be, $2.35 a bushel?

Hon. Mr. Aseltine: I entirely agree with the farmers of Alberta in this respect. Considering what is involved in growing an adequate crop of wheat, the price should be at least $2.35 a bushel.

Honourable senators, I would not ask that a vote be taken on the resolution, but as a wheat producer of some experience I wanted to place on record my reasons for not favouring this agreement.

Hon. Mr. Vien: Does the honourable gentleman feel that if Canada did not sign the agreement and the Wheat Board were given a free hand it could sell wheat at anything like $2.35 a bushel?

Hon. Mr. Aseltine: I shall answer my friend in this way. At the present time wheat is selling for $2.19½ a bushel at Portal, North Dakota, and $2.34¼ a bushel, May futures, at Minneapolis. I realize that Canada has at present a surplus of some 500 million bushels of wheat, but there is also a large surplus in the United States; yet, despite that fact, the American wheat producers are getting high prices. Is there any reason why our Canadian wheat producers could not get those prices too?

Hon. Mr. Vien: The surpluses are controlled in both countries.

Hon. Mr. Beaubien: May I ask the honourable gentleman from Rosetown (Hon. Mr. Aseltine) if he would be in favour of the agreement if the maximum price were $2.35?

Hon. Mr. Aseltine: I would not vote against it.

Hon. Mr. Beaubien: And if the price were $2.35 do you think Canada could sell more wheat to Great Britain than she could at $2.05?

Hon. Mr. Aseltine: I think $2.35 is a fair price, and I would leave it at that.

Hon. T. A. Crerar: Honourable senators, as one who has consistently opposed the principle of international agreements—not only the International Wheat Agreement, but the British Wheat Agreement—I am delighted to know that my honourable friend from Rosetown (Hon. Mr. Aseltine) is commencing to see the light and to realize the folly of these agreements.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: These agreements, of course, are no more unsound in principle today than they were seven years ago. The honourable acting leader (Hon. Mr. Lambert) made a very true observation today when he said that twenty years ago a new sort of philosophy of national well-being developed in Canada—the philosophy of production for use and not for profit. That philosophy was first launched in this country in any important way about twenty years ago, and was the basic theory and principle of socialism, and those who advocated it believed in the socialistic state. I never had any doubt that this philosophy was a delusion, but it was there. In the last seven years, in normal times, we have had an experiment in grain marketing which has been the very acme and perfection of the socialist state philosophy. The government took control and did the marketing, and the poor producer was but a mere cog in the state machine. It is interesting to observe that many of those who decried socialism, and who will go out within the next few months and decry it even more, are now willing to stand up and be counted in favour of the most socialistic experiment we have ever had in this country. Let me make it clear to this house that I am not disposed to join that happy throng.

This agreement was entered into at Washington after very protracted discussions Ten long weeks elapsed while the negotiators were endeavouring to hammer out the terms of the agreement which we have before us today. There is no doubt but that every conceivable means was employed to get as many nations as possible to sign on the dotted line.

I am not going to comment much on whether or not it is possible for the agreement to function under existing conditions. When I spoke about the extension of the Wheat Board's powers the other day, my reference to the international agreement was based wholly on newspaper reports. The fact is that only three of the major exporting countries have entered into the agreement,

namely, the United States, Australia—with some qualifications—and Canada. Canada accepts the terms of the agreement without reservation holus-bolus. France is also an exporting country that has signed the agreement, but her exports of grain are negligible. Of the importing countries, by far the largest importer in the world is Great Britain, and she has refused to sign the agreement. Her refusal was not from pique at all. As I have said in the house before, no people are shrewder than the British when it comes to buying foodstuffs: In 1946 they saw what was obvious to any well-informed person, that for several years the supplies of foodstuffs would not be sufficient wholly to meet the demands. There was what is popularly called a "seller's market", when the demand for foodstuffs exceeded the supply. It took several years to re-establish the agricultural economy of the world after the war.

We entered into, first, the British Wheat Agreement, then the International Wheat Agreement. The honourable senator from Rosetown (Hon. Mr. Aseltine) did not exaggerate when he spoke of the losses that our western producers suffered under these agreements. The farmers of Quebec and Ontario were too shrewd to get involved in agreements of this kind. While the western wheat grower was selling wheat under these agreements at a sacrifice in world markets, his counterparts in Ontario and Quebec were receiving higher, and at times much higher prices, for a grade of wheat that was not so good because of climatic and soil conditions. How anyone can stand up and raise a cheer for that sort of thing, honourable senators, is beyond my comprehension. Perhaps my comprehension is too little.

We are now entering a new phase in this marketing business. After these prolonged discussions we have a three-year agreement with a maximum price of $2.05 and a minimum price of $1.55 per bushel. One important change is made. Under the existing international agreement, which expires at the end of July this year, the importing countries paid the carrying charges of roughly 6 cents per bushel. Under this new agreement the carrying charge is put against the producer, as the honourable senator from Rosetown (Hon. Mr. Aseltine) stated. So this new maximum price is really $1.99, compared with the old maximum of $1.80.

The British have stayed out. Why? Well, I think there is a disposition in Britain at the present time to get away from all these controls. Certainly the attitude taken by the present British government appears to be to get free of controls, and so far this has not been very strongly denounced in the country; and so they say, "We will take our chance in the future on buying where we can buy most cheaply." And they have some warrant for taking that position. At the 1st of March this year, in the four major exporting countries, namely, the Argentine, Australia, Canada and the United States, the visible supplies of wheat were just about 600 million bushels more than they were in the corresponding period last year. Not only that, but in 1952, as against 1951, every continent in the world, excepting Africa, increased its wheat production. If we take bread grains production altogether—and bread grains include not only wheat but rye, and a measure of corn—the total production in 1952 in the world was 264 million short tons. That was just about 23 million tons more than it was the year before. The inevitable is happening. When prices are high, production is stimulated. That law is as old as man himself. The law of supply and demand is now commencing to operate and will continue to operate, in the absence of any upheavals of an international character in the near future. No matter what Canadian farmers may think, or what their friends in this house may think, nothing will check the operation of that age old law.

Hon. Mr. Lambert: May I interrupt the honourable senator a moment? Would he say that this greatly increased production flowing from the crops of last year, 1952-53, was the result of the law of supply and demand?

Hon. Mr. Crerar: Well, I am afraid my honourable friend did not quite clearly grasp what I had in mind. It is true that climatic conditions affect production of grain. It is true that because of the drought of the year before last the Argentine had a small crop; but last year she had a big crop. Western Canada may have a comparatively short crop this year, but Australia promises to have a big crop. Present reports indicate that the European countries will have a good yield. Overall, it is the law of supply and demand which will determine prices.

Hon. Mr. Lambert: I agree with that, but it will not determine volume.

Hon. Mr. Crerar: I was talking about volume and its effect on value. If, for instance, an agricultural implement manufacturer produces a thousand binders and can sell only five hundred, he has either to carry over the balance or cut the price.

The effect of these conditions, I repeat, is now beginning to manifest itself. Will it continue? What will happen if over the

next two or three years the volume of production increases? We faced such serious conditions once before when, in the late twenties—

Hon. Mr. Haig: 1929—

Hon. Mr. Crerar: —everyone thought that the price of grains would continue to go up. One of the factors in the decline was the tremendous production which was stimulated by the prices of those years.

Hon. Mr. Hayden: Will the honourable senator permit a question? Does he suggest that the production we have had in the past two years, which has resulted in the surplus we now have, was stimulated by the price?

Hon. Mr. Crerar: Yes.

Hon. Mr. Hayden: I understood him to complain that the price was not high enough.

Hon. Mr. Crerar: Well now, my honourable friend from Toronto has a much more acute mind than is betrayed by the question he has asked.

Some Hon. Senators: Oh, oh.

Hon. Mr. Crerar: For the sake of argument, I will admit that if over the past five or six years, the farmers of Western Canada had received full value for their wheat it probably would have further stimulated production on the prairies; nevertheless, the prices that have existed the world over undoubtedly have stimulated production, as the production figures of various countries show.

That, I repeat, is the operation of the law of supply and demand. The figures I have given are with respect to wheat production; there are also figures available on the production of other grains. For instance, the Bureau of Statistics published the fact that as of February 19 last Western Canada had in sight 46 million bushels of oats, as against 39 million at the corresponding time last year; at the same date we had 71 million bushels of barley, as against 50 million bushels a year ago; and we had 13 million bushels of rye, which is also a bread grain, against 6 million a year ago.

The inference to be drawn from these figures is that stocks are accumulating. In the face of the facts in Canada and elsewhere I can quite understand why the British do not want to sign an agreement—and no one can blame them for not wanting to sign—if they think they may be able to buy their food requirements more cheaply by staying out of the agreement.

I feel I am trespassing on the patience of the house, but there is another point I should like to mention. I would draw the attention of the house to the fact that Congress has not yet ratified the agreement on behalf of the United States. And if Congress refuses what happens to the agreement? But assuming Congress does ratify it, what then is to be our policy of selling to Great Britain? Traditionally, Britain has always been our best customer. I for one express the hope that when dealing under this agreement, after August 1, no handicap will be placed upon Great Britain.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Crerar: From the inception of the wheat pools all the wheat produced in Western Canada that was handled by them was marketed through the Co-Operative Wheat Producers Limited—and this was a very substantial volume.

Hon. Mr. Davies: May I be permitted to ask a question? Where is Great Britain to buy wheat cheaper if some forty governments have agreed on a set price?

Hon. Mr. Crerar: They may have to buy some from us. Perhaps what I am about to say will answer the question.

The purpose of the pools was to get as high a price as possible. No one could blame them for that. But, rightly or wrongly, Great Britain developed the impression that Canada was trying to hold her up on the price of wheat, with the result that Canadian wheat in the grist of the British miller was steadily reduced. My recollection is that some mills discontinued using Canadian wheat altogether. Sales of Canadian wheat were thereby substantially curtailed. After 1935 Canada spent a good many thousands of dollars trying to recapture the British market, and finally succeeded in getting it back.

The moral of all this is that in the future we should take no chances of risking the loss of the British wheat market. I have read some comments in the odd farm journal of Western Canada to the effect that the producers are rather annoyed with Great Britain for her refusal to sign. There should be no thought of reprisals against her. No such policy could be more ill advised. Patience is required to work this problem out. Whether or not this agreement lives out its full term, I hope that when it is concluded we shall have seen the last of such marketing devices. I also hope that this great socialistic adventure in which we have indulged ourselves for the past seven years will then become nothing but an unhappy memory.

Hon. Mr. Barbour: I should like to ask the honourable senator a question. Does he think that the maximum price for wheat fixed by the agreement is too high, and if so by how much?

Hon. Mr. Crerar: It is impossible to answer that question. Potatoes, and perhaps eggs, are important farm products in my honourable friend's province. Is the price of eggs too high, and if so, how much too high? And does the price depend on the supply of them and the demand there is for them? One cannot presume to say that a price is too high until it is established in the market place; then the seller knows he is getting the value, reflected in the market price. It is a mistake to suppose that the farmers will necessarily get $2.05 for their wheat over the next three years. That is the maximum under this agreement. If supplies continue to pile up, prices will decline, and if they fall below $1.55 a bushel, I expect to see some of these countries abandon their agreements.

Hon. Mr. Euler: Does my honourable friend not think that the fact that the United States, the biggest of the exporting countries, wanted a price of at least $2.05, was the determining factor in the fixing of the price at that figure?

Hon. Mr. Lambert: They wanted more than that.

Hon. Mr. Crerar: My information is limited to sources available to everyone else. But there is an impression, which I think is correct, that Canada would have been willing to take $2 per bushel but the United States delegates refused to come down, giving as a reason that they could not persuade Congress to accept less, and that they might have difficulty in getting Congressional approval of a $2.05 maximum.

Hon. Mr. Lambert: The agreement before us applies, of course, to next summer. Is it not true that at the present time we are and for some time past have been selling wheat for export at $2, $2.05 and upwards?

Hon. Mr. Crerar: That is, outside the wheat agreement?

Hon. Mr. Lambert: No, through the Wheat Board. They have been selling a great deal of wheat at these maximum prices; at least that is my information. While my honourable friend is answering that question, would he elucidate a little what he meant by his reference to the placing of handicaps in connection with our dealings with Great Britain? I think he should make his meaning clear.

Hon. Mr. Crerar: I will put it this way: under the wheat agreement which will terminate on July 31 this year the maximum price has obtained throughout the whole period. That maximum was $1.80 in United States funds. When our dollar in comparison with the American dollar was at a considerable discount our farmers received, if my memory is correct, up to $1.98 in Canadian funds. When our dollar went to a premium over the United States dollar the price our farmers received declined below $1.80 through the operation of the exchange rate. That occurred under the terms of the existing agreement. But outside of that, the Wheat Board sold as Class 2 wheat probably one-third of the wheat produced in the Prairie provinces. Class 2 wheat is simply a term used to mark the distinction between wheat sold under the agreement and wheat sold outside the agreement. I have not looked up the Class 2 prices over the last few days, but I believe they were cited by the honourable senator from Ottawa (Hon. Mr. Lambert), and they are still some twelve or fourteen or fifteen cents above the wheat agreement figure. That is, we are still selling to countries outside the wheat agreement at higher prices than are being paid by countries signatory to the agreement.

Hon. Mr. Haig: Or if those countries needed more wheat than their quota, they would pay a higher price.

Hon. Mr. Crerar: Yes. If Britain required more wheat than the maximum to be provided under the agreement she had to pay a higher price for it. I hope that answers the question.

Hon. R. B. Horner: Honourable senators, I shall speak briefly, at the risk of repeating something which has been said, and in the hope of being able to interject some new thoughts in connection with this motion. I regret that the honourable acting leader of the government (Hon. Mr. Lambert) made the remark he did about production for use and not for profit. What we in Canada are asking for is the chance to produce wheat at a profit. I fail to see anything socialistic in that. The discussion has given the honourable senator from Churchill (Hon. Mr. Crerar) an opportunity to depict himself as the outstanding exponent of individual enterprise and liberty and all that sort of thing. This attitude of his sometimes amuses me. I would like to remind him that the people who claim they landed the government he supports in the position it is in today insist that there is but one more hurdle to jump before their aims are achieved: that is the enactment of national health insurance, to which, they claim, the government has pledged itself. Already, through the pressure of my honourable friend's supporters, a nation-wide system of pensions is on the statute books. But why the honourable senator should imagine that a further advance along socialistic lines would be advocated by the group on this side, I cannot understand.

I was amazed when the honourable senator from Northumberland (Hon. Mr. Burchill) likened this agreement to a combine, although if what he had in mind was that Canada's asking price for surplus wheat was arrived at in conjunction with the United States, and in a sense, in opposition to Britain, our main purchaser, I suppose he is right. But I do not agree that the wheat producer is making any undue profit.

I can tell the honourable senator from Churchill (Hon. Mr. Crerar) what has caused the rise in the production of wheat in Western Canada. It is—and no person acquainted with the facts can deny it—the invention and introduction of the weed spray, the system of spraying crops to kill the weeds. No development in the past several years has done more to enlarge wheat production on the prairies. In the days before wheat was sprayed the farmer had to kill the weeds, otherwise he had to summer-fallow every other year. If he attempted to grow wheat without killing the weeds it would prove an unprofitable business. The use of the weed spray has done more than anything else to increase the production of wheat in the last few years, and nowadays a farmer is sometimes able to grow a good crop even in the third year.

Honourable senators, it is true that I was opposed to the original wheat agreement, because I considered the price was too low. At that time a great deal was said about the "have regard to" clause, but the only thing our farmers received from Britain for fulfilling their obligation was: "Thank you. We have carried on a satisfactory business with you, but don't forget that we have purchased bacon and a lot of other goods from you."

Hon. Mr. Euler: Did the farmers not get $65 million from the government?

Hon. Mr. Horner: That was a mere pittance.

I am a little alarmed at this time. Britain's long years of experience in purchasing food for her large population—I think she has become the world's greatest importer of foodstuffs—enabled her to save millions of dollars under the British Wheat Agreement of 1946-47 and the original International Wheat Agreement. She negotiated wonderful bargains for herself and I am just afraid that—

Hon. Mr. Aseltine: She might be right again.

Hon. Mr. Horner: Yes. Britain was right before and she might be right again. The people of Western Canada realize they suffered a loss under those agreements, and they feel that all Canadians should have shared in those losses. But, because Britain is an important market for our agricultural products, the farmers of Western Canada are not opposed to the agreement now under discussion. Personally, I would have accepted Britain's offer under any circumstances. I hope that the Canadian government will still make every effort to induce Britain to sign the agreement, but I rather imagine that our government is being discouraged from doing this by our neighbours to the south. I may be wrong, but I heard something to the effect that the United States had made some sort of a threat to Great Britain to prevent her from attempting to negotiate a Commonwealth agreement. Therefore, it may not be possible to lower the minimum price under this agreement below the minimum price being asked for by the United States. In any event, it may be rather premature at this time to be concerned about this, because Congress has not even ratified the agreement yet.

The honourable senator from Churchill (Hon. Mr. Crerar) said that the wheat producer has been a mere cog in a state machine during the past seven years. I should like to know how he has always regarded the farmer. I have been growing wheat in Western Canada since 1907, and I know that long before the Wheat Board was established I had no control or say as to the grading or pricing of my wheat. It has never seemed to me that the farmer has been anything but a cog in a machine.

The honourable gentleman from Rosetown (Hon. Mr. Aseltine) lives in a wheat-producing community. In my district, which is some 150 miles distant from his, some farmers raise horses, others raise cattle, and still others cultivate small garden farms. But out West we all know what it costs to grow wheat and we have a pretty good idea what it should sell for. In the East, however, most people are unfamiliar with wheat prices, and when they hear a certain figure quoted they say, "That sounds like a lot of money".

I believe the honourable senator from Rosetown was away out when he said that 25 per cent of the wheat in Western Canada graded No. 1. I doubt if there ever was a year when it did. Whenever there is plenty of wheat to market, the grade is invariably lowered. A grain elevator official admitted to me that wheat graded No. 3 is really No. 2 wheat. I can understand this, for it gives the Wheat Board a great advantage in selling wheat and it results in our wheat being highly regarded and favoured in competition with wheat from other countries. We are selling wonderful wheat graded No. 3 and really good milling wheat graded No. 4. When freight costs and other expenses are added up, the Western farmer will only be getting a little more than a dollar a bushel for his

wheat, so there should be no fear of overproduction because of the price that is being offered under this agreement.

Honourable senators, this agreement may not be all that we would like it to be, but generally speaking I think it will be a good thing. It will assure our farmers a set price for a certain portion of their wheat over the next three years. Freight rates have increased steadily, and right now there is a demand for still a further increase. The cost of shipping wheat on the Great Lakes is about four times what it was when I first started growing wheat. All things considered, the wheat producers are in a rather difficult position. Let me repeat that I hope nothing will be left undone by our government to get Britain to sign this agreement, for I feel it would be in the best interest of Canada's wheat and other trade with that country.

We are all desirous of having peace with Russia. Britain needs dollars badly, and as she needs to buy food where she can get it cheapest, what is to stop her from making a wheat agreement with Russia, one of the world's largest producers of wheat? Just a year ago last fall I was shown some Russian oats at a mill in Ireland. They were a good quality of oats, and if Great Britain was buying oats from Russia then there is every possibility of her buying wheat from Russia now.

Many farmers in western Canada might, at first glance, be disappointed with the price but I think they would feel quite satisfied with the agreement, even at $2. For my part, I would say go ahead.

Hon. Mr. Reid: Honourable senators, I had in mind this afternoon directing two questions to the leader of the government. Perhaps the second question can be answered by honourable senators experienced in the growing and selling of wheat. I have listened for some twenty years to discussions about wheat. No subject has been more thoroughly discussed. I remember that at one session, particularly, wheat was the topic of discussion for three weeks in the other house. We called it the "Wheat, Wheat, Wheat Session."

The question I wish to ask particularly is this: What is the cost of producing a bushel of wheat? In the province of British Columbia we can tell you exactly what it cost to produce a dozen eggs, a ton of potatoes, or a gallon of milk. In my province, the farmer knows the cost of what he sells and also the price at which he must sell to derive a margin of profit to live on. So I would like to know if it has ever been worked out just what it costs a farmer on the prairie to produce a bushel of wheat. If that were known, we would be in a position to judge whether $2.05 is a fair price or not, apart entirely from the existing price in the markets of the world. As a buyer of wheat, I am particularly interested to know what it costs the farmer to produce a bushel of wheat.

Hon. Mr. Horner: You do not grow wheat in a building; it is grown outside. You can determine the cost of production of eggs, because they are produced in buildings and are not subject to the varying conditions under which wheat is grown and produced over a period of years.

Hon. Mr. Reid: I have never heard of potatoes, for instance, being grown in a building, or milk either. Every year I see hundreds of farmers coming from the prairies, and they are living the "life of Riley". I am not speaking of the men who keep livestock, but simply of those who grow wheat. Goodness knows we are paying plenty for the wheat we buy in British Columbia. Burnt wheat is being sold through the Wheat Board to the poultry breeders in my province for $55 a ton. I would like to know what the farmers are now getting from the Wheat Board for that wheat which in times past used to be discarded.

Another question I would like to ask is this: Can Great Britain buy wheat from other countries outside of this agreement? That is important. If she cannot, of course, she will have to come to Canada.

Hon. Mr. Haig: She can buy wheat where she likes.

Hon. Mr. Reid: Are other countries, such as Argentina, able to supply it?

Hon. Mr. Haig: Both the Argentine and Russia can.

Hon. Mr. Reid: If they do, that will be a serious matter for us.

Hon. Mr. Lambert: I think none of the signatories to this agreement would be permitted to sell wheat to Great Britain at less than the set price; but she is quite free to buy wheat from Russia, the Argentine, or any other country that is not included in this list. In years past, even when the British Wheat Agreement existed, Britain was buying outside. As a matter of fact, she paid more than the Canadian price.

Hon. Mr. Reid: What is your answer to my first question—the cost of growing a bushel of wheat?

Hon. Mr. Lambert: I know that for the last forty years, at any rate, attempts have been made to assess the cost of producing a bushel of wheat. An average figure has never been

accepted because of the widely variable conditions in the growing and producing of wheat. The yield of wheat in one district would vary so much from that in another that it was impossible to reach a fair conclusion as to the average cost of producing a bushel. And I do not think anyone can state what it is today.

Hon. Mr. Horner: If you were to start with Manitoba, go across the three prairie provinces and ask every farmer on each side of the road along the way, they might all give you an honest answer, but no two answers would be alike.

Hon. Mr. Reid: Would it be fair to assume that a farmer having a fair sized acreage of land and a good crop would obtain a good profit from $2.05 per bushel?

Hon. Mr. Lambert: I would like the honourable senator from Blaine Lake (Hon. Mr. Horner) to answer that question. But I suppose we can take it that wheat would not be grown if it did not yield a profit.

Hon. Mr. Paterson: Honourable senators, I would like to give a little information on a question which was raised by the honourable senator from Rosetown (Hon. Mr. Aseltine).

There were 249,000 cars inspected of the 1951-52 crop; 32 per cent were contract grade. Contract grade includes No. 1 Hard, No. 1 Northern, No. 2 Northern and No. 3 Northern. I have not got them separated, but the inspections passed Winnipeg were 26 per cent, contract; Calgary, 46 per cent, contract; Moose Jaw, 39 per cent, contract; Saskatoon, 34 per cent, contract; and Medicine Hat, 58 per cent, contract—it was mostly milling wheat that was diverted there. But of the total, 249,000 cars, 32 per cent were contract.

Hon. Mr. Horner: And contract includes Nos. 2 and 3 Northern?

Hon. Mr. Paterson: No. 1 Hard, and Nos. 1, 2 and 3 Northern.

Hon. Mr. Haig: Did I understand the acting leader (Hon. Mr. Lambert) to say that if Canada delivers the grain under the contract she cannot sell the surplus as she likes?

Hon. Mr. Lambert: We are bound by the terms of this agreement.

Hon. Mr. Haig: We are bound to deliver 250 million bushels under the agreement.

Hon. Mr. Lambert: If 250 million bushels were sold in accordance with this agreement, I should think any surplus could be disposed of anywhere.

Hon. Mr. Haig: I am not going to enter into the discussion at length, because my honourable associate from Rosetown (Hon. Mr. Aseltine) and the honourable member from Blaine Lake (Hon. Mr. Horner) have clearly stated the position of our party. I am delighted with the remarks of the honourable member from Churchill (Hon. Mr. Crerar), and I agree with everything he has said. He was absolutely right, and there is no answer to his argument at all. But what troubles me particularly is this: the British government apparently thinks the price of grain is going to be less than $2.05 per bushel. It may be right or wrong. Now, perhaps I shall be all alone in what I am about to say. My personal opinion is that we ought to sell to Great Britain all the wheat she needs after we have delivered the 250 million bushels which we have contracted to deliver. My reason for thinking so is that we now have more than 600 million bushels of wheat in sight in Canada. I would ask the honourable senator from Thunder Bay (Hon. Mr. Paterson) if my figure is right.

Hon. Mr. Paterson: Absolutely.

Hon. Mr. Haig: With that much wheat in sight, we should sell to Great Britain, if she is willing to buy, at less than $2.05 a bushel. The senator for Edmonton (Hon. Mr. MacKinnon) may say, "It is not your wheat you are selling, it is my wheat; and why should you tell me the price to sell at?" I am reminded that during the operation of the British Wheat Agreement he sold his wheat at prices away below the market price; in fact, the Government of Canada forced him to sell his wheat for domestic use at 75 cents a bushel.

We in Canada are all beholden to our primary producers. No matter how much we talk about industry and other things, without minerals, pulpwood, fish, grain and other farm produce we would have very little to trade. The operations of, for instance, the Hudson Bay Mining and Smelting Company at Flin Flon may be called an industry, but they are simply the taking of the mineral out of the ground, refining it and selling it. The mineral is somewhat in the same category as pulpwood—it is a primary product.

The economy of Canada's primary producers is more dependent on the markets of Great Britain than of any other nation. Although in many ways I admire the United States, I believe that country is on the verge of a new trade policy. The moment the importation of Canadian products threatens to reduce prices of home-grown commodities over there Congress will bar further importation.

Hon. Mr. Reid: Are we not doing the same thing?

Hon. Mr. Haig: We may have to do it, but we are not now doing it. Of course, our imports from the United States far exceed their imports from us. My friend from New Westminster (Hon. Mr. Reid) would like to sell to the United States the products of his province, such as fish, lumber and fruit —and aluminum, when it is available; and we in the Prairie provinces would like to sell them our grain, hogs and cattle. But I would point out that Canadian producers can only hope to sell in the United States under conditions favourable to that country. On the other hand, so long as Great Britain remains a nation she will have to buy her primary products abroad, and we cannot afford to lose her markets.

Perhaps what I am about to say should not be said. I feel that we have something to fear from Russia. That country has a control over her primary producers that is not to be compared with that of any other country. If Russia thought for a moment that she could hamper Canada's 14 million people by selling primary products to Great Britain at prices that caused her own people to starve, she would not hesitate to do so. I do not know whether my friend from New Westminster (Hon. Mr. Reid) thinks he pays too much for his wheat, but I would point out to him that the British market for his fruit, fish and lumber will be cut off if Russia decides to cut prices and supply that market. Indeed, if I were the leader of the Russian people and believed in the Soviet philosophy, I would look for a market for my primary products in Britain. Britain would not have to pay Russia in gold or American dollars, but could return manufactured goods which the Russian people need.

I honestly believe that in the negotiation of this agreement our people should have held out for a maximum price of $2 per bushel. A difference of five cents is not enough to cause us to risk the loss of the British trade. Undoubtedly our negotiators were influenced by the representatives from the United States. One need only read what *Time* magazine—a publication which is favourable to the present United States administration—had to say about the head of the Department of Agriculture in that country, to realize that he would be the first man to throw up a tariff against our primary products in order to avoid any threat to home-grown products.

As I see it, this agreement fails to hold the British market for the Canadian grain producer. I am not sure that I share the opinion expressed by the honourable senator from Churchill (Hon. Mr. Crerar) that the British in their shrewdness may make a deal that will cause the market to slip downwards.

We have in this house some very able lawyers, and I put to them the question: How are we going to make Austria take her 6 million bushels of wheat if she does not want to take it, and particularly if she can buy it cheaper from her next-door neighbour? True, the Right Honourable Mr. Howe, speaking in the other place, said that no country has to take wheat at $2.05 a bushel, that the agreement permits the price to be reduced to $1.55. But how can you make any country take its share under the agreement if it has not got the money to pay for it? Are we going to march in our armies and force a country to live up to the agreement?

Hon. Mr. Lambert: I assume my honourable friend has studied the terms of the agreement. In the latter articles there is ample provision for adjustment and the working out of such problems as he mentions. No country need violate the terms of the agreement.

Hon. Mr. Haig: But if the price falls below the minimum figure you cannot make a country take its share.

Hon. Mr. Lambert: Any country is free to withdraw from the agreement.

Hon. Mr. Haig: That is one of the disadvantages of the agreement. My main objection to it is that we in the prairie provinces are threatened with the loss of the British market, an outlet that is vital to our economy. I say to the people of Ontario, Quebec, and British Columbia—the three great manufacturing provinces in Canada—that if they lose the retail trade of the Prairie provinces they will find the going pretty tough. Every year that we have a big crop central Canada and British Columbia benefit by it; therefore, they should stand by us and help us to hold the British market.

Hon. Thomas Vien: Honourable senators, the importance of the subject before us is such that the house will perhaps allow me two or three minutes to give the point of view of a layman from Eastern Canada.

I do not think I exaggerate the position when I say that the wheat marketing problem has been developing over the past thirty years. In that time I have listened patiently to many debates on the subject, and despite my efforts to comprehend the issues I still find them confusing. I do not suppose that the arguments which have been offered this afternoon have dispelled the confusion, because on both sides of the house men of great ability, men engaged in this particular business and with a wide knowledge of it, have shown much divergence of opinion on the question before us.

I would like to say, and I think I speak for the great majority of the people of Ontario and Quebec, as well as the Maritime provinces, that we highly appreciate the value of grain and grain products to the economy of this country. If the three Western provinces grow five or six hundred million bushels of wheat of a value up to $2 a bushel, it means that one product of our soil contributes more than a billion dollars a year to the national economy, and the returns from this production are spread through all the economic arteries of the country. We know that the prosperity of the rest of Canada depends largely on the prosperity of the grain grower.

I agree with the honourable senator from Churchill (Hon. Mr. Crerar) that, as we emerge from the difficult post-war years and some of the formidable problems which confront the world are being solved or are in process of solution, we should revert to conditions under which individual enterprise will be encouraged to the full and all goods and services will find their own levels of value. I do not favour an internal policy which has as its aim the protection of every man from the cradle to the grave,—as the saying is, "from the womb to the tomb". I would do everything in my power to have the country governed by laws which will encourage individual initiative, not those that would have the effect of putting a milk bottle to the mouth of every person who cries for it.

As to the matter which is now before us, we find, in the first place, that 90 per cent of those who are engaged in growing grain were in favour of the British Wheat Agreement and are now in favour of this international agreement. To myself and others who are not directly engaged in the growing and marketing of grain, I put the question: Who are we, that we should try to set aside the judgment of those whose main interests are at stake? I listened this afternoon to the arguments presented in behalf of the 90 per cent of grain growers who favour this agreement, as they favoured the one which it will supersede, and if I grasped clearly the general tenor of the reasons which have motivated the government in this matter, they amount to this, that at a time like the present an attempt must be made to secure a market which will provide the highest price for what we have to sell. That is the natural and reasonable basis of any attempt to find markets. At the same time the growers desire to be protected against possible fluctuations of market prices; and the first agreement with Britain and the first international agreement was submitted to us and recommended for our acceptance on that basis—namely, that 90 per cent of the people interested in this business would sooner have a rather lower price, with a floor under which it can never fall, than the possibility of a greater maximum, with insecurity.

If I have understood properly the reasons that have been put forward, this was the main argument in support of the project which parliament has approved. I accept it the more readily since such an overwhelming majority of those engaged in this particular business favours the agreement. While admittedly it is a matter for speculation, can anyone be sure, although at this time we are confronted with increasing markets and good prices, that after a year or two the floor price may not become operative? I was in the House of Commons in 1920, during what has been called the aftermath of the First World War, and I recall that the price of grain fell from between two and three dollars per bushel to $1.15. I was sitting in the house when the report of the committee on the reinstatement of the Crowsnest Pass Agreement on grain freight rates was discussed, and I was wholly in favour of the agreement, because what the farmer had to pay was still a top-notch price but the value of what he had to sell had fallen very rapidly.

We must learn from experience for history repeats itself. Is there any assurance that the price of wheat can be maintained? I do not believe anybody would say so. At this moment there is a superabundance of wheat in the world; and, as has been so aptly said, the rules of supply and demand have always governed a free market. Those who are primarily interested in growing grain have come to their decision after carefully considering what they may lose as a result of not selling their wheat at the maximum, compared with what may result if the price of wheat should fall as far and as fast as it did in 1920.

Honourable senators, I am desirous of doing what is right and, in the light of everything we know and everything that has been said today, I am in favour of ratifying this agreement. Although it would have been advantageous to have had an agreement which included Britain as a party, I think this agreement will be better than none at all. If 90 per cent of those engaged in wheat production are in favour of the agreement,

I believe it would be unwise for those not engaged in it to vote against the ratification of this agreement. I therefore support the motion.

The Hon. the Speaker: Honourable senators, before putting the question I feel it is my duty to point out that during the interesting debate just concluded some of the cardinal rules of parliamentary debate have been broken, even by old parliamentarians. First of all, no honourable senator should interrupt another unless given permission to do so, and the interruption must be only for the purpose of asking a question and not for making a statement. Secondly, no question may be put to an honourable senator who has taken his seat and after another honourable member has risen to take part in the debate. I think it is important to remind honourable senators of these rules, otherwise we may be proceeding as though we were in Committee of the Whole.

The question, honourable senators, is on the motion of Hon. Mr. Lambert for the adoption of the resolution. Is it your pleasure to adopt the motion?

The motion was agreed to, and the resolution was adopted.

Hon. Mr. Lambert: Honourable senators, I move that the subject-matter of the resolution be referred to the Standing Committee on Banking and Commerce for further study.

Hon. Mr. Haig: I am not objecting to the motion of the acting leader, but I do not think it is necessary to send this to committee. There is no demand for it.

Hon. Mr. Hayden: I do not see any need for it.

Hon. Mr. Lambert: I moved that the subject-matter of the resolution be referred to committee because certain suggestions were made to me, and I would rather lean in that direction than in the other. I am in the hands of honourable senators.

The Hon. the Speaker: If no one insists that the subject-matter be referred to committee I would ask honourable senators to give the acting leader of the government (Hon. Mr. Lambert) permission to withdraw his motion.

Hon. Mr. Lambert: Then I ask for permission to withdraw the motion.

Some Hon. Senators: Agreed.

The Hon. the Speaker: The motion for reference of the subject-matter to a committee is withdrawn.

RADIO BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill 337, an Act to amend the Radio Act, 1938.

He said: Honourable members, the principal purpose of this bill is to provide for the cancellation of the radio licence fee, which has been an annoying and irritating sort of levy on those who own and operate radio receiving sets in Canada. This cancellation is to be brought about by deleting from the Radio Act any reference to private radio receiving stations and sets, and by repealing the power given the Governor in Council which has enabled him to regulate and provide for licence fees. Several other amendments have also been introduced in this bill.

I think the most important amendment is to be found in section 1, which provides that a private receiving station operated for gain is defined as a commercial broadcasting receiving station. That is a commercial subscription type of station or system which sends out sound and television programs to various receiving sets on a charge basis. It is felt that this type of gainful operation should be subject to licensing requirements. The effect of the new subparagraph (bb), which sets out the definition of a commercial broadcasting receiving station, and the new paragraph (j), which defines a radio station, is to give authority by which a licence fee can be charged for that type of operation.

Section 2 of the bill re-enacts as new paragraph (b) of subsection (1) of section 3 of the Radio Act section 23 (1) of the Canadain Broadcasting Act, 1936, which was repealed in the second session of parliament in 1951. The repeal of section 23 has not been proclaimed to be in force pending the transfer of this section to the Radio Act, where it is felt it should be; and until such time as it is put into the Radio Act it is to be kept in force in the Canadian Broadcasting Act, 1936. The new paragraph (b) authorizes the Governor in Council to make regulations prohibiting or regulating the sale or use of any machinery, apparatus or equipment causing or liable to cause interference to radio reception.

Section 3 of the bill repeals a section of the Radio Act which provided that the minister could make regulations prescribing that no radio receiving set or radio apparatus for installation or use as, or in, a private receiving station may be sold, repaired or

maintained by any person until a licence is first obtained for such station.

Section 4 of the bill amends section 5 of the Radio Act by deleting the reference to private radio receiving stations, and it clarifies what is meant by radio apparatus.

Sections 5 and 6 of the Radio Act are also amended by deleting the reference to private receiving stations.

Section 7 of the bill simply provides for the coming into force date, which is the 31st day of March, 1953.

The purpose of Part II of the bill is simply to amend the new Revised Statutes, which are now in the act of preparation.

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

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 29, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NATIONAL HOUSING BILL

FIRST READING

A message was received from the House of Commons with Bill 339, an Act to amend the National Housing Act, 1944.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Next sitting.

EXCISE TAX BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

A message was received from the House of Commons acquainting the Senate that they have agreed to the amendments made by the Senate to Bill 225, an Act to amend the Excise Tax Act, without any amendment.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 363, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System during the calendar year 1953, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Next sitting.

CANADA SHIPPING BILL

REPORT OF COMMITTEE ON COMMONS AMENDMENTS

Hon. W. D. Euler presented the report of the Standing Committee on Transport and Communications on the amendments made by the House of Commons to Bill D-7, an Act to amend the Canada Shipping Act, 1934.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Transport and Communications, to whom was referred the amendments made by the House of Commons to the Bill (D-7), intituled: "An Act to amend the Canada Shipping Act, 1934", have in obedience to the order of reference of 24th April, 1953, examined the said amendments, and now beg leave to report the same, without any amendment.

COMMONS AMENDMENTS CONCURRED IN

The Hon. the Speaker: Honourable senators when shall this report be considered?

Hon. Mr. Lambert: I now move that these amendments be concurred in.

The motion was agreed to.

INTERNAL ECONOMY AND STAFF OF THE SENATE

REPORTS OF COMMITTEE

Hon. Norman McL. Paterson presented the ninth, tenth, eleventh, twelfth, thirteenth and fourteenth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The reports were severally read by the Clerk Assistant.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Paterson: Next sitting.

SALACIOUS AND INDECENT LITERATURE

REPORT OF COMMITTEE

Hon. John C. Davis presented the report of the Special Committee appointed to inquire into the sale and distribution of salacious and indecent literature in Canada, as follows:

The Special Committee appointed to investigate the sale and distribution of salacious and indecent literature in Canada, have in obedience to the order of reference of December 8, 1952, examined into the circumstances and conditions relating to the sale and distribution of such literature, and now beg leave to report as follows:

It is deeply regretted that the late Honourable J. J. Hayes Doone will not append his name to this report. The initiation of this effort was his. He, along with a Special Committee, was responsible for an immense amount of work, executed over two sessions of parliament. He called together innumerable representatives from communities from one coast to the other, from which was derived a cross section of opinion on the subject of

our investigation. Too high a tribute cannot be paid in this report to the late Senator Doone, and the efforts he made in pursuing this work.

The terms of reference of this committee are as follows:

"That a special committee of the Senate be appointed, authorized, and directed to examine into all phases, circumstances and conditions relating to the sale and distribution in Canada of—

1. Salacious and indecent literature;

2. Publications otherwise objectionable from the standpoint of crime promotion, including crime comics, treasonable and perversive tracts and periodicals;

3. Lewd drawings, pictures, photographs and articles whether offered as art or otherwise presented for circulation.

That without limiting the scope of its inquiry, the committee be authorized and directed to examine into—

(a) Sources of supply of the above noted items;

(b) Means and extent of distribution thereof;

(c) Relative departmental responsibility for entry or transmission;

(d) Sufficiency of existing legislation to define terms in relation thereto;

(e) Relative responsibility for law enforcement and effective legal measures of dealing with this problem.

That the committee have the power to send for persons, papers and records, and to secure such services and assistance as may be necessary for the proper prosecution of its inquiries.

That the said committee shall report its findings to this house."

The problem

Under the above terms of reference, only circumstances and conditions relating to the sale and distribution in Canada of salacious and indecent literature have been investigated, with due allowance to its effect on high school and early university students, along with some investigation of the sources of supply, means of extensive distribution thereof (relative to parliament's responsibility for its entry and especially in regard to existing legislation relating thereto), and the relative responsibility for law enforcement and effective legal measures dealing with the provinces. The following are the findings:

This problem is not isolated to Canada; in fact, it is world-wide in scope and has been in existence for a great many years. A similar committee in the United States has reported to the House of Representatives. The League of Nations had an organization which inquired into this type of literature in connection with the white slave trade. But for the past few years, owing to a new and very popular type of presentation and the extension of distributing agencies, this type of literature has flooded Canada from one ocean to the other. It comes in many forms: the soft-covered book, selling at a small price; numerous periodicals and magazines; and a more recently threatened immense influx of the digest type of sex literature.

This literature originates, directly or indirectly, in the United States, with about ten per cent in Canada. Its method of production is either through direct importation, in carload or truck-load shipments, or the introduction of plates of such questionable works for reprinting and distribution in Canada.

The distribution is very efficient, effective and economical. Numerous publishers, with representatives in Canada, have contacts with about fifty-four different distributing agencies occupying geographical franchises. So efficient is this operation, that it is only a matter of a few days after these books land in Canada on the floors of the distributing agencies, or from the printers in Canada, before they appear on the display stands throughout our country.

A word about the display stands. When our Canadian literature was limited to the hard-covered books, with the salacious and sexual type the exception, 200 books stores could be policed by the available force without difficulty, Now that modern mass production and distribution has come into effect, with at least 9,000 outlets in Canada, and in spite of a probable instantaneous shock to Canadian public, it has been handled in a rapid and efficient manner and is now firmly established.

To this problem (which as stated is world wide in scope and an immediate threat from the United States) our committee, in the short time of its existence, has addressed itself as far as it concerns Canada and its effect on the Canadian juvenile mind and conscience. We propose to divide our report into four parts, under the headings:

Post Office Department;

Department of National Revenue, Customs and Excise Division;

Present Legislation;

An Appeal to All Canadians.

Post Office Department

This salacious material comes into Canada through the Post Office Department, but in a very minor degree. The Post Office Department mail is divided into categories "1", "2" and "3". If this literature comes in in bulk under either category "2" or "3" and if there is reason to suspect that it is of a salacious or indecent nature, it is referred to the Customs Division, along with other parcels of the same category, for examination and treatment. If plates or mats for books come into the hands of the Post Office Department, these in turn are referred to the Customs Division for their decision.

If the material comes under class "1", at letter rate, and there is reason to suspect it, the recipient is called to the office and requested to open same in the presence of officials. He does this voluntarily, but if he should refuse to allow this examination, the material is taken and put in the Dead Letter Office, and returned to the sender in the other country, marked "Undeliverable".

Department of National Revenue, Customs and Excise Division.

The whole import question finally ends up in the hands of the Customs and Excise Division for decision. Imports mainly come through in either carload lots or by truck, or in less than carload lots, or in book plates for reprinting, to the extent at the present time of 2,500 titles per year for the soft-covered books, with a threat of an enormous increase presently if nothing is done about the situation; with a similar entry, or attempted entry, of quantities of magazines which are monthly growing more and more vicious and "colourful" in content and exhibition.

As mentioned above, when there were only a couple of hundred titles produced a year, it was a very simple matter to police the whole situation, including the magazine field, and a few girls, with a Head in the Customs and Excise Division, were apparently quite sufficient to keep this matter in shape or battered down. But, with the immense influx of a total of about 3,000 titles of books, magazines and periodicals per year, with an impending increase of a much larger number, the present facilities and machinery of the Customs and Excise Division appear to be absolutely inadequate to handle the situation or police this field.

The Customs and Excise Division operates under Item No. 1201, Schedule "C", of the Customs Tariff. This item has been in the Customs Tariff since 1867, with amendments in 1868 and 1879, and is still in force, reading as follows: "Books, printed paper, drawings, paintings, prints, photographs or representations of any kind of a treasonable or seditious or of an immoral or indecent character."

Apparently this section of the Customs Tariff has been sufficient in its operation up to a comparatively recent time; but the immense flood of literature coming in at all the various ports of Canada, subject to the supervision of a small group at Ottawa, has proven that the personnel at the present time is inadequate.

Your committee recommends that the Excise and Customs Division of the Department of National Revenue expand its operations to meet proportionately the present serious threat to the moral standards of Canada.

Legal Position

Where prosecutions have to be made in Canada for either literature produced and printed in Canada, or for the distribution, sale or exhibition of imported or domestically published volumes, the charges have to be made under the Criminal Code. This is done under section 207 which, as revised in 1949, reads as follows:

"207. (1) Every one is guilty of an indictable offence and liable to two years' imprisonment who

(a) makes, prints, publishes, distributes, circulates, or has in possession for any such purpose any obscene written matter, picture, model or other thing whatsoever; or

(b) makes, prints, publishes, distributes, sells or has in possession for any such purpose, any crime comic.

(2) Every one is guilty of an indictable offence and liable to two years' imprisonment who knowingly, without lawful justification or excuse

(a) sells, exposes to public view or has in possession for any such purpose any obscene written matter, picture, model or other thing whatsoever;

(b) publicly exhibits any disgusting object or any indecent show; or

(c) offers to sell, advertises, publishes an advertisement of, or has for sale or disposal any means, instructions, medicine, drug or article intended or represented as a means of preventing conception or causing abortion or miscarriage or advertises or publishes an advertisement of any means, instructions, medicine, drug or article for restoring sexual virility or curing venereal diseases or diseases of the generative organs.

(3) "Crime Comic" means in this section any magazine, periodical or book which exclusively or substantially comprises matter depicting pictorially the commission of crimes, real or fictitious.

(4) No one shall be convicted of any offence in this section mentioned if he proves that the public good was served by the acts alleged to have been done, and that there was no excess in the acts alleged beyond what the public good required.

(5) It shall be a question for the judge whether such acts are such as might be for the public good, and whether there is evidence of excess beyond what the public good required; but it shall be a question for the jury whether there is or is not such excess.

(6) The motives of the accused shall in all cases be irrelevant.

(7) It shall be no defence to a charge under subsection one that the accused was ignorant of the nature or presence of the matter, picture, model, crime comic or other thing."

We are informed by the Justice Department that before this revision was undertaken, they had consulted with the Attorneys General of all the provinces of Canada, who in turn consulted their law enforcement officers in order that the revised provisions might include everything which would make the new enactment as enforceable as possible. The federal jurisdiction is restricted, of course, to the extent of the enactment of the Criminal Code. The enforcement is entirely in the hands of provincial jurisdiction and that of the municipalities, which derive their power from the provincial authorities. This enactment in 1949 was carefully drafted, and the Justice Department is of the opinion that the problem remains that of enforcement. They further add that thus far they have not received any representations from law enforcement agencies which would lead them to believe that the present law is not enforceable. Also, none of those who have stated that it is unenforceable have shown that they have invoked same and have failed to secure a conviction because the law was unenforceable; and further, in some cases it is difficult to resist the impression that not wanting to enforce the law, they offer the excuse that it is not enforceable.

The Department of Justice states that they have the best reasons for thinking that the law is enforceable, because it was drawn up after the most careful consultation with the law enforcement officers of the Attorneys General's departments of the provinces of Canada, whose responsibility it is to see that it is enforced.

At the present time there is a case before the Ontario courts from the City of Ottawa, which has been appealed to the Supreme Court of Ontario, and a decision is presently anticipated, with a further appeal of the case to the Supreme Court of Canada. Pending a decision of the Supreme Court of Canada, the Justice Department proposes not in any way to alter the present section 207, but if it is necessary that "207" be revised as soon as the facts of the situation are presented by a final Court decision, this effort will be forthwith undertaken.

Further, on the judicial basis, the decision laid down in the *Rex v. Hicklin* (1868) 3 Q.B. 360, by Chief Justice Cockburn of Great Britain has been assumed, in whole, in the courts of our country, and his definition is as follows:

"The test of obscenity is this, whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influences, and into whose hand a publication of this sort may fall."

The Justice Department informs us that this sensible definition is one which now applies in the Canadian Courts. Everyone recognizes that there is difficulty in a democratic society in administering any law which has the effect of limiting freedom of publication. Yet, they are sure that having Chief Justice Cockburn's definition in mind, the present law is not vague or uncertain, but that it is enforceable if there is a will to enforce it. In Canada, any injustice or curtailment, in any form, of the freedom of the press, as exercised within the natural moral limits, is guarded and maintained under this definition.

No cases have been brought to the attention of the Department of Justice in which prosecutions have failed through any vagueness in the law. The law is quite explicit in that if the material complained of is obscene, i.e., to employ the language of Chief Justice Cockburn in the case above quoted, if "the tendency of the matter is to deprave and corrupt those whose minds are open to such immoral influences and into whose hands a publication of this sort may fall", then the person, or persons, who publishes, distributes or deals with such matter is guilty of an indictable offence. The

Department of Justice further adds that if, after experience with the enforcement of this law, it is shown that it is not enforceable, the Government of Canada will be willing to again consult with the provincial authorities to that end, and revise existing legislation.

Might we assure the press of Canada that there is no attempt on the part of the committee under section 207 to in any way curtail the freedom of expression and opinion presently enjoyed by them.

Appeal to Canadians

In dealing with the present executive action and legislation, and possible recommendations for its dilatation, your Committee hopes that the Canadian people will back it up with all the force of public opinion, and that those who print, import, distribute or exhibit for sale salacious and indecent publications will feel the force of this public opinion and be made to realize that they are doing a filthy, immoral and nasty thing to the detriment of Canada in its present position. Might your committee be permitted to point out that in the world-wide struggle between the forces of darkness and evil and those of good, the freedom-loving democratic countries have need of all the strength in their moral fibre to combat the evil threat, and anything that undermines the morals of our citizens, and particularly of the young, is a direct un-Canadian act.

Your Committee respectfully suggest, also, that in view of the fact that the solution of this problem is in no way complete, this committee be reappointed during the next session of parliament to keep reviewing the situation with a view to further and definite action.

In these last two sessions of parliament your committee has held a considerable number of sittings; and I wish to add an expression of thanks: first, to the Senate Committee staff, and particularly Mr. John Hinds, for their continuous and valuable assistance; second, to the reportorial staff; third, to the stenographic pool, and in particular, Mrs. Harrington; fourth, to the Queen's Printer and his staff, for their co-operation.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Davis: Tuesday next.

PRIVATE BILL

FIRST READING

Hon. Mr. Stambaugh presented Bill F-12, an Act to incorporate Canadian Co-operative Credit Society Limited.

The bill was read the first time.

Hon. Mr. Haig: Has this bill been distributed?

Hon. Mr. Stambaugh: Has the honourable senator not got a copy?

Hon. Mr. Haig: No, a copy of the bill has not been placed on my desk.

The Hon. the Speaker: I would inform the honourable leader of the opposition (Hon. Mr. Haig) that copies of the bill have not been distributed.

Hon. Mr. Lambert: May I explain that this bill is being introduced pending the passing of certain general overall legislation which is to be explained today by my honourable colleague from Vancouver South (Hon. Mr. Farris). It is desired to have Bill F-12 in a position to go to committee as soon as possible after the passing of the general overall legislation. A precedent for this procedure was established a few years ago in connection with the incorporation of certain pipe line companies, when a number of private bills were given first reading pending the passing of overall legislation known as the Pipe Lines Act. I understand that the honourable gentleman from Bruce (Hon. Mr. Stambaugh), the sponsor of this bill, meant to make this explanation to the house on the motion for the second reading of the bill. The intention was that if the general overall legislation was given first and second reading today, the sponsor of this private bill would move the second reading of his bill.

Hon. Mr. Haig: How soon do you expect copies of the bill to be distributed?

Hon. Mr. Farris: The bill has been printed.

Hon. Mr. Lambert: The bill has been printed and I myself have a copy. I think honourable senators are aware that a bottleneck has developed between the Printing Bureau and both houses of parliament, and a number of things have been held up.

Hon. Mr. Haig: May I ask the acting leader a question? As I understand the situation, the general overall bill provides for the incorporation of co-operative companies.

Hon. Mr. Farris: It will apply to such companies after their incorporation.

Hon. Mr. Haig: Yes. I also understand that the bill which has just been introduced by the honourable gentleman from Bruce (Hon. Mr. Stambaugh) is private legislation to incorporate a company.

Hon. Mr. Farris: Yes, after the passage of the overall legislation.

Hon. Mr. Haig: I am satisfied that this private bill which has just been read a first time be placed on the Order Paper for second reading later today, on the understanding that honourable senators will be given a chance to study the overall legislation under which this private bill will incorporate a single company.

Hon. Mr. Lambert: That is clearly understood. I would suggest that the second reading of this bill be deferred until after the second reading of the overall legislation.

Some Hon. Senators: Agreed.

The Hon. the Speaker: Bill F-12, an Act to incorporate Canadian Co-operative Credit Society, will be placed on the Order Paper for second reading later today.

CANADIAN BROADCASTING CORPORATION

INQUIRY AND ANSWER

Hon. Thomas Reid inquired of the government:

1. Has the Board of Governors of the Canadian Broadcasting Corporation carried out the recommendation contained in the report of the Royal Commission on National Development in the Arts, Letters and Sciences, as contained on Page 297 of that report under Section "O"?

2. If so, how many national advisory councils have so far been set up?

3. If no steps have been taken so far to implement this recommendation, what reason, or reasons, can be given?

4. What have been the total expenditures by the C.B.C. during the fiscal years 1940 to 1952, excluding expenditures for international radio and Canadian television?

5. What amount of moneys has been spent by the C.B.C. up to the present time on television, for the television stations in (a) Montreal, (b) Toronto?

6. What were the total receipts of the C.B.C. during the fiscal years 1940 to 1952 from (a) advertising, (b) royalties, (c) government grants?

7. What is the total indebtedness of the Canadian Broadcasting Corporation to the government in the matter of loans received?

Hon. Mr. Lambert: The answer to the honourable senator's inquiry is as follows:

1. Yes, the Board of Governors has taken into consideration the advisability of appointing national advisory councils on talks.

2. National advisory bodies have been appointed for Citizens' Forum, National Farm Radio Forum, broadcasts on human relations and mental health, broadcasts originating from the Couchiching Conference of Canadian Institute on Public Affairs. In addition, consultative committees have been set up for shorter series of broadcasts such as rehabilitation of criminals, new citizens, Canadian foreign policy.

3. See No. 2.

4. (a) Operating Expenditures 1939-40, $3,181,797.40; 1940-41, $3,544,629.56; 1941-42, $3,873,137.41; 1942-43, $4,328,763.20; 1943-44, $4,925,641.62; 1944-45, $5,343,486.32; 1945-46, $5,632,880.09; 1946-47, $5,830,289.14; 1947-48, $6,362,727.46; 1948-49, $7,399,820.40; 1949-50, $8,030,213.89; 1950-51, $9,320,809.62; 1951-52, $10,920,305.12; total, $78,694,501.23.

(b) Capital Expenditures 1939-40 to 1951-52, $4,920,854.58.

5. (a) Operating, $1,275,641.85; Capital, $2,222,790.56; (b) Operating, $1,504,178.70; Capital, $1,963,132.82.

6. (a) Commercial advertising, $21,886,-513.98; (b) royalties, nil; (c) statutory grant, $6,250,000.

7. Sound broadcasting, $3,250,000; television broadcasting, $8,000,000; total, $11,250,000.

CANADIAN FORCES BILL

SECOND READING

Hon. G. P. Burchill moved the second reading of Bill 332, an Act respecting the Canadian Forces.

He said: Honourable senators, at three previous sessions of parliament bills have been submitted bearing the titles: an Act to amend the Canadian Forces Act, 1950; an Act to amend the Canadian Forces Act, 1951, and an Act to amend the Canadian Forces Act, 1952. Honourable senators will recall that those measures contained various provisions respecting national defence, including amendments to the National Defence Act and other statutes.

The title and form of the bill now before us follow the precedent set by the previous measures. As I am not fortunate enough to belong to the distinguished company of lawyers in this chamber, I am going to ask the indulgence of the house for following my notes pretty closely in explaining the bill.

The bill includes amendments to the National Defence Act, the Defence Services Pension Act and the Canadian Forces Voting Regulations which were enacted as schedule 3 to the Canada Elections Act. All matters dealt with in the bill relate expressly to national defence.

One of the amendments to the National Defence Act makes special provision for the trial and punishment of Canadian military personnel serving out of Canada who commit offences punishable by foreign law. Canadian service authorities would be able to make arrangements with the appropriate civil authorities of foreign countries to permit Canadian courts martial to try persons alleged to have committed breaches of foreign law, in lieu of such persons being tried by foreign courts. I believe that honourable senators will agree it is very desirable that we do everything possible to have Canadian servicemen, accused of committing offences in foreign countries, tried before Canadian tribunals wherever possible. This amendment would go a long way toward enabling us to realize that objective.

Another amendment to the National Defence Act would make it lawful for a Canadian serviceman sentenced by a foreign court to undergo his punishment in a Canadian military or civil institution. As I have stated, we desire that Canadian servicemen should

be tried by Canadian tribunals wherever they may be serving, and the amendment I first mentioned is directed to that end, but there may be cases where such arrangements cannot be made. It should be possible, however, in such cases for the offender to serve his punishment in a Canadian penal institution. This amendment would help to accomplish that objective.

Hon. Mr. Roebuck: Does that require the consent of the foreign country?

Hon. Mr. Burchill: If I am correct, this is just enabling legislation. Arrangements have been made, I believe, by the Canadian government with ten different countries.

In addition, the amendment would make possible the transfer of servicemen to military custody where they have been sentenced by civil courts in Canada. This is designed primarily to take care of a case in which a serviceman is sentenced by a civil court in a remote area and no appropriate place of incarceration is available.

The bill contains an amendment to the National Defence Act that would enable the Court Martial Appeal Board to exercise the same discretion that the court martial had in the first instance of finding an accused guilty of an alternative offence. The purpose of this amendment is to avoid the necessity of the Court Martial Appeal Board having to order new trials, which are often not practical, where the board considers that the appellant, although not legally found guilty by the court martial on a particular charge, was clearly proven guilty of an associated offence. This is similar to provisions in effect for civil appeal courts in Canada. It would not be possible, however, for the Court Martial Appeal Board or any other authority to increase the severity of the punishment imposed in the first instance by the court martial.

A further amendment to the National Defence Act would provide for an expeditious procedure for the disposition of appeals for which no substantial grounds have been shown or which have been abandoned. Approximately one half of the appeals being received fall in this category but, under the act as it now stands, the Court Martial Appeal Board is technically obliged to have a full hearing. The proposed amendment would make possible the adoption of rules similar to those that apply in proceedings before the civil courts of appeal.

The bill contains two amendments to the Defence Services Pension Act. One of these provisions would remove a difficulty that is being experienced in computing the pensionable service of certain officers and men who formerly were members of Commonwealth forces other than the Canadian Forces. The other amendment to the Defence Services Pension Act would remove an inequity that now exists in respect of a certain class of contributor for whom special provision was made in an amendment passed in 1951. That amendment did not make provision for pensions to the widows and children of such contributors and it has now been decided to extend the entitlements provided for in the act accordingly.

The bill contains certain amendments to the Canadian Forces Voting Regulations. Those regulations, which are schedule 3 to the Canada Elections Act, were enacted by chapter 46 of the statutes of 1948 and were substantially amended by chapter 3 of the statutes of the second session of 1951. In recent months further consideration has been given to the regulations by the Chief Electoral Officer and officials of the Department of National Defence and it appears that there are certain faults that require correction at this time.

(a) The first point is that the regulations did not provide a sufficiently lengthy period during which those in the forces on the date upon which the regulations came into effect, that is June 21, 1952, could complete a statement of ordinary residence. The period allowed was only three months, and that period expired on September 21, 1952. Approximately 20,000 persons who were in the forces on June 21, 1952, and who are still in the forces, have not completed a statement of ordinary residence and cannot now do so in view of the expiration of the prescribed period. It was originally proposed that the period be extended to the date upon which the present parliament is dissolved, but an amendment has been made in the House of Commons. By that amendment the 20,000 servicemen mentioned would be able to complete statements of ordinary residence until the date of dissolution or until a date two months after this bill receives the Royal Assent, whichever is the earlier.

(b) The second point is that the regulations contain a technical error in that, although they permit a member of the forces to change his place of ordinary residence by filing the prescribed form in December of any year, his choice in effect is restricted to situations as they existed on June 21, 1952. For example, if he should desire at any time in future to select the place where his wife resides, he would be restricted to

the place where she resided on June 21, 1952. This was clearly not what the framers of the regulations intended, and the amendment would remove that difficulty.

(c) The third point is that, although the regulations do not have the effect of making completion of a statement of ordinary residence prior to the service polling period a condition precedent to the right to vote, there is no suitable provision under which a Canadian Forces elector who has not already completed a statement of ordinary residence may select a place of residence at the polling booth. The proposed amendment would provide that such a person may select only the place where he resided immediately prior to his enrolment.

(d) The House of Commons made a further amendment to the bill whereby commanding officers must furnish lists of service electors to special returning officers within two weeks after notification of a general election is given in service orders.

Honourable senators, the foregoing matters are of major importance to our defence forces, and I commend the bill to you for your favourable consideration.

Hon. Mr. Haig: Honourable senators, I understand it is the intention of the leader of the house to refer this bill to a committee. If that is so I shall reserve my remarks until after the bill has gone to the committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Burchill: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CO-OPERATIVE CREDIT ASSOCIATIONS BILL

SECOND READING

Hon. J. W. de B. Farris moved the second reading of Bill 338, an Act respecting Co-operative Credit Associations.

He said: Honourable senators, I think that this bill, like the preceding one, will perhaps be of more concern to the honourable leader opposite (Hon. Mr. Haig) and other senators in committee than at this stage. On the general principles, which I shall attempt to explain, I would not expect very much difference of opinion among the members of this house. However, to a layman it is a little complicated and I think it merits some detailed explanation.

As has already been intimated, this bill must be associated in our thinking with bills of the type of the private bill introduced by the honourable member from Bruce (Hon. Mr. Stambaugh), namely, Bill F-12. I have written out the broad purpose of the bill now before us and in so far as the two bills are related this purpose applies to the private bill as well. The purpose of the two bills, taken together, is to nationalize, co-ordinate and extend the jurisdiction of the provincial co-operative credit societies and unions, and to provide for federal supervision by the Superintendent of Insurance.

Honourable senators who have studied this bill may share my surprise upon learning the extent and duration of the operations of co-operative credit unions in Canada. In the other house "credit union" was defined—and I adopt the definition—as a group of individuals tied together by some common or basic interest, such as a vocational or fraternal interest or for some common purpose.

Hon. Mr. Roebuck: Are the unions national or otherwise?

Hon. Mr. Farris: So far they have not gone beyond the provincial level. The purpose of this legislation is to federalize credit unions.

Credit unions have existed in Canada, I am informed, for more than fifty years; they now have a membership of more than one million people and assets in excess of $400,000. Honourable senators will note how over the years these organizations have grown to become a vital factor in the commercial affairs of our country. The field of operation—I am confining myself for the moment to the question asked by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck)—has been provincial.

This is the set-up. First, a group of individuals associated together in some interest which makes them want to co-operate, form the primary organization known as a credit union, the basic purpose of which is to pool their money in an organized way. While I do not have a note on the question of interest, my recollection is that 4 per cent is paid on deposits, as contrasted with perhaps 1½ per cent bank interest. When any number of credit unions in a province decide to merge and create a central provincial organization, it is known as a "society". Upon this legislation becoming operative, the Canadian organization will be known as the federal association. Any member union may deposit its surplus money with the provincial society. For example, when a provincial society is formed, union A, which has some surplus

funds on hand, may make a deposit with the society; on the other hand, credit union B wants to borrow money, and it may obtain a loan from the provincial society.

Hon. Mr. Reid: May I ask what interest is charged on the loans?

Hon. Mr. Farris: The society is permitted by provincial law to charge the same interest rates as the short-term loan companies—

Hon. Mr. Haig: Personal loan companies.

Hon. Mr. Farris: Personal loan companies—which is 12 per cent. Of course in a co-operative the members are free to decide amongst themselves the rate to be charged, and I think in most cases it is nearer 6 per cent than 12 per cent. It may vary according to the security pledged, which, although it may differ from that required by legislation governing banks, it is always adequate to cover a particular loan.

In the result, members who deposit their money in a credit union get at least three times the interest they would get on bank deposits; and when members borrow I should think they would expect to pay as much as or perhaps a little more than bank interest on loans.

Hon. Mr. Bouffard: Are the loans made by the local unions or by the society?

Hon. Mr. Farris: That information could be better secured from Mr. MacGregor, the Superintendent of Insurance, but my understanding is that the loans are made through the provincial society. I do not have before me the information that the local unions may make loans directly to their membership. I may say, however, that I only received instructions on this legislation after eleven o'clock this morning.

Hon. Mr. Haig: Do I understand that the credit union is the primary organization?

Hon. Mr. Farris: Yes.

Hon. Mr. Haig: And it can lend money to its own members?

Hon. Mr. Farris: The primary organization is the union; the body at the provincial level is called the society; and when these two bills become law there will be a federal association.

Hon. Mr. Vaillancourt: Is this the set-up: first there is the primary organization, that is the local credit union; secondly, the regional body; and thirdly, there will in time be a federal establishment?

Hon. Mr. Haig: The local union is the primary organization?

Hon. Mr. Vaillancourt: The local credit union is.

Hon. Mr. Haig: It can loan its money to its own members.

Hon. Mr. Vaillancourt: Yes.

Hon. Mr. Haig: That is so in Manitoba.

Hon. Mr. Farris: It may be so. I was not sure about that. But I know this, that it is an object of the provincial society, which gathers in an assembly of one to six credit unions, to lend money received from one credit union to members of another credit union.

Hon. Mr. Haig: That is true.

Hon. Mr. Farris: That is the main point, as far as our consideration of the bill is concerned.

The present proposal is for the purpose of providing machinery. It is not essential to set up machinery for the incorporation of the federal association, because that is provided for in the private bill, and parliament, of course, can do it without regard to any other bill. It is intended to introduce and pass a private bill to set up a new federal association. Associated with this legislation respecting co-operative credit associations is the provision of a general charter of rules and regulations governing the organization. That is one of the main objects.

I may illustrate one of the difficulties which it is desired to meet. Let us suppose that at a certain season of the year some credit union in Alberta is—if the word be permissible—"flush"; it has more than enough money for its needs; and at that particular season a credit union in British Columbia wants to borrow money. The existing machinery is not adequate for this purpose. To permit of such an operation, the Alberta organization must be registered in British Columbia; and I am told that, when this has been attempted, many jurisdictional difficulties have been encountered.

Hon. Mr. Paterson: Is this not a straight case of a co-operative getting into the banking business?

Hon. Mr. Farris: I asked that very question this morning of the man who was instructing me and he said no, that it is really more a matter of competition with the small loan societies,—

Hon. Mr. Haig: That is what it is.

Hon. Mr. Farris: —and that these organizations will still be confined to the type that now operate under provincial jurisdiction.

This bill has only two objects. The first is to increase the flexibility of the loaning machinery, so that it shall not be confined

to one province; the second—and, I think, the more important—is to put all these unions under the jurisdiction of the federal superintendent of insurance.

Hon. Mr. Paterson: The honourable senator previously said that these organizations have one million members and $400,000 of assets.

Hon. Mr. Farris: Did I say four hundred thousand?

Hon. Mr. Paterson: Forty cents apiece is a pretty small amount.

Hon. Mr. Farris: Had I said "four hundred billions" it might have been more excusable. I thought in the first instance I stated that they had four hundred million dollars. In any event the fact is that there are a million members and their assets are $400 million—which is quite a lot of money, even in these days.

As I said to the honourable senator from Ottawa (Hon. Mr. Lambert), the basic purpose of this legislation, along with Bill F-12, is to increase the flexibility of the workings of these unions, so that the making of loans by them shall not be confined to their own particular provinces. I am sure the honourable senator would not challenge principles of financing practised by an organization which is recognized in every province and has grown to an impressive extent, nor would he question the duty of parliament to co-operate with these unions in further facilitating and regulating their activities.

Hon. Mr. Roebuck: Would the honourable senator explain the constitutional basis of this enactment? Can a provincial jurisdiction be transferred to the dominion by an act of incorporation or the passing of a bill?

Hon. Mr. Farris: This legislation seeks to tie in the provincial organizations, to centralize them under one federal control. Perhaps this is as good a time as any to deal with the point raised by my honourable friend. I refer to section 79 of the bill, which provides as follows:

(1) Every organization that

(a) is carrying on the business of a co-operative credit society,—

and, of course, all these unions to which I have referred are co-operative credit societies.

(b) is declared by parliament to be eligible to become a member of an association, and

(c) is registered on the books of the association as a shareholder thereof, shall, for the purposes of parts II and III, be deemed to be a co-operative credit society incorporated by special act, and, except as provided in this part, every such organization is invested with all the powers, privileges and immunities conferred on associations by sections 6, 8 and 10, and is subject to the limitations, liabilities and provisions set forth in parts II and III and in this part.

Hon. Mr. Paterson: That means that it is non-taxable.

Hon. Mr. Farris: Oh, no; this has nothing to do with taxation.

Hon. Mr. Paterson: It says "all the . . . privileges . . ."

Hon. Mr. Farris: This section deals with the very question raised by the honourable senator from Toronto-Trinity—the question of jurisdiction. If Bill F-12 should be passed, the provision contained in this clause may not be necessary, but in any event, assuming that both bills become law, the society—or societies, for the number need not be confined to one—may be incorporated under Bill F-12.

The organizations named in the schedule to Bill F-12 are seeking to be invested with all the powers, privileges and immunities provided in the bill, and to be deemed co-operative credit societies incorporated under Bill 338. As I understand it, credit unions of seven provinces have signed the petition for incorporation under Bill F-12. So far credit unions in Quebec have not seen fit to sign the petition, but there is no reason why the authorities controlling unions in that province may not apply for incorporation at some future date if they wish to do so.

Hon. Mr. Lambert: It is all on a voluntary basis.

Hon. Mr. Farris: Yes. I wish to emphasize to my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) that the provincial situation is met by accepting the petitions of these local unions and giving them incorporation; and then, *ipso facto*, the provisions of section 79 of the bill apply and automatically extend to the new federal organization. I trust that answers the inquiry of my honourable friend.

Honourable senators, I do not think it is advisable or necessary that I should go through the enumerated sections of the bill, for a much more effective and intelligent explanation of it can be given in committee by the Superintendent of Insurance. This legislation follows very closely the provisions of the Loan Companies Act and the Trust Companies Act. It contains many of the same provisions for supervision and control, and also includes certain provisions from the federal Companies Act. These comprehensive provisions will ensure a co-ordinated and well-devised system of supervision and control over all companies which become merged in one central organization similar to the incorporation being sought under Bill F-12.

Hon. Mr. Roebuck: Do I understand that the bill before us is somewhat analogous to the Companies Act, which provides for incorporation and sets out the general rules to be

followed after incorporation? Does this bill do that? If this is so, will it be possible for organizations to become incorporated under it, as is possible under the Companies Act?

Hon. Mr. Farris: Except that the federal Companies Act empowers the registrar of companies to grant incorporation, and there is no provision in this bill for the automatic incorporation of organizations desiring a federal charter.

Hon. Mr. Roebuck: Granting there is that difference—

Hon. Mr. Farris: That is a very important distinction. The first thing I asked those who instructed me about this legislation was, "Why doesn't this Act authorize the Superintendent of Insurance, if he is satisfied that certain requirements are met, to grant incorporation to a federal society?". The answer was—and I agreed with it—that when you are dealing strictly with the loaning of money it is better to have full supervision under federal control. So it is different from the Companies Act, under which the registrar of companies issues certificates of incorporation. Notwithstanding the passing of this bill, there can be no federal incorporation of any organization until parliament has passed legislation like Bill F-12.

Hon. Mr. Roebuck: But that is only procedural.

Hon. Mr. Farris: It is very vital. I suppose all the provisions in the Companies Act are procedural.

Hon. Mr. Roebuck: Oh, no, the Companies Act lays down a great many rules for the guidance of companies. Does this bill do that?

Hon. Mr. Farris: Yes. I agree with my honourable friend when he puts it that way; but when he asked whether this bill was the same in principle as the Companies Act I pointed out that under this bill no government official is given authority to grant a charter to any federal organization. A federal charter will be granted only by parliament, even if this bill is passed.

Hon. Mr. Bouffard: May I ask the honourable senator a question? Will this bill apply to local unions?

Hon. Mr. Farris: Only if the local unions, by their own volition, apply for incorporation on a federal basis. The credit unions in my honourable friend's province, Quebec, will in no wise be affected by this legislation, for they have not seen fit to join in the application for incorporation.

Hon. Mr. Bouffard: That is right.

Hon. Mr. Farris: There is nothing compulsory about this.

Hon. Mr. Bouffard: If a local credit union is incorporated within the laws of, say, Alberta, Saskatchewan or Ontario, is it obligated to join the federal organization?

Hon. Mr. Farris: I do not think so.

Hon. Mr. Lambert: No; it is all voluntary.

Hon. Mr. Farris: As I said before, a much more authoritative explanation of this legislation can be obtained from Mr. MacGregor in committee.

Hon. Mr. Burchill: Must a provincial society be incorporated by this parliament?

Hon. Mr. Farris: No, not a provincial society. First you have the individual members of the credit union, and the credit union is the lowest unit in the scale. Then you have the provincial society, which receives status from the provincial legislatures. And when Bill F-12 or any similar measure is passed we shall have a federal association, which will be the peak of this group. Such a federal association may take moneys received from credit unions in one province and loan it to members of a credit union in another province, which cannot be done today; secondly, everyone in this group, under either provincial or federal control, will be subject to the provisions that are comprehensively provided in this bill, and at all times subject to the supervision of the Superintendent of Insurance.

Hon. Mr. Bouffard: I want to be very clear on that. I wonder why.

Hon. Mr. Farris: As far as I know, the case is exactly as I have stated it.

Hon. Mr. Bouffard: But I wonder why that is. Could more than one association be incorporated?

Hon. Mr. Farris: Well, that would be at the discretion of parliament. If another group applied to be incorporated by a private bill, parliament in its wisdom could grant it a charter. But it might be felt that that would be much like allowing two telephone companies to operate in one community.

Hon. Mr. Bouffard: Each association would have jurisdiction all over Canada?

Hon. Mr. Farris: That is right, each within the ambit of its own group.

The honourable acting leader (Hon. Mr. Lambert) has suggested the analogy to the pipe lines legislation. You have there a general act which incorporates no companies whatever; and if no pipe line companies were incorporated by private bill, that act would soon fall into desuetude; but, thanks to the activities of my honourable friend the acting leader and other members of this house,

including the honourable gentleman from Cariboo (Hon. Mr. Turgeon), companies have been incorporated, and so the general act has come into operation, and the supervisory and other powers provided therein have been exercised by the Transport Board, and so on. And unless a bill like that introduced by my honourable friend from Bruce (Hon. Mr. Stambaugh), were passed by parliament, this general act respecting co-operative credit associations would be of no effect whatever; but once this general act is passed, then after parliament has granted one or more private companies a charter this act will apply in its entirety to such privately created corporations.

Hon. Mr. Bouffard: I am beginning to understand.

Hon. Mr. Farris: I think my honourable friend is helping me to understand the matter.

Hon. Mr. Haig: I would like to ask a question. In view of the ruling of His Honour the Speaker yesterday, I want to be careful to keep within the rules. Before my honourable friend sits down will he allow me to ask him a question?

Hon. Mr. Farris: Certainly.

Hon. Mr. Haig: What report can you give me on the Civil Service Co-operative Credit Society in Ottawa?

Hon. Mr. Farris: I would not attempt to give a report on any credit society. I am here simply to explain the principles of this bill. If the bill is read the second time, either my honourable friend the acting leader or I will move that it be referred to the Banking and Commerce Committee; and I suggest to the honourable leader opposite that as it is intended to call Mr. MacGregor, the question might be put to him.

Hon. Mr. Haig: I wondered if you had been instructed about it.

Hon. Mr. Farris: No, nor did I know there was a problem such as my friend has in mind.

I am sure that the sponsors of the bill, as well as the honourable acting leader, will see that the appropriate official—and I think perhaps that is Mr. MacGregor—is present at the committee meeting to answer questions that are put to him.

Hon. Mr. Lambert: May I ask my honourable friend if there is any parallel or analogy here with the Bank Act and the private legislation that we passed just before Easter to incorporate a new bank? Is there not some resemblance between the overall legislation he is now presenting and the Canadian Bank Act in relation to banking incorporation?

Hon. Mr. Farris: Yes and no. The Bank Act applies to existing banks, which are incorporated by private acts of parliament. The proposed new general act now under discussion would apply to private incorporated federal credit associations. There is a direct analogy in that sense.

Hon. Mr. Lambert: Banks have federal charters.

Hon. Mr. Farris: Yes. Banks and banking come under section 91 of the British North America Act. The distinction, of course, is that the provisions here as to the restrictions and regulations are in many cases basically different from those in the Banking Act, and most desirably so. As I have already pointed out, the statutes that are the pattern for these regulations here are the federal Loan Companies Act and the Trust Companies Act. Mr. MacGregor has, I think, incorporated in the bill practically every applicable provision of those acts. He has, in addition, taken extracts from the Insurance Act, and particularly from the Companies Act.

One or two amendments were made to the bill in the House of Commons, but I do not need to mention them. We shall consider them in committee.

With these explanations, and unless honourable members have further questions, I think the house would be quite justified in giving the second reading and referring the bill to the Banking and Commerce Committee.

Hon. Mr. Roebuck: May I ask one question before the honourable gentleman concludes? Under what provision of the British North America Act does the dominion parliament control loan companies? Is it under the banks and banking subdivision of section 91?

Hon. Mr. Farris: I should think so. I have not been asked by the Department of Justice to give an opinion on that. They have ruled on it, and I understand our Law Clerk, Mr. MacNeill, has considered it. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) no doubt agrees with me that it would come under that subdivision dealing with banks and banking in section 91.

Hon. Mr. Roebuck: There is no other provision?

Hon. Mr. Farris: I do not know of any other provision, unless it be property and civil rights.

Hon. Mr. Roebuck: That would be as to provincial jurisdiction.

Hon. Mr. Farris: You are asking now about federal jurisdiction only?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Farris: Undoubtedly it comes under that subdivision of section 91. This measure is as much within that subdivision of section 91 as are acts of the character which I have mentioned. I am sure my honourable friend will agree with that.

Hon. Mr. Roebuck: It is very doubtful.

Hon. Mr. Farris: There are a great many pieces of properly passed legislation on which the answer as to jurisdiction can finally be given by only the Supreme Court of Canada. If in the result it means a little more work for the lawyers, that too has its merits.

Hon. Mr. Gouin: May I ask a question of the honourable senator? Reference has been made to the jurisdiction of parliament. Are we to understand that parliament has exclusive jurisdiction in the matter of credit co-operatives in the same way as it has in the matter of banks and banking? For instance, in the province of Quebec our credit co-operatives are incorporated under our provincial co-operatives act. Do I understand that upon the passage of this bill these provincial co-operatives would cease to have legal status?

Hon. Mr. Farris: I shall answer the question in two ways: First, the answer is an unqualified "No"; second, parliament has no jurisdiction to declare such provincial organizations *ultra vires*. Only by an amendment to the British North America Act or by a decision of the courts can any provincial operation of the type my honourable friend mentions be declared *ultra vires*. Therefore, neither directly nor by the slightest implication does this legislation reflect in any way upon provincial organizations in Quebec or in any other province.

Hon. Mr. Gouin: In other words, co-operatives in the province of Quebec are fully protected in their activities?

Hon. Mr. Farris: Yes.

Hon. Mr. Campbell: May I ask the honourable senator a question? He may think it would be better asked in committee.

Hon. Mr. Farris: If you want the best answer, perhaps you should wait until we are in committee.

Hon. Mr. Campbell: Do the credit unions and the provincial societies confine their activities exclusively to dealings with their members?

Hon. Mr. Farris: That is right. Loans cannot be made to, or deposits accepted from anyone other than members of the union.

Hon. John T. Haig: Honourable senators, I am in agreement with the purpose of this bill. When I read it I concluded that its purpose was to confer on a federal association powers much the same as any company receives upon being given federal incorporation.

I am quite satisfied in my own mind that the activities of the credit unions are not a threat to either the loan companies or the banks. I am familiar only with credit union operations in the province of Manitoba, but I think it is true of any province that the success of such an organization depends largely on one or two individuals. People are always ready to join a credit union and to make application for loans, but the responsibility for deciding what loans shall be made falls on the shoulders of perhaps one or two persons. Of course the unions can make loans on security such as real estate, which the banks are not allowed to loan on. But my purpose in speaking to the bill is to point to the need for closer supervision of and investigation into these societies.

Hon. Mr. Farris: We shall have a great deal more supervision over them under this legislation than we previously had.

Hon. Mr. Haig: I quite agree with that statement.

I recently read in the Ottawa press of a civil service credit union which had fallen on evil days, so much so that federal assistance to the extent of a loan of $100,000 did not cover the deficit. The trouble apparently had come about by reason of the fact that the manager or clerk had entered deposits in the depositors' passbooks which he failed to carry into the general ledger of the union, with the result that the total deposits shown by the passbooks far exceeded that shown in the union's books.

Hon. Mr. Farris: I think the honourable leader opposite would agree that Mr. MacGregor's supervision would likely prevent a recurrence of anything of that kind.

Hon. Mr. Haig: Yes; but when this bill is in committee I think that aspect should be considered carefully.

I know that the credit union scheme has a strong appeal to many people; it offers small loans at reasonable interest rates. And I do not think the credit unions are operating in opposition to the loan companies or the banks. The problem with the credit union—as the recent incident in Ottawa would confirm—is that the management is left to one

man. That is my first objection to this legislation.

My second objection is that I am not satisfied that money deposited with, say, the provincial society of Manitoba should be sent to, for instance, Ottawa, to be loaned in the province of Ontario. However good the credit of Ontario may be—

Hon. Mr. Campbell: It has the best security.

Hon. Mr. Haig: —I do not think Manitoba people should be called upon to lend cash to the people of this province.

Hon. Mr. Farris: It may work the other way.

Hon. Mr. Haig: Exactly; it would be better if Ontario lent money to Manitoba.

The feeling has existed in what I might call the outlying provinces—that is the Prairie and the Maritime provinces—that the financial business of Canada has been too greatly centralized in the provinces of Ontario and Quebec; and that as a result the outlying provinces do not get the same attention paid to their needs as do the central provinces. I do not pretend that if I were the head of a large financial institution in Quebec or Ontario I would have any more consideration for the eastern or western provinces. Be that as it may, I feel that the money deposited with a provincial society should be loaned only in that province, and that in lending money the manager should be influenced by nothing except his good judgment. Whether that is possible in the kind of organization where everybody is the boss and nobody is the boss, I do not know. Some of these unions have paid off companies with which I had something to do; and when I asked the man who handled the loan, "Why did you accept the obligation and pay off the liability?" I was told "Well, that man is a member of a union, he has paid in a lot of money to the organization, he needs the loan, and we are prepared to advance the $2,500"—or whatever the amount that might be due. In one case, knowing something about the security, I was doubtful of its value.

Under the circumstances, human nature being what it is, that sort of thing may be expected. The organization is not big enough to pay fully experienced men salaries such as they would require; and those who head the unions have not the necessary background of training. I have never forgotten the advice of a former colleague, the late Senator Ballantyne, who, when I asked him "How do you decide where to invest your money?", replied, "I find out who is the manager, and if he is a good man I back him. No matter what his undertaking is, it will be a success." In my city, from 1930 to 1935, when conditions were almost at their worst, one of the largest retail stores made a profit every year. Its prices were no higher than those of its competitors, but the manager had the faculty of knowing when, where and what to buy, and how large a load the business should carry.

I want to be sure that this bill has some teeth in it; that the Superintendent of Insurance, or whoever is appointed to supervise these societies, will have the power to put any necessary checks on the unions when difficulties are likely to arise. It cannot be assumed that property values will go on rising. Let us say that ten years ago, on a house then worth $5,000, someone made a loan of $4,000. Compared with the then value of the property, the loan would be too large, but today that house may well be worth $10,000. As my honourable friend the Chief Government Whip in this house (Hon. Mr. Beaubien) knows, land in his county which not long ago was selling for $30 an acre is now saleable at about $100 an acre, and if an advance had been made to the full limit of its former value, the loan would seem small enough now. But wait till the tide turns. I have seen it turn before. I saw the value of horses and stocks and farms go up between 1920 and 1929, and then I saw prices go down. The same thing can happen again. So I repeat that the bill should assure to the Superintendent of Insurance, or whoever is his appointee, full control over the operations of the unions.

At this point may I make an explanation? I was not willing to allow Bill F-12, an Act to Incorporate Canadian Co-operative Credit Society Limited, sponsored by the honourable senator from Bruce (Hon. Mr. Stambaugh), to be proceeded with until I had heard the explanation of the honourable member from Vancouver South (Hon. Mr. Farris), but I am now prepared to ask the house to give consent to second reading today. If thought desirable, it could go to committee tomorrow and be considered with the other bill. I did not want to have Bill F-12 pass this house until the bill now before us had had its second reading.

Hon. Mr. Vaillancourt: Honourable senators, before the motion before the house is put, may I say a word or two?

As the general manager of the *Fédération des Caisses populaires Desjardins* of the province of Quebec, and as a former collaborator of Mr. Desjardins, who founded the first credit union in North America fifty-three years ago, I believe that it is my duty to say a few words concerning this bill and to sum up the work accomplished by the *caisses populaires* and the credit unions in Canada. I have been interested in these organizations since 1906.

The last report on the *caisses populaires* and credit unions in Canada shows that at the end of 1951 there were 3,121 of these organizations in the country. Of these, 1170, or 38 per cent, were in Quebec, 1108 being affiliated to the *Fédération des Caisses populaires Desjardins.* As I have stated, I am the manager of that Federation; its president is Mr. Laurent Létourneau, who is also president of the District Union of the *Caisses populaires* of Three-Rivers. Sixty-two other societies were distributed as follows: 52 credit unions; 10 *caisses populaires* affiliated with another small federation. These 3,121 societies had 1,137,931 members, of whom 678,389 live in the province of Quebec, and 644,124 belong to the federation I represent. The total assets of the *caisses populaires* and credit unions in 1951 were $358,646,767, and the assets of the same institutions within the province of Quebec were $269,908,923, of which sum $255,122,016 represent the assets of the *Fédération des Caisses populaires Desjardins.*

In the same year the societies loaned to their members $125,088,949, distributed as follows: the *caisses populaires* and credit unions of Quebec, $61,624,883; the credit unions in Ontario, $27,356,376; and the remaining $36,107,690 was divided among the other provinces.

Since their creation the societies have loaned to their members $900,228,873, of which Quebec loans comprised $588,613,750.

At the end of the same year the average deposits per member were, for the whole of Canada, $293·57, and for the province of Quebec, $373·25.

The statistics for 1952 relating to *caisses populaires* and credit unions throughout Canada have not yet been computed; but I have the figures for the *caisses populaires* affiliated with our *Fédération des Caisses populaires Desjardins.*

As of December 31, 1952, the *caisses populaires* of our federation had assets totalling $288,280,943. They loaned to their members the sum of $131,926,211, of which $103,529,474 was for mortgages for housing purposes, and $28,396,737 against promissory notes.

We believe that the *caisses populaires* and credit unions are created first and foremost to help their members, and that the money must be used in the locality from which it comes, because the credit commissioners of each *caisse* or union are familiar with the people who borrow money from them. Our *caisses populaires* request first of all a moral guarantee, and then a material one. Because the credit commissioners of each *caisse* know the borrowers and the local population they realize that the money they lend will be used for good purposes, and a *caisse* will not make a loan for purposes of speculation.

The *caisses populaires* of our federation also held, as of December 31, 1952, bonds to the amount of $104,970,962. These were federal, provincial and municipal bonds. We also hold bonds from school municipalities, for we are convinced that education is part of our national heritage. By building new schools and improving those we now have, we can provide our children with better education and thus accomplish more for the advancement and progress of our country.

Furthermore, the *caisses populaires* of our federation have $45,732,186 in liquid assets in district *caisses* or in banks.

That is the picture of the *caisses populaires* and credit unions in Canada, and particularly of the *caisses populaires* in the province of Quebec. In every domain the figures of the *caisses populaires* of the province of Quebec compare favourably with others; and as far as assets are concerned the *caisses populaires* of that province hold more than 75 per cent of the total assets of the *caisses populaires* and credit unions of Canada.

I hope that no one will use Bill 338 in order to organize or build up a monopoly. Centralization may be of great help but, on the other hand, it may produce very bad results. In fact, should a crisis occur and the central organization be affected, the whole economy of the nation would also be affected. Before the last war a few European countries tried to apply this idea of centralization, but the results were very disastrous when the crisis occurred, because the central organization which received the deposits of the local *caisses* had invested these deposits in industries which could not refund the money upon demand. The local *caisses* requested their money, and the central *caisse* was unable to refund it.

In the province of Quebec we have organized regional unions of *caisses populaires.* In doing so we decentralize and prevent crises which would affect all the country. In 1932, the crisis being acute, our regional unions assisted one another, and this mutual help allowed our organization to expand during those hard times.

In 1942, the organization of a *caisse provinciale*—a provincial society—was discussed. Our people were, for the most part, in favour of such an organization. Mr. Laurent Létourneau, the president of *La Fédération des Caisse Populaires,* and I then prepared a memorandum in which we developed arguments against the setting up of such a society. These arguments having been considered, the project fell through. I must also insist upon the fact that the very people who

insisted upon creating a provincial union some time ago are now accusing me of being a centralizer, while the members of the credit unions of the other provinces accuse me of being an isolationist. I am neither; I am a realist.

I wish to address my last remarks as a grateful tribute to the founder of our *caisses populaires* and credit unions in America—*le Commandeur* Alphonse Desjardins. I also wish to congratulate St. Francis Xavier University, at Antigonish, which, during some twenty years, has promoted the credit unions in our Canadian centers. May I also add that this year the university at Antigonish is celebrating the centenary of its foundation. I am happy to congratulate this institution and voice my appreciation of the admirable educational work it has achieved during the last few years.

The first *caisse populaire* was founded in Lévis on December 6, 1900, and had an initial deposit of 10 cents; but today there are in Canada alone 3,121 *caisses populaires* and credit unions, with assets exceeding $360 million.

These *caisses populaires* and credit unions have always worked for a good purpose. I for one—and you will all agree with me—would not like to see any financial loss or economic depression brought about through a change in the basic principles and modes of operating of the *caisses populaires* and credit unions.

I will not vote against Bill 338, because I do not claim that I have a monopoly on wisdom and infallibility. If some credit union groups from the nine other provinces wish this bill to be adopted, I cannot object, for that is their privilege. However, according to our own experience and that of other countries, we in Quebec believe that the principle involved herein is extremely dangerous.

My most sincere wish is that the *caisses populaires* of Quebec—I need not mention the others—may continue to operate and progress in conformity with the intentions and directives of their founder, and that they may always protect the interests of their members without ever harming anyone.

Honourable senators, I should like now to reply to some remarks made by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) as to the constitutionality of certain laws.

In 1909 a measure similar to the present bill was presented in the Senate, and was rejected; there were 19 votes against the law, and 18 votes for it.

The leader on the other side (Hon. Mr. Haig) remarked that this type of organization does well if the manager is good. I cannot speak for the other provinces, but in Quebec all local *caisses populaires* are operated by three boards—a board of directors, a loan board and a supervisory board—and any loan can be granted if it is approved by the credit board commissioner. The manager himself cannot decide to loan money to any member. In Quebec we have 48 inspectors provided by the federation of the *caisses populaires*, and practically the same number used by the ten unions. In addition, every manager is bonded for an amount depending on the importance of the *caisse populaire*; that is, a bond for the manager of a *caisse* with assets of $1 million is larger than that for a man who is managing assets of only $10,000. We also have bonds protecting against holdups, thefts, and so on.

Hon. Mr. Roebuck: You have no bonds against bad judgment, I take it?

Hon. Mr. Vaillancourt: We have not gone that far.

There is no competition at all in Quebec between the banks and *caisses populaires*, because we give a service that the banks cannot render. The banks cannot lend money on mortgages, but we lend small amounts on this security all the time. We help our members. The basic principle of *caisses populaires* is to use the money where it was earned, so as to help develop the farms and assist labourers in the cities, and so on, because it is absolutely inconsistent to take money from the land and use it for manufacturing purposes. We have no millionaires in our *caisses populaires*. All the members of the organization are farmers, labouring men, and the like; therefore, we have no right to take any unnecessary risks with their money, and certainly we should not speculate with it. The money represents savings from the labour of our people, and we regard ourselves as absolutely bound to refund a member's money at any time that he asks for it.

Some Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, I have just one or two observations to make. I do not want to stand in the position of one who is sounding an alarm, but I do view the progress that is no doubt being made by this organization with a certain degree of apprehension. These credit unions have grown out of little credit societies. When I first became acquainted with them in the city of Toronto and elsewhere I was somewhat surprised. Down in the poorer sections of that city you will find little societies composed of a chairman, or a president, and a secretary-treasurer, with some small amount of funds in their possession. I met the people who were actually loaning the money. The loans were confined to people in small groups. I met

with this type of society first in a Jewish community, where the whole "society" consisted of the secretary-treasurer, and the "books" of the organization were a little black-covered notebook that fitted into his vest pocket. In the notebook was a list of names, and opposite these were the amounts of the borrowings. It was surprising to me that such an operation was possible, but I was more surprised when I learned that these little societies suffered practically no losses. The reason for that, of course, lay in the loyalty of the member to the group to which he belonged, and the stern disapproval of his neighbours and friends that he would incur, should he borrow from that little society and not pay back.

Little societies of that kind have a philanthropic purpose. Many loans are made on account of sickness, and the people who receive them struggle hard to pay them back. These societies have been a great success, and apparently out of them have grown the credit unions. But now, instead of an individual doing this work as a charitable contribution to his neighbourhood, men are loaning money as a commercial proposition, and in very large figures. There is now a total of $400 million in the hands of these men, most of whom no doubt, have very little experience in the business they are carrying on, although they have been fairly successful so far.

Now, what is the proposal? The little society supported by local loyalties is to become a big, top-heavy organization with a managing board, whose members probably have but little more experience than those who are carrying on the business. And we are to have an interchange of money from province to province, and from society to society, so that the whole organization will be one great interlinked and interdependent system of accounting of debits and credits. Well, it may serve a good purpose. Centralization sometimes serves a good purpose, but my honourable friend from Kennebec (Hon. Mr. Vaillancourt) warns that it is sometimes dangerous—very dangerous. Under this proposal money raised in, for instance, the province of Ontario, may be loaned in the province of Saskatchewan, or Alberta or British Columbia, for purposes quite unknown to those who deposited the money. Is it not possible that instead of having small cells, the one independent of the other, and the failure of one of which would not do much harm, we shall have a big body which, if the props are removed, will come tumbling down with a crash? It seems to me we are assuming a great responsibility in granting incorporation under these circumstances.

My honourable friend from Kennebec has told us that the success of credit organizations depends upon their management. That is particularly true as applied to the loaning societies to which I have referred. But in the case of the larger organizations it is not so much the managers—and there will be scores of them—but rather the general manager.

It has been said that the Superintendent of Insurance will keep his eye on these various societies across Canada. How can he effectively supervise them all? He may know a good deal about insurance, but I am not aware that he is familiar with finance, and he may be still less familiar with the operations of loaning societies. Even if he knows all there is in the book, he is just one person who is supposed to keep his eye on all these little organizations spread across Canada, with the exception of those in the province of Quebec, which may be wise enough to look after its own.

I want it clearly on the record that I view with alarm the proposed incorporation of these societies. When the bill is considered in committee we should pay particular attention to the provision for the management of the multifarious transactions which will take place across Canada, each one capable of bearing the seeds of disaster.

Hon. John A. McDonald: Honourable senators, I should like to say a brief word in support of this legislation. First, may I compliment the government for having brought forward this legislation. I should also like to say to the honourable senator from Vancouver South (Hon. Mr. Farris) how much I appreciated his clear explanation of its provisions, and to thank the honourable senator from Kennebec (Hon. Mr. Vaillancourt) for his contribution to the debate. I only hope that the fears expressed by the honourable senator from Kennebec and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) will not materialize in the operations of the federal credit association.

Hon. Mr. Aseltine: Will the honourable gentleman tell us who is asking for this legislation?

Hon. Mr. McDonald: The government of Canada is sponsoring the legislation, at the request of the credit union societies.

May I say to my honourable friends that during the comparatively long period when I was in provincial public life I had a very good opportunity to study the workings of the credit unions in the province of Nova Scotia, and I know that they were most helpful in that province.

I would be remiss in my duty if I did not also take this opportunity to refer to the great work of Saint Francis Xavier University in this co-operative movement. It has done excellent work in helping thousands of people,

both in rural and urban districts, whose standard of living has been raised through co-operatives and credit societies. Father "Jimmy" Tompkins, Monseigneur M. M. Coady and A. B. Macdonald will always be remembered as the fathers of this movement. They, along with many of the clergy in numerous parishes, particularly in Nova Scotia, spearheaded this great movement which has spread all over the country and has meant so much to the comfort and the well-being of our citizens. With those I have already mentioned as leaders of this movement I would include Fathers Gillis, McCormick, George McLean, Forrest and Boyle—the latter now Bishop of Prince Edward Island.

May I take your time, honourable senators, to tell briefly of the doings of one of these clergymen, as it will illustrate what has been accomplished. When Father Forrest went to Larry's River, Guysborough County, most of his one hundred-odd families were on direct relief. The priest did not have much capital, but his credit was good, and he succeeded in purchasing a second-hand sawmill. He took some of his men into the woods and they first cut and sawed lumber for a lobster factory. When it was built, some of the women operated the factory while the men were fishing. Then when the blueberries were ripe, many of the women and children picked the berries and canned them. The same procedure was followed with the wild cranberries or foxberries. Father Forrest then sold the products, mainly in Montreal. In a short time he had assisted his people, with their combined help through their co-operatives, to become self-supporting, and they no longer needed to take aid from government sources.

They also improved their community in many ways, including the construction of a new schoolhouse and community hall.

That is only one of many stories that can be told of the great good done by helping people to establish their credit. Credit unions have done excellent work in many of our centres, and knowing something of their accomplishments in the province of Nova Scotia, it is with pleasure that I support this progressive legislation.

Hon. G. P. Burchill: Honourable senators, may I take just a moment of your time to say that I agree entirely with the remarks of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) as to the cause for apprehension that we may by the passage of this bill be going a little farther than is necessary at the present time. I should also like to congratulate the honourable senator from Kennebec (Hon. Mr. Vaillancourt) upon the success he has had in his own co-operative movement. And may I compliment the honourable senator from King's (Hon. Mr. McDonald) on his remarks about the great good done by co-operative movements in the province of Nova Scotia. And, I may add, they have done much good in the province of New Brunswick also.

I am all in favour of legislation that will help the ordinary man get the financial assistance he needs, but I am wondering whether, as has been so well stated by the senator from Toronto-Trinity, in this legislation we are going farther than is necessary. In my little community a credit union has been functioning for some years and has done an immense amount of good, because its operations have been closely supervised by local officers who know the people to whom loans are made and are familiar generally with the transactions. The same thing can be said of numberless communities. In the county from which I come are several credit unions, all of which have been very successful, but I would stress the fact that their officers have local knowledge and are familiar with everything in connection with their organization. For the life of me I cannot understand why the honourable member for King's (Hon. Mr. McDonald) has not explained how this legislation will benefit the co-operative movement in Nova Scotia.

Hon. Mr. Aseltine: It will get money from Ontario.

Hon. Mr. Burchill: I cannot figure out how money which is accumulated in Alberta or Ontario will be loaned to co-operatives in Nova Scotia and Quebec, or what practical help they can expect from a measure of this kind. So far our unions have done very well. I have yet to be convinced that the bill we are discussing this afternoon will be of any assistance. In my opinion it will not. I hope I am wrong.

Hon. Thomas Reid: Honourable senators, anyone who has listened to the discussion this afternoon must admit that he has received a favourable impression of the good done by credit unions. I was particularly impressed with the remarks made by the honourable senator from King's (Hon. Mr. McDonald), who outlined their beginnings and the circumstances under which they began; and I have heard nothing but good of the organization in my own province. But a question which was put to the honourable senator from King's aroused my curiosity. It was not fully answered, and I think it should be answered before the bill is proceeded with. The question was, in effect, "Who asked for this legislation?" The honourable

member's first answer was, "The government", and then, I think he said, "At the request of the credit unions." This raises a most important point. If the credit unions in general, who have been doing such good work, are pressing for legislation of this kind, the fact should be clearly stated; but if the unions are doing so well and getting so much money into their hands I think we are entitled to a much fuller explanation before this bill goes much further.

Hon. Mr. Vaillancourt: I can answer the honourable senator's question. For the past three years some groups, located in seven different provinces, but not representing all the unions in those provinces, have asked for the passing of this legislation.

Hon. Mr. Reid: But not all the groups asked for it.

Hon. Mr. Vaillancourt: No. As I say, some groups from seven provinces.

Hon. Mr. Aseltine: How about Quebec?

Hon. Mr. Vaillancourt: No, we did not touch that matter.

Hon. Mr. Aseltine: Quebec does not support the bill.

Hon. Mr. Reid: How are the unions held back through not having legislation of this kind?

Hon. Mr. McDonald: May I say an additional word or two? I can assure the honourable member from New Westminster (Hon. Mr. Reid) and the honourable member from Northumberland (Hon. Mr. Burchill) that the provincial groups which have asked for this legislation did so because they felt that there is a need which they cannot meet in any way other than by being able to incorporate under a dominion charter, so that unions in a province which have money to spare can loan it in quarters where it can be used to great advantage, and thus help in a larger way to raise the standards of living of many of these people.

Hon. Mr. Aseltine: I have been rather confused all through the speeches by references to $400 million of assets and $200 million of assets. Surely these figures do not represent assets. The unions have not made all that money. What is meant is that, of the money which was deposited with them by shareholders, loans in these amounts are outstanding. I cannot conceive of these organizations having assets in the amount of $400 million.

Hon. Mr. Bouffard: The reference is to their deposits.

Hon. Mr. Aseltine: They are not all assets. We have not been told what their liabilities are.

Hon. Mr. Farris: My honourable friend is quite right: they are not assets in the sense of accumulated profits. In a memorandum in this connection which was prepared this morning it is stated that there are more than one million members of Canadian credit unions, and that in 1951 their combined assets exceeded $385 million. They now amount to more than $400 million.

Hon. Mr. Pirie: That does not include Quebec?

Hon. Mr. Vaillancourt: Yes, it does.

Hon. Mr. Farris: May I direct one observation particularly to my honourable friends from Toronto-Trinity (Hon. Mr. Roebuck) and Northumberland (Hon. Mr. Burchill), who seem apprehensive at the idea that the system may become too cumbersome, and think that loans should be confined to the immediate vicinity of the loaning unit. It struck me that the situation might be comparable to that of the banking systems of the United States and Canada. I recall some years ago a conversation with a close friend of mine who was manager of a bank in the State of Washington. He said: "Your Canadian banks cannot compare with ours. We do not get directions from Washington as Canadian bankers get theirs from Montreal or Toronto. We have our own little bank right here." He was speaking of the town of New Waterton. He continued, "I know all my people, and I make loans to promote local interests on the basis of my local knowledge." There is something to that point of view. On the other hand, there are a great many favourable comments on the banking system of Canada, wherein the combined operations of all the provinces are used for the development of all Canada.

I think there is a great deal in the larger conception. We are not a little group of hives, each concerned only with the welfare of our own hive. Over and above all is the aim to develop this dominion. If the concept of a common provision for the needs of the world at large has any justification, the outlook for world progress would indeed be discouraging were we in Canada unable to cooperate to the extent that citizens of one part of the dominion who were enjoying good times could make money available for some province which at the time was not sharing the same degree of prosperity. I think there is a basic principle involved here, and I am sorry to say that I must disagree with my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) in that respect.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Farris for the second reading of this bill. Is it your pleasure to adopt the motion?

Hon. Mr. Roebuck: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. Farris: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PUBLIC SERVICE SUPERANNUATION BILL

FIRST READING

A message was received from the House of Commons with Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read a second time?

Hon. Mr. Lambert: Next sitting.

PRIVATE BILL

SECOND READING

Hon. J. W. Stambaugh moved the second reading of Bill F-12, an Act to incorporate Canadian Co-operative Credit Society Limited.

He said: Honourable senators, much of what I might have said in explaining this legislation has already been stated by the honourable member from Vancouver South (Hon. Mr. Farris) in his explanation of Bill 338, an Act respecting Co-operative Credit Associations. I shall try not to repeat what has already been said.

Honourable senators, co-operative credit unions, or credit societies, have been established in Canada for over fifty years. They provide for members a depository for regular savings, and these savings become a source for loans that may be used for productive purposes. At present they have over a million members, and their total assets now exceed $400 million.

As credit unions developed it was found desirable to provide means whereby they could work together and pool their resources. Membership in these provincial societies is confined to the credit unions and some co-operative organizations. The growth of these provincial central credit unions has been extensive in recent years, and they have contributed substantially to the growth of the credit union movement as a whole.

Under the present set-up, these provincial centrals may invest their funds only in their own provinces. As early as 1947, the suggestion was made that a dominion central credit society should be formed to operate for the provincial centrals, in much the same way as they in turn operate for their local societies. After mature consideration by the National Congress of the Co-operative Union of Canada, it was decided in 1951 to petition parliament for a private Act to incorporate a dominion central credit society, but it was discovered that there was no satisfactory legislation under which they could be incorporated and supervised.

Bill 338, which has just been given second reading and referred to committee, provides the necessary regulations and safeguards thought desirable for the introduction of the bill now before the house. It is my understanding that up to the present time legislation under which unions would have to become incorporated was unsatisfactory to the officials of the Department of Justice, the Minister of Finance, and to the credit unions themselves. Bill 338 meets their objections.

I understand that seven provincial centrals have expressed their desire for this legislation, and have by votes at their provincial conventions endorsed the dominion-wide organization which is being created by this bill.

The provincial directors representing the organizations seeking incorporation under this bill are:

Abram W. Friesen, Farmer, of Rosthern, in the province of Saskatchewan, John Ripley Robinson, Manager, of Vancouver, in the province of British Columbia, Norman Flaxman Priestly, Secretary, of Calgary, in the province of Alberta, Theodore Kober, Manager, of Regina, in the province of Saskatchewan, Wilford John McSorley, Farmer, of Winnipeg, in the province of Manitoba, Ralph Sharpe Staples, Manager, of Toronto, in the province of Ontario, and Daniel MacCormack, Clergyman, of Antigonish, in the province of Nova Scotia, together with such persons as become members of the association hereby incorporated are incorporated under the name of Canadian Co-operative Credit Society Limited, hereinafter called "the Association".

The capital stock of the association is $1 million, divided into 10,000 shares having a par value of $100 each.

Section 5 of the bill reads:

The association shall not accept money on deposit, or lend money or otherwise carry on business until

(a) the board of directors has been duly elected or appointed;

(b) not less than two hundred and fifty thousand dollars of its capital stock has been bona fide subscribed;

(c) the association has to its credit in a chartered bank in Canada a sum not less than one hundred thousand dollars paid in by subscribers on account of their subscriptions in excess of any and all liabilities of the association in connection with or arising out of the incorporation, procuring of subscriptions, organization or otherwise howsoever; and

(d) all other requirements of the Co-operative Credit Associations Act antecedent to the granting of a certificate have been compiled with.

I would like to add a few words about the directors whom I have named, their occupations and their businesses:

Mr. Abram W. Friesen is a Rosthern, Saskatchewan, farmer, a director of the Saskatchewan Wheat Pool, and a past president of the Co-operative Union of Saskatchewan.

Mr. John Ripley Robinson is the manager of the British Columbia Central Credit Union Limited, and has had a long association with the credit union movement in that province.

Mr. Norman F. Priestley has been closely associated with the co-operative movement in Alberta for over twenty years. For fifteen years, he was manager of the United Farmers of Alberta Co-operative, and at present is secretary of the Alberta Co-operative Union.

Mr. Theodore Kober is manager of the Saskatchewan Co-operative Credit Society and secretary of the Saskatchewan Co-operative Trust Company.

Mr. Wilford J. McSorley is president of the Manitoba Co-operative Wholesale Society and has had a long association with the consumer co-operative movement in Manitoba.

Mr. Ralph Sharpe Staples is president of the Co-operative Union of Canada, as well as president of the Ontario Co-operative Credit Society.

Reverend Daniel MacCormack is director of Radio Education for the Extension Department of St. Francis Xavier University in Antigonish, N.S., and has long been intimately associated with the co-operative and credit union movement of that province.

These provisional directors, who are also the incorporators, are as you will readily see, capable and experienced men, and represent all sections of Canada as well as the credit societies which have expressed their intention of becoming members of the new organization when it is formed.

The provincial credit societies which will participate in the new company are named in the schedule attached to this bill. They are:

Saskatchewan Co-operative Credit Society Limited, with head office at Regina, in the province of Saskatchewan; Nova Scotia Credit Union League Limited, with head office at Antigonish, in the province of Nova Scotia;

B. C. Central Credit Union, with head office at Vancouver, in the province of British Columbia;

Ontario Co-operative Credit Society, with head office at Toronto, in the province of Ontario;

Prince Edward Island Credit Union League Limited, with head office at Charlottetown, in the province of Prince Edward Island;

Alberta Central Credit Union Limited; with head office at Calgary, in the province of Alberta;

Co-operative Credit Society of Manitoba Limited, with head office at Winnipeg, in the province of Manitoba.

I also understand that three commercial co-operative organizations have signified their intention of becoming members of this new association.

The main reason why I was anxious to get this before the Senate this afternoon is that, as honourable senators will see, it is closely interwoven with the general bill, Bill 338, which was explained by the senator from Vancouver South (Hon. Mr. Farris). That bill has been referred to the Banking and Commerce Committee, which will be meeting tomorrow; the officials who will be there to answer questions on the general bill are the same ones whom it will be necessary to question on this private bill. It seemed to me, therefore, that it would be reasonable to consider these two bills in committee together. I intend to move, after this bill is read the second time, that it be referred to the Banking and Commerce Committee. On the other hand, if there is still a desire to hold it over, I will have no further objection. I understand that in order to get this before the committee tomorrow I will need the unanimous consent of the Senate.

The motion was agreed to, and the bill was read the second time.

SUSPENSION OF RULE

Hon. Mr. Stambaugh: Honourable senators, in order that the bill may be considered in committee tomorrow, I now move:

That rule 119 be suspended in so far as it relates to the Bill (F-12), intituled, "An Act to incorporate Canadian Co-operative Credit Society Limited".

The motion was agreed to.

REFERRED TO COMMITTEE

Hon. Mr. Stambaugh: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 30, 1953

The Senate met at 3.35 p.m., the Acting Speaker (Hon. A. L. Beaubien) in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

SITTING DELAYED—QUESTION OF PRIVILEGE

Hon. Thomas Reid: Honourable senators, I rise on a question of privilege which affects also, I believe, other members of the Senate. Last evening we adjourned to meet at 3 o'clock this afternoon, and no explanation has been given to us who were here at that hour why the Senate has only just met, at twenty-five minutes to four. I understand there may be extenuating circumstances, but I think some discourtesy has been done to those of us who attended at the hour to which officially the Senate was adjourned.

Before the honourable acting leader of the government (Hon. Mr. Lambert) makes an explanation I have one suggestion to make: it might be advisable towards the close of a session to include all members of the Senate in the membership of the Banking and Commerce Committee.

Hon. Norman P. Lambert: Honourable members, the matter which has just been mentioned by the honourable senator from New Westminster (Hon. Mr. Reid) is one to which I intended to refer on the Orders of the Day. Now that he has taken the trouble to mention it—

Hon. Mr. Reid: It was no trouble.

Hon. Mr. Lambert: —I take this opportunity to apologize to those who are not members of the Banking and Commerce Committee for the delay in beginning this sitting of the house. The committee met this afternoon at 2.15, and during the meeting it was suggested that the Senate sitting be deferred briefly while honourable members of the committee endeavoured to finish their study of the legislation before it. It was thought that this would facilitate the work of the house.

I agree with the honourable gentleman from New Westminster (Hon. Mr. Reid) that we were possibly guilty of not adhering strictly to the rules, and I hope that it will not occur again.

CANADIAN FORCES BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 332, an Act respecting the Canadian Forces.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (332 from the House of Commons), intituled: "An Act respecting the Canadian Forces", have in obedience to the order of reference of April 29, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

INCOME TAX BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 228, an Act to amend the Income Tax Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (228 from the House of Commons), intituled: "An Act to amend the Income Tax Act", have in obedience to the order of reference of April 16, 1953, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 28, line 5: strike out the words "subsections are".
2. Page 28, lines 7 to 19: strike out lines 7 to 19 both inclusive.
3. Page 61, line 9: strike out the words "subsections are".
4. Page 61, lines 11 to 22: strike out lines 11 to 22 both inclusive.

The Hon. the Acting Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: I move that the amendments be concurred in now.

Honourable senators, I think I should make a brief statement to the house on the second amendment. It strikes out that part of section 37 which had to do with apportionment of the interest on any bonds sold by a non-resident vendor between interest dates to a resident purchaser. That part of the section provided for a withholding tax which the purchaser of the bonds had to withhold out of the moneys paid to the non-resident vendor. There were representations before our committee from the Investment Dealers Association that this would create complications in their business operations. We also heard the Minister of Finance in connection with this

section, and the committee's amendment has his approval.

What appears to be an additional amendment in the report is simply the same amendment carried into part II of the bill, where you are dealing with the revised statutes.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: I move that the bill be read the third time now.

The motion was agreed to, and the bill as amended, was read the third time, and passed.

THE CORONATION

SEATING FOR INDIAN CHIEF—INQUIRY

On the Orders of the Day:

Hon. Mr. Reid: Honourable senators, I should like to direct a question to the acting leader (Hon. Mr. Lambert). I quite realize that I cannot expect to have an answer today, but I should like an answer as soon as possible. My question is this: Have representations been made to the government, and if so has any decision been arrived at, regarding the request of the Native Brotherhood of British Columbia that their Chief be provided with a seat at the Coronation, as the representative of native Indians, original Canadians?

Hon. Mr. Lambert: Would the honourable senator place his inquiry on the Order Paper?

Hon. Mr. Reid: No; I am making the inquiry orally.

Hon. Mr. Lambert: I shall try to get the information for my honourable friend.

RADIO BILL

SECOND READING

The Senate resumed from Tuesday, April 28, the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill 337, an Act to amend the Radio Act, 1938.

Hon. Thomas Reid: Honourable senators, in speaking to this bill may I say at the outset that I am in entire agreement with the bill itself. My remarks this afternoon will be by way of taking an opportunity to say what I feel should be said, and what I believe, in regard to the operations of the C.B.C., particularly as to its policy on television. Let me say that the elimination of the licence fee for radio receiving sets, as proposed in the bill, was to my mind inevitable. It would have had to come about sooner or later because, for one thing, it cost a certain amount to collect the fee; and, in the second place, over the years a great number of people were simply ignoring the law and not paying the fee. That is evident from the fact that the amount collected was $2 million less than should have been collected on the basis of $2.50 for every radio receiving set in use in Canada.

As regards television, it was suggested that a licence fee of $15 should be charged on television sets. One can readily appreciate the difficulties in the way of collecting such a fee, especially from set owners who live close to the border and can get good American programs without paying for any licence. As the expenditures required of the C.B.C. to provide television became known, it was obvious to me at least that a licence fee of $15 per set would never cover the cost. And this was also recognized by the government.

While I am in favour of the bill now before us, I am somewhat perturbed by the provision whereby the costs to the C.B.C. of providing radio and television will come out of excise revenue; for as a result of that change parliament may have little opportunity in future to make a close examination of the expenditures. My reading of the bill and study of what took place in the committee of the other house leads me to believe that the government will in the future place funds out of the excise revenue at the disposal of the Canadian Boadcasting Corporation, submit the corporation's budget to the Governor in Council, and later table it in parliament.

I would emphasize the fact that the proposed expenditure by the C.B.C. in this fiscal year will reach $26 million, and I wish to express a criticism of the House of Commons committee which has been studying the corporation's affairs. For my part, I have always regarded the C.B.C. as a creature not of government but of parliament. As the corporation has a proposed expenditure of $26 million, surely it is reasonable to think that one or more senators should have been invited to sit with that committee and be given an opportunity to help the government exercise some measure of control over the C.B.C. In this regard I feel, rightly or wrongly, that the Senate has been ignored. It may be said that we will have an opportunity to ask questions when this bill is before a committee of the Senate. But I would remind honourable senators that the Broadcasting Committee of the other house has been sitting since March, and this bill only comes to us now, when we are within perhaps six or seven days of the close of the session. What opportunity will the Senate have to study its many features? None at all.

I do not want to give the impression that I am entirely opposed to the C.B.C., for I

am not. I believe it has carried out its duties under the act fairly, besides providing some splendid programs. However, I feel that the narrow attitude which the C.B.C. has taken of late may alienate the good will towards it which has been built up in many quarters. The purpose of the corporation's latest move on television, with which I will deal, would almost justify one in believing that it wants to place a curtain around this country to prevent any material coming into Canada from across the line. If that is the object, it will be resented by Canadians generally.

I have not much to say about the programs themselves, but I accuse the Canadian Broadcasting Corporation of including in some of its broadcasts items which, though doubtless not so intended, are helpful to Soviet Russia. Why should lies be circulated over the air? For instance, recently publicity was given to a statement from a Russian or Chinese Communist source that the United States government took 600 Koreans to the United States and subjected them for test purposes to the atomic bomb; also that the American's had put out the eyes of a thousand North Koreans. I do not believe that the truth can always overtake propaganda of that kind, and if falsehoods are repeated frequently enough, there might be people in this country who will conclude that there is some truth in them. Another statement to which publicity was given by the C.B.C. was with regard to "germ warfare". Is there any honourable senator who believes that the American Army uses germs against the enemy in Korea, or puts out the eyes of North Koreans, or exposes the enemy to the dangers of atomic bombing experiments? Then, I ask, why tell these lies over the air? If they are untrue, and they are, why repeat them? Of course the Russians are happy to know that reports of this kind are being circulated in North America, because there are people—one may call them simple-minded—who, listening to this sort of thing, say "Well, we heard it, or something similar to it, on the air", or "We read an article about it in the press," and for that reason may and do accept it. We all know persons who, when some report is questioned, say, "Oh, I believe it because I read it in the newspaper," and "If it is in the press it must be true."

I will not repeat what I have said many times about Mr. Dunton's attitude to the so-called "soap" programs. I suggest he come down from his high pedestal and look at these things as they really are. Somebody dramatizes the "triangle" motive; someone is courting another man's wife; the dialogue is so charged with emotion that one can hear the sobbing over the air. Apparently the C.B.C. regards this as art. It might be well if our special committee which is inquiring into obscene and salacious literature took some note of programs of this kind. To my mind they do much harm, even though Mr. Dunton thinks otherwise.

I am one of those who hold that attempts by the Canadian Broadcasting Corporation to control entirely both television and radio are detrimental to Canadian interests. In this connection I shall say something of which I have personal knowledge and which, so far as I know, has not been said before. The C.B.C. is supposed to protect private stations in the matter of its channels and lines. The protection of channels or lines for radio in Canada is, I believe, one of the main subjects discussed in conferences of representatives of North American countries, but I believe that the C.B.C. pays no attention to the channels distributed in the United States to private lines so long as these do not interfere with the corporation's own communications. In the province from which I come, especially in the Greater Vancouver and New Westminster area, our private radio stations are faced, particularly in the evenings, with interference from two or three stations across the line, and frequently the Canadian private programs are blacked out. But the C.B.C.'s own lines never suffer from that kind of interference. I wonder whether this is a pursuance of a policy of the Canadian Broadcasting Corporation to induce or compel the public, deprived of other programs, to turn to those of the corporation. Personally I should like to know why the private stations have been subjected in the past five or six years to interference from radio stations across the line. I repeat that stations in the United States have been permitted to secure "spots" which interfere very seriously with many stations in British Columbia.

As for television, the official policy which has been enunciated and is being put into effect in British Columbia has made the people of that province very angry indeed. I would not be surprised if it becomes a major subject of political controversy during the forthcoming election.

The C.B.C. is now erecting a television station in the city of Ottawa. I think Ottawa is entitled to it. But whereas Ottawans are to enjoy within a month the facilities of this station, so that they will be able to view the Coronation, we in Vancouver, where the rights of private television stations are denied, will not see the Coronation through Canadian television but through the service of United States stations nearby. Now, if the object of the C.B.C. policy to designate certain large centres as alone entitled to television facilities, and to prohibit until some

later time the entrance of private stations, is intended as a barrier to United States television, I say it will never do what the C.B.C. expects it to do.

Take the case of Vancouver. Within the next few weeks a station costing between one and a half and two million dollars will be completed at Bellingham, a nearby city in the United States. Already the proprietors are advertising the station in British Columbia stores, and recommending people to procure a set at once, because within a month they will be able to tune in to Bellingham. As a result, this station is receiving considerable public support and promises of advertising from merchants in Vancouver and New Westminster. The Bellingham station has made it clear that the greater proportion of its programs will be Canadian produced for Canadian viewers. It is little wonder that the people in British Columbia feel irritated, if not angry, over this kind of policy. They cannot understand why private interests, which are willing to spend their own money to erect television stations, are not allowed to go ahead. It means that we shall probably have to wait until January or February of next year for our television reception, while three cities in Canada are enjoying it in the meantime and American stations are capturing the market.

I am not arguing the merits or demerits of television at all. I know there is a doubt in the minds of many people as to whether television will prove beneficial to the human race.

Honourable senators, there is no doubt that the owners of television sets in Montreal and Toronto are viewing more programs that originate in the United States than originate in Canada. On my last trip to Ottawa I was held up at the Toronto airport for some two hours, and I was rather surprised to see that the Trans-Canada Airlines, a government-owned institution, was providing American television programs for delayed passengers. It might have been that the American programs were better than what the Canadian station was showing. I am wondering if the C.B.C. purposes to put some kind of an iron curtain around Canada so as to keep out American television programs. If this is so, then I think the people of Canada should be told; at any rate, I do not believe this can be accomplished.

As I said at the outset of my remarks, I am not opposed to the city of Ottawa being given television privileges even ahead of my own province of British Columbia. After all, Ottawa is the capital of Canada.

I was rather amused a short while ago when I read in the press that Ottawans were to be virtually prohibited from installing outside television aerials after the C.B.C. had started its local television broadcasts this summer. Apparently a mistake had previously been made in the bylaw, and the city council endeavoured to rectify that mistake one or two nights later. Even at that, a person has to apply to the civic building inspector if he wants to put up an aerial, and he will have to prove that the equipment is necessary to provide adequate reception of outside television. Furthermore, all applications have to be given routine approval and be passed on to the Board of Control and City Council for sanction. The civic officials have said that they want to avoid a "forest of aerials" that would spoil the city's appearance. When one looks over Ottawa now and sees all the poles, and telephone, telegraph and electric wires that are strung about the city one wonders how a few more TV aerials on roof tops could add to the present eyesore.

I realize I perhaps stand on risky ground when I say anything about the city of Ottawa, for apparently some members of the City Council resent the least bit of criticism. I made a certain remark a short time ago and was criticized for it. I have never taken issue in public as to remarks made about myself, but I think I am entitled to tell the Mayor and members of the City Council that so long as this city is looking for handouts from the dominion government, and so long as the taxpayers of Canada are called upon to contribute to these handouts, we who are not from Ottawa have some right to say something about the city. I have never attempted, by anything I have said, to run down the city, for as everyone knows there is hardly any city or town that has not got something that could be criticized.

The Mayor said that she could not understand why people scrambled after senatorial appointments if they did not like living in the city of Ottawa. She directed her barb at me, and I should like to reply to Her Worship that I never did any scrambling for an appointment to this chamber. I have been in public life since 1922. I first came to Ottawa as a member of parliament in 1930, and I can say with pardonable pride that I have never had great difficulty in winning an election. Shortly after the last election I was summoned by the Prime Minister and, without any solicitation on my part, he said he wanted to appoint me to the Upper Chamber. Well, I have heard a lot of criticism about the Senate, but I have never met a man or woman in this country who would refuse an appointment to this chamber. I could have remained in the other house in the capacity of Parliamentary Assistant to

the Minister of National Health and Welfare at an annual renumeration of $10,000, but I have been long enough around the halls of parliament to know that when the Prime Minister summons you and says he would like to appoint you to the Senate, you would be turning down the appointment for all time if you refused it then.

Hon. Mr. Aseltine: Opportunity knocks only once.

Hon. Mr. Reid: Yes, and I was not that foolish, to turn down the appointment. I have always done my best to act in the interests of the public in this honourable chamber. I can also say, without fear of contradiction, that since 1930 I have spent more days in Ottawa than I have in and around New Westminster. And I have never objected to living in this city.

I do remember an occasion when I criticized the city of Ottawa, saying it had too many aldermen and controllers to run the business of the city smoothly and effectively. All I can say is that I hope they do not build their new city hall until they have cut down the present number of aldermen and controllers, otherwise it will be like the building which houses the General Assembly of the United Nations. They will simply be putting up a new building to hold their battles in. I was surprised that on that previous occasion they seemed to take my advice, for they reduced the number of aldermen from 26 to 18, but the number of controllers remained at four. However, I notice they did not save any money, as those who were left merely appropriated the balance of the indemnities for themselves. I think that the only saving to the city is something like $100 a year.

And I say now that there are still too many men and women on the Ottawa City Council. Before coming here this afternoon, I looked the matter up and learned that Toronto has a mayor, five controllers, and nine aldermen. Its population, I understand, is 1,200,000, and its expenditures in 1951 were $76 million. Vancouver, the third largest Canadian city, has a mayor, eight aldermen, and no controllers—a total of only nine to look after that fair city with a population of more than 400,000, and expenditures last year of $35 million. But this capital city has a mayor, four other members on the Board of Control, and eighteen aldermen, a total of twenty-three looking after a population of just over 200,000, and expenditures last year of just over $13 million. I would suggest in all kindness to the Council of the City of Ottawa that if it wants to get along more smoothly and do its business better than it has been able to do it so far—as I understand from the reports in the press—it should copy other cities and cut down the number of its members still further. The more aldermen and controllers you have, the more disputes there are. This city could be run more efficiently by a council of half the present number.

Regarding the television aerials I just have one thing to say to the Mayor, and I say it not in rancour. I remember a statement made by Mr. Baldwin in the British House of Commons to Mr. Snowden: "When a first-class brain does something stupid, it not infrequently happens that the stupidity is colossal."

An honourable member from Toronto has just reminded me that my remarks about Toronto apply to metropolitan Toronto. I thank him for drawing my attention to that.

As honourable senators know, in the early days of radio some splendid recommendations were made by the Aird Commission, although at that time television was practically unknown and the use of radio was by no means as extensive as it is today. The commission recommended in its report that the provinces be given a proper place in radio, especially in regard to provincial educational programs. That recommendation has never been carried out. I am surprised that the provinces have not demanded a greater share in radio educational programs. I realize it is a very controversial subject, especially when you begin to try to define what education is. Generally speaking, of course, when we speak of education we mean scholastic education, not education in farm management or similar subjects, which are discussed over the air very frequently.

I do not want to delay honourable senators, but I think it is important to place on the record what Joseph Sedgwick, Q.C., had to say—and I for one agree with him—regarding Royal Commissions. Speaking of the Massey Commission's report, of which each senator has a copy, Mr. Sedgwick said:

> If the appointing government finds that the report suits its own views, it greets it with fulsome praise. It speaks of the authors of the report as being highly distinguished and unassailably competent, and says that it would be unthinkable not to implement and adopt the recommendations of so sensible and informed a body. If, as does sometimes happen, the report fails to please the appointing government, it is filed and forgotten and the responsible minister points out (quite correctly) that governments must make up their own mind, and cannot abdicate their function to a Royal Commission, even to one of their own appointing.

I have read the Massey report through fairly well; I refer to it often, and all I can see in it pertaining to radio and television is just the odd thing that seems to suit the C.B.C. And may I say to the honourable the acting leader that while I was pleased indeed to get an answer to my inquiry the other day, I had wondered if I would actually get the answers I asked for because last year

when I placed two of the same questions on the Order Paper the C.B.C., behind the scenes, said it was not going to answer those questions. I stood on my rights as a senator and said that if the C.B.C. wanted to live a peaceable life it had better answer those questions. When that refusal was conveyed to me I said, "Take it back and say 'Senator Tom Reid demands an answer'". The following day I received the answer—an admission which the corporation had so long hesitated to make; it was simply "No". I mention that to show the attitude of some of these C.B.C. officials to members of parliament.

Now, coming to some of the recommendations on the Massey report, I want to place on the record something further that Joseph Sedgwick had to say. It is quite apropos the subject I am dealing with. He was speaking of the personnel of that royal commission. I personally did protest and object because there were no common citizens, shall I say, on that commission, that all who were appointed as commissioners to delve into arts and letters, as well as radio and television, were highbrows, as they are called. Speaking of the commission, Mr. Sedgwick said:

> Does there not seem to be here too much of the cloister in the campus, and not enough of market place and street?

I concede that, so long as the commissioners dealt with education, the arts and sciences, no more competent group could have been found. However, in dealing with such matters as radio and television, I think, with great respect, that they were not competent at all. Those who prescribe for the masses should at least know the masses, even if they are not among them. On this commission there should have been at least one real down-to-earth politician, one who had to fight his way through a number of elections. I am speaking for the masses when I rise in my place here and now and speak about the attitude of the C.B.C. on radio and television.

It has been said that the C.B.C. has a monopoly in radio. There is no such thing as a monopoly in radio in this country, because there are many private stations as well as the C.B.C. But, as Mr. Sedgwick said:

> The net result of all this is that CBC has a monopoly all right, but only in the sense that it excludes *Canadian* competition; in the meantime it is giving a very real monopoly of a Canadian audience to the TV stations of Buffalo and nearby U.S.

I think that pretty well sums up my thoughts on the C.B.C.'s television programs. We in British Columbia have been greatly discriminated against. Up to the present time more than $3½ million has been spent for a television system in Montreal, and a similar sum in respect of the Toronto station. How much the Ottawa installation will cost remains to be seen; however, the capital is in a somewhat special category. But all this money must be supplied by the ordinary taxpayer, and with a total annual expenditure of $26 million he need look no farther to discover why his taxes are going up. As I have said, the C.B.C. has now become a creature of the government, and the government must take responsibility for it. If the Canadian government intends to compete with television in the United States, which is financed by private industry, the people of this country must provide for the cost with ever-increasing taxation.

In a few short years expenditures have risen from $3 million to the present figure of $26 million; and for this reason I deem it my duty to stand up and say what I have said this afternoon. After all, the people should be the judges of what they want; and if honourable senators will look over the radio program surveys by the Haynes Company of Toronto they will see that in most places, and particularly in Montreal, Toronto, New Westminster, Vancouver and other Western cities, C.B.C. has fewer listeners than any other station. I made that statement when I was a member of the committee of the other house and it has never been contradicted.

I repeat my criticism of the committee of the other house for not giving honourable senators an opportunity to meet and discuss with the officials the problems and expenditures arising under this bill. I do not think that kind of treatment should be countenanced.

Hon. Mr. Horner: Honourable senators, I rise merely to congratulate the honourable senator from New Westminster (Hon. Mr. Reid) upon the very interesting address he has given. But while I am on my feet may I express the hope that the present Mayor of Ottawa will occupy a seat in this chamber while the honourable senator is with us.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Lambert: Honourable senators, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 363, an Act to authorize the provision of moneys to meet certain capital

expenditures of the Canadian National Railways system during the calendar year 1953, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, this is the annual bill placed before parliament to provide for the financing requirement of the Canadian National Railways for the current year.

Honourable senators will remember that last year the form of this legislation was changed so as to include the financing of all capital expenditures for the railway company, whether authorized under the current Act or under earlier financing and guaranteeing legislation. That procedure is again followed this year.

The meat of the bill will be found in section 3. The section is divided into four parts. The first part authorizes the Canadian National Railway to spend during the current year on capital account an amount up to $146 million odd; the second part of the section would authorize the railway company to acquire during the course of the current year additional working capital up to $15 million; the third part authorizes the railway company to make capital expenditures during the first six months of next year—that is 1954—to discharge obligations incurred during this year, or preceding years, which will fall due for payment during those six months; and the fourth part authorizes the railway company to enter into obligations covering its financial program for the year 1954 in the amount of approximately $74 million.

These figures, honourable senators, appear to be exceedingly large. It is true, however, that to a large extent they do not represent any new authorizations of expenditures by this parliament; they refer to expenditures to be made this year to cover authorizations that have been given by parliament in prior years.

If honourable senators will refer to section 3 of the bill, I will briefly run over the expenditures which are authorized by this section.

First, the amount of approximately $47 million is authorized for additions and betterments other than new equipment; but of that amount more than $35 million has already been authorized in previous acts, and the only new authority asked for by this bill is the balance of $12 million.

Provision is made for the expenditure of slightly over $9 million for branch line construction. Of that amount $2,700,000 is for the Sherridon-Lynn Lake line, and $6,500,000 is for the Terrace-Kitimat line. Honourable senators will recall that the authorization for the construction of both those lines was given at previous sessions of parliament, and that in both instances contracts have been entered into between the Canadian National Railways and the particular industries which it is designed to benefit by the lines, which industries guarantee to the railway sufficient revenue over a period of twenty years to meet the interest charges on the cost of construction.

Hon. Mr. Reid: May I ask if these are additional amounts?

Hon. Mr. Hugessen: No; these are only the amounts which are expected to be spent this year for these two lines which have already been authorized by parliament.

The next item is new equipment, for which authorization is asked up to $89 million. Of that sum $79 million represents moneys to be spent for additional equipment during this year, but which was previously authorized by parliament during the years 1951 and 1952.

The only new money for which authorization is asked is the balance of slightly under $10 million. That makes a total of $146 million.

In paragraph (b) of subsection (1) of section 3 is the authorization to the company to acquire additional working capital during this year in an amount not exceeding $15 million. The reasons for which that authorization is asked are the following: owing to the continued increase in the cost of materials and supplies used in the operation of the railway the amount of working capital which is tied up in this way is constantly increasing. As at December 31 last, the amount of cash actually available on hand to the railway company amounted to slightly over four and a half million dollars, to carry out operations involving estimated expenses of approximately $56 million per month during the current year. It is an accepted principle of industry that, as business expands, the necessity of increased liquid assets immediately follows. In order to operate effectively, to pay bills promptly and take advantage of discounts which may be offered, cash must be available. The Canadian National Railway Company is not in a position to increase its working capital out of earnings, since under the legislation now in force any earnings in excess of the annual interest payments on its debt must be paid to the government by way of dividend on the government's holdings of preferred stock of the railway company. For these reasons it is considered

necessary to provide an additional $15 million of working capital to the company in the course of the current year.

In paragraph (c) there is authorization to make capital expenditures during the first six months of 1954 to meet obligations already authorized by this parliament either under the present act or previous acts, to a total not exceeding $80 million. That sounds like a large sum, but I point out that the authorization is not a new one; it is merely intended to enable the company to pay accounts which will fall due in the period in question in respect of authorizations already given by this parliament.

Paragraph (d) relates to the capital expenditure program for the year 1954. It authorizes the company to enter into commitments which will become payable in 1954 or later years to cover those capital expenditure programs to a total of $74,500,000.

In other respects, honourable senators, this bill follows practically word for word the similar bill which was adopted by this House last year. There is only one exception. The total of obligations by way of bonds or debentures or equipment trust certificates which the company is authorized to issue under this legislation is $221 million, but that amount is to be decreased by the amount which the company is authorized to issue, by way of preferred stock, to the Minister of Finance. Honourable senators will recall that last year, in the Canadian National Refinancing Act, it was provided generally that a part of the capital obligations of the company should be converted into what one might call equity capital, in the form of 4 per cent preferred stock, and further, that in each year the company might raise its capital requirements for that year by the sale of 4 per cent preferred stock—again to the Minister of Finance—to the extent of 3 per cent of its gross earnings for that year. It is estimated that the gross earnings of the Canadian National Railways for the current year will be of the order of $700 million. The result will be that the total amount of bonds and other obligations which the company will be authorized to issue under this bill, totalling $221 million, will be reduced to the extent of approximately $21 million by the sale of that amount of 4 per cent preferred stock to the Minister of Finance at par.

That, in brief, honourable senators, is the bill that is now before you. I should like to make one or two rather general observations arising out of it.

The question has occurred to me, and I am sure to other honourable senators, from time to time and from year to year, as we are asked to pass these bills warranting the expenditure of sums which to ordinary men, like you and me, seem quite astronomical, whether as a country we are not going too far in authorizing capital expenditures by the railway company.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Hugessen: To put it in another way, whether the company is not spending too much capital. That is a very interesting question, and I suppose the general answer that can be made to it is that a railway is never finished. Year after year there have to be improvements, extensions of lines, additional equipment and additional facilities. That is particularly true in the case of an expanding economy such as is ours at the present moment. I might give the house one or two examples of that sort of thing which are particularly appropriate at the present juncture.

For instance, these new branch lines, Lynn Lake and Kitimat, to which I made reference a few minutes ago, are essential to the development of vitally important industries, the expenditures for which will total something of the order of $25 million.

Another item relates to expenditures for new equipment, particularly new passenger equipment. The C.N.R. is very far behind in this respect. As a matter of fact, I am informed, until two or three years ago no new passenger equipment had been purchased by the Canadian National Railways since the year 1935. The reason, of course, is obvious. During the depression there was no need for such equipment, and anyhow it was too expensive, under the conditions then prevailing, for the company to purchase it. During the war it was impossible to acquire new equipment; and that condition persisted for another five years afterwards by reason of shortages of steel and so forth, with the result that during the past two or three years the Canadian National Railways have been faced with the problem of purchasing and paying for a very large amount of new passenger equipment, amounting to many millions of dollars, which under normal circumstances would have been spread over a much longer period than the two or three years within which that equipment must now be paid for.

Another example is the program of dieselization of engines,—the conversion from steam engines to diesel engines. The conversion from steam engines to diesel engines is a program which is universal to the railways all over this continent. It is extremely expensive, and in the case of the C.N.R. alone the total expenditure for dieselization contemplated over a period of years is in the hundreds of millions of dollars. Well, that is an extremely expensive capital expenditure which this

house has to contemplate on behalf of the Canadian National Railway Company. It is true, of course, that dieselization does bring about very important economies in the operation of a railway, and that is particularly so in long distance freight traffic and in the shunting of freight in yards. It is to long distance freight and yard freight that the Canadian National Railways' dieselization program is at the moment being largely directed. There are, however, two or three cases where a whole section of line has been dieselized. For instance, steam engines have been completely taken off the run from Matapedia to Gaspé. The whole line has been dieselized at an annual saving of several hundreds of thousands of dollars. In some instances I am advised that the capital cost of dieselization will be met by savings in operations in a period of not more than five or six years.

Honourable senators, I spoke a moment ago about the expanding economy of this country. Very large capital expenditures are required and have already been made in such places as the Toronto and Montreal freight yards. It can be seen that these things add up to extremely heavy capital expenditures, but even this explanation might not answer the question which might arise in the minds of some honourable senators: "Is the Canadian National Railway perhaps not going a little overboard in spending more money on capital than it would if it were a privately-owned company?" That is a very interesting question. I have been able to obtain some figures about that which I think will interest the house. I hold in my hand a table of the property investments made by the Canadian National Railways and the Canadian Pacific Railway respectively, during the five-year period from 1948 to 1952. With the leave of the house I shall quote those figures to the closest million.

	Canadian National Railways	Canadian Pacific Railway
Year 1948	$ 65 million	$ 49 million
" 1949	47 "	57 "
" 1950	40 "	43 "
" 1951	86 "	64 "
" 1952	125 "	44 "
	$363 million	$257 million

I would ask honourable senators to relate these amounts to the average mileage of the two railways. As at the 31st of December last, the Canadian National Railways operated 24,000 miles of line, and the Canadian Pacific Railway 17,000 miles of line. Those are just rough figures. In the result each railroad has made approximately $3,000 of capital expenditure for each mile of line operated during the last five years.

Hon. Mr. Reid: It works out very evenly.

Hon. Mr. Hugessen: It seems to indicate that they have both been doing the same. Furthermore, when talking about the great capital expenditures of the railways I should draw the attention of the Senate to a statement which appears in the annual report of the Canadian Pacific Railway Company for 1952, which came out only a week or two ago. It was reported that in the next five years, from 1953 to 1957, the Canadian Pacific Railway Company will be faced with capital expenditures of $475 million.

Hon. Mr. Kinley: For the operation of the railways alone?

Hon. Mr. Hugessen: I really do not know, but I think it can be said truthfully that the vast bulk will be railway expenditures. The figures I have just quoted to the house should give some indication that the Canadian National Railway Company is not going overboard in the making of capital expenditures, certainly not in relation to its principal competitor, the Canadian Pacific Railway Company.

Hon. Mr. Roebuck: Could the honourable senator tell us what the public has been spending on ordinary roads during the years he referred to? That would be a good comparison, would it not?

Hon. Mr. Hugessen: I agree with my honourable friend that that would be an extremely cogent comparison. I hope I have satisfactorily answered the question that must have been in the minds of honourable senators as to whether the Canadian National Railway Company would embark on such heavy capital expenditures if it were a privately-owned company. I do not believe that the Canadian National Railway Company is engaging in undue or excessive capital expenditures, having regard to the problems with which it is faced, and having regard also to the equally vast capital expenditures which the Canadian Pacific Railway Company has made over the last five years, and which it will be called upon to make in the next five.

I suppose one might finish this comparison by making a very broad general statement. According to the latest figures, the investment of the people of Canada in the property account of the Canadian National Railway Company as of December 31 last amounted to $2,436,000,000. During the last five years that investment has been increasing at the average rate of approximately $72 million. Having regard to the fact that the gross annual revenue of this country is running these days

at a rate of something of the order of $20 billion or more, I do not think that an increase of $70 million each year in our capital investment in the Canadian National Railway Company can be considered to be excessive or out of the way, particularly having regard to the vital service which our transportation system, our railway company, performs for the people of this country.

Honourable senators, should this bill be given second reading I will suggest that, as in previous years, it be referred for further consideration to the Standing Committee on Banking and Commerce. Officers of the railway company will be available in committee to answer any questions that honourable members may see fit to ask. This is our annual chance to investigate the operation of the Canadian National Railway Company, as we have done each year when this financial bill has been placed before us. I imagine honourable members will again wish to take advantage of this opportunity.

I think the tentative arrangements, subject to the house agreeing to the second reading, are that there shall be a meeting of the Standing Committee on Tuesday morning, at which the officers of the railway will be present. I have arranged with the clerk that there will be made available to the honourable members of the Standing Committee on Banking and Commerce, not later than Monday next, copies of the document which the Canadian National calls its annual budget for 1953, showing its estimated receipts and expenditures and its estimates of capital commitments for that period.

Hon. Mr. Roebuck: Before the honourable gentleman closes, may I ask a question about something in this bill that seems very extraordinary, and to which the honourable senator made no reference. The bill is entitled "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railway system during the calendar year 1953"; and hidden among the clauses of the bill to carry out the purpose of the title I find an Ethiopian in the woodpile. If the honourable senator would look at section 10, he will find that it says:

> Where, at any time before the first day of July, 1954, the available revenues of Trans-Canada Air Lines and its subsidiaries are not sufficient to pay all the operating and income charges thereof as and when due, the Minister of Finance, upon application by Trans-Canada Air Lines approved by the Minister of Trade and Commerce, may, with the approval of the governor in council, place at the disposal of the Trans-Canada Air Lines such amounts as may be required to enable Trans-Canada Air Lines and its subsidiaries to meet all such charges.

Why should a clause of that kind be inserted in a bill to finance the Canadian National Railways? It is a separate matter and should be in a separate bill, and the Canadian National Railway Company itself should state why it needs this money.

Hon. Mr. Hugessen: My honourable friend will recall that the Trans-Canada Air Lines is a wholly owned subsidiary of Canadian National Railways, and one would assume that financial requirements of the Canadian National Railways under this bill would take in the whole system, including the subsidiaries.

With regard to the Ethiopian in the woodpile, I can assure my honourable friend that the Ethiopian has been there for at least a year. This clause is exactly the same as it appeared in last year's bill. As my honourable friend said, it provides that the Minister of Finance may furnish an amount to meet any deficit of Trans-Canada Airlines up to June 30, 1954. So far it has not been necessary to make any advance, and I hope very much that no advance will be necessary this year.

Hon. John T. Haig: Honourable members, I first want to rise in protest. They say an opposition leader should always rise in protest, no matter how good or bad the legislation may be. I am not protesting about this measure, but I am protesting against these important bills coming before us within two weeks of the end of the session. We have been dealing here with the National Housing Bill, a most important matter to Canada. On the Order Paper before us we have the Radio Bill, the Canadian National Railway Financing and Guarantee Bill and the Public Service Superannuation Bill—one bill to which this house should give very careful attention. These are all matters of importance to Canada. Bills are continuing to come before us, and many are not here yet. I do not, and never did, think that the Senate can discharge its duties properly, when most of the important legislation comes down within the last two or three weeks of the session. It seems to me that the dereliction of duty is solely that of the government.

You may say that the opposition in the House of Commons holds up government business by long debates on the Speech from the Throne and on the Budget. But the Mother of Parliaments at Westminster has been confronted with the same problem and has solved it. For years it also was a problem in the House of Representatives at Washington, but it has been solved there too. Just the other night a bill was sent over from the British Commons to the House of Lords, and it came back with seventy-eight amendments. The opposition in the House of Commons moved sixty-eight amendments more; but the

Prime Minister brought in the guillotine, and the bill passed.

Frankly, I could never see any good in debates on the Speech from the Throne. I say that after sixteen years' experience in the legislature prior to my coming here. While I was a member of the legislature I spoke on every budget that was brought down there. I had to go before the electors of Winnipeg, and I considered my speeches good advertising, though I do not think they increased the confidence of the people in me. Cannot the same be said of members of the House of Commons? I admit that every member of that house should have a chance once a year to lay before the parliament of Canada the problems of his part of the country and his constituency, and what he deems proper for parliament to consider. As you well know, Mr. Acting Speaker, whenever there is a motion to go into supply any member can get up and make another speech. No protest against the present system will be made in the House of Commons, because every member there wants to be re-elected, but it is up to us here to say that we do not think it is of benefit to the people of Canada to make all those speeches, and thereby delay consideration of important bills until the last two or three weeks of the session. It seems to me that the bills to which I have referred are more important than anything else that could be discussed.

Hon. Mr. Farris: Is my honourable friend saying that discussion on this bill in this house is being limited?

Hon. Mr. Haig: It is not being limited in this house. I am saying that all the legislation of any importance comes down in the last two weeks of the session, and for that reason I do not think this house can give it proper consideration. As a matter of fact, at that stage many honourable members are away. I admit this practice has been going on for years and it may continue, but I think we should at least protest.

When the bill is in committee I should like to be allowed to ask one question. I read the statement of the 1952 operations of the Canadian National Railways which shows, I believe, a profit of $142,000. Am I right?

Hon. Mr. Hugessen: I think so.

Hon. Mr. Haig: But I would point out that the railway forgot to put in its statement the cost of the retroactive increase in wages from April 1 to December 31, amounting to about $3½ million. Further, the railway brought into receipts an amount of $3 million which was set aside in, I think, 1942, for certain contingencies with respect to equipment which might prove good or bad. The statement for 1952 improperly reflected an amount of $3 million taken into receipts, and it failed to take into account the sum of $3½ million which the company was obligated to pay for a retroactive wage increase. The true result of the year's operations was a loss of more than $6 million and not, as the statement shows, a profit of $142,000.

Parliament last year allowed the railway to write off something like $1,250,000,000. I asked the President directly whether if that amount were written off the railway could balance its budget from that time on. He replied, "With reasonable business conditions, yes."

Hon. Mr. Reid: That is what he said.

Hon. Mr. Haig: I am glad to hear my honourable friend from Inkerman (Hon. Mr. Hugessen) say that this bill will be referred to committee. I doubt whether we shall have the benefit of having the President with us, but there are many questions to be asked, particularly as to last year's statement. Technically speaking, the statement may be quite correct, but morally it is absolutely wrong and cannot be justified. The press spread across the country the fact that the C.N.R. statement for 1952 showed a profit of $142,000.

Hon. Mr. Hugessen: May I ask my honourable friend a question with reference to the retroactive wage increase? Is it not true that the decision of the arbitrator did not come out until after the end of the year?

Hon. Mr. Haig: The amount of the increase was agreed upon prior to that time.

Hon. Mr. Hugessen: I am asking the question whether the decision of the arbitrator did not come out after the end of the year. From the point of view of accurate accounting can you include in expenditures for one year an obligation which arises only after the end of that year?

Hon. Mr. Haig: Technically, you do not need to show it.

Hon. Mr. Hugessen: An honest accountant or auditor would ordinarily do it that way.

Hon. Mr. Haig: The situation as I recall it was that the amount of the wage increase was agreed upon but the decision of the arbitrator was held up pending the ironing out of certain details. This is the kind of thing which the C.N.R. does and which I do not like. For my part, I think it should lean over backwards to tell us the real facts; in that way we would be prepared to meet the situation.

I expect to remain in this house long enough—and I need not last very long—to see the day when the C.N.R. will come back to parliament and ask for permission to write

off more money and put the charges on the backs of the people of Canada. The situation today is so bad that when the Board of Transport Commissioners is considering the matter of rates it is guided by the facts placed before it by the Canadian Pacific and takes no account of what the Canadian National Railway does. And besides, the C.P.R. is taxed on its profits, while the C.N.R. pays no taxes.

In view of those things the people who in the first place advocated government ownership of the railways should come forward and explain what they had in mind. There is no doubt that we own the railway system, but it is a liability, not an asset.

I cannot tell, by looking at this bill, whether it is good or bad legislation, or whether the proposed expenditures are proper or improper. However, the one feature of the bill which appeals to me is that the maximum expenditure must not exceed $221 million odd. When the bill goes to committee I should like a full explanation of the company's last annual statement.

Hon. Norman P. Lambert: Honourable senators, I do not intend to delay the house long.

First, by way of reply to the complaint by the honourable leader opposite (Hon. Mr. Haig)—a grievance which he has uttered many times—as to the delay in bringing legislation of this type before the Senate, I will make him a simple proposition. If he will undertake to bring his great influence to bear upon his opposition friends in the other house and persuade them not to delay matters by lengthy debate, I shall do my best to bring what influence I have to bear on the government of the day to send this type of legislation before the Senate as early in the session as possible. Between us, we might be able to exert enough influence to correct the situation; but I do not think there is much to be gained by emphasizing the obvious circumstances without doing something about it.

The points raised by the honourable leader opposite as to certain problems involved in the operation of the national railway system go back to the inception of the system. I may say that justification for the Act which brought it about was ably put forward by the very distinguished gentleman who later occupied the seat of the opposition leader in this house. I think there was reasonable justification for the formation of the Canadian National Railways as a system; but the financial burdens which were taken over from the component parts of that system have never been adequately balanced and rectified in connection with the operation of the road.

As to the criticism by my honourable friend of the financial statement of the company, that can be fully explained when the bill goes to committee.

May I express my pleasure, and I am sure that of the house as a whole, in having our honourable friend from Inkerman (Hon. Mr. Hugessen) resume his place and give us the benefit of his very able exposition of this bill.

Hon. Mr. Isnor: Honourable senators, I have one question I should like to ask of the honourable gentleman who moved second reading of the bill. Reference was made to capital expenditure in connection with new equipment covering a five-year period. He gave the amounts expended by the Canadian National and the Canadian Pacific, but I doubt if he gave the anticipated expenditure, over the next five years, of the Canadian National Railways.

Hon. Mr. Hugessen: I am afraid I cannot give that information, as the Canadian National has not indicated its capital expenditures over the next five years. On the other hand, the C.P.R. has given the figure of $475 million as its anticipated expenditures over the next five years.

Hon. Mr. Isnor: Thank you. I was also interested in knowing whether any amount could be given in connection with the cost of the change-over from steam to diesel locomotives. As honourable senators know, when a commercial firm makes a capital expenditure it does so with a view to saving on expenses or making a greater net profit. We in the Maritimes realize that the changeover from coal to the oil-powered diesel is going to affect the economy of our province, particularly in the Cape Breton area and I was wondering whether the honourable senator could indicate what will be the resultant saving, if any, in freight rates. The matter is one for very serious consideration so far as the Maritimes are concerned. As honourable senators know, we have suffered the disability of the long haul, especially in relation to the increase of freight rates during the past several years; and that increase has come about largely because of the competitive rate which exists in Central Canada as compared with the East and the West. I refer now particularly to the Maritimes, and I would ask the honourable senator to have, either today or by next Tuesday, a statement prepared which will show what savings may be expected, with a consequent decrease of freight rates in so far as the Maritimes are concerned. Have I made myself clear? I hope so.

Hon. Mr. Hugessen: I am afraid that the honourable senator's meaning is not quite as clear to me as it might be. I know that the C.N.R. anticipates very substantial savings in

operations after dieselization on its long-distance freight hauls, but what proportion of those savings would apply to the Maritime Provinces I doubt whether even the company's officials could tell at this stage: and my honourable friend, in supposing that economies through dieselization there will result in decreases of freight rates in the Maritimes, is making an assumption which I do not know is fully justified.

Hon. Mr. Isnor: That is what we are hoping for.

Hon. Mr. Hugessen: My own feeling is that savings from dieselization should be reflected in higher net earnings of the company, enabling it to pay dividends on the preferred shares and interest on the obligations which it owes to the government, before any consideration is given to decreasing rates in one particular part of the country.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hugessen: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PUBLIC SERVICE SUPERANNUATION BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. G. P. Campbell moved the second reading of Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada.

He said: Honourable senators, I do not propose to go at this time in any great detail into the sections of the bill. It is a very involved and complicated piece of legislation. The effect of it is to bring about a complete revision of the Civil Service Superannuation Act, and to set up a method of dealing with pensions to all those engaged in the Public Service of Canada.

In certain respects the law is changed by this new legislation, and I shall attempt very briefly to deal in principle with these changes. The details, I think, can best be explained in committee by officials of the department who are conversant with the workings of the old legislation and have had a great deal to do with the revision of the law and the drafting of the present bill.

Hitherto, under the law, no person entitled to an annuity or superannuation by the provisions of the Superannuation Act received it in virtue of the statute: it was given to him simply as a matter of grace, on a vote by the Governor General in Council, who determined in each case what the pension should be in recognition of good services rendered by the individual. Under the present bill a pension becomes a matter of right. It is stated very clearly what pension a person who is a contributor is entitled upon retirement to receive, so that the individual knows exactly what his pension will be, and the terms and conditions under which he will be entitled to receive it; and as a matter of law he can, if needs be, enforce his rights by action.

This is one of the principal and very important changes which this bill seeks to bring about.

The next important change in principle is to enable temporary employees, many of whom have been in government services for many years, to be included in the pension plan. In the past the loose use in the act of the term "temporary employees" has been somewhat confusing, in that many persons classed as temporary employees were in fact permanently employed.

Hon. Mr. Quinn: Do they contribute to the Superannuation Fund?

Hon. Mr. Campbell: They have not been entitled to contribute to the fund or to receive any benefit from it.

Hon. Mr. Quinn: If they are made eligible for pension, what will be their position as regards back payments?

Hon. Mr. Campbell: I am going to deal with that. Under the present law, all the temporary employees will be entitled to contribute on the same basis as permanent employees so far as future benefits are concerned. The rate is exactly the same. If they wish to benefit from the provisions covering past service they must then make payments to cover their past service. They can make these payments either in a lump sum or annually by deductions of 6 per cent from the rate of pay they received at the commencement of their employment. That puts quite a burden on the individual who has been employed on a temporary basis. However, those who have already been in the permanent service have had to make these contributions under the present law.

I might point out at this time that the pension scheme which will be brought about by this bill is slightly different from some corporate schemes which attempt to provide for the past services of temporary employees. In most of these cases a corporation will make the payment to cover past services over a future period of ten years, whereas under this

legislation temporary employees will have to carry that burden themselves.

The contributions to be made by all those who wish to participate in this pension scheme amount to 6 per cent of the salary for males and 5 per cent for females. These contributions must be made so long as the contributor is employed, but not after he has thirty-five years of pensionable service to his credit. On and after August 1, 1957, no further contributions will be made by anyone who has attained his sixty-fifth birthday.

Hon. Mr. Reid: Does this provision as to the 6 per cent and 5 per cent apply, no matter what the salary of the employee is?

Hon. Mr. Campbell: It applies to the salary.

Hon. Mr. Reid: No, but no matter how high or low the salary of the employee is, does this provision of 6 per cent or 5 per cent apply?

Hon. Mr. Campbell: Yes, except that no person may contribute in respect of any amount received as salary above $15,000.

There is a provision in the act which is very important to all those participating in the scheme. It provides that in future an actuarial record or statement will be filed with parliament to make certain that the scheme is actuarily sound.

The government also makes a payment equal to the sums paid in by the contributors for current pensionable service, and in addition has agreed to allow interest on a 4 per cent basis. It also stands behind the superannuation scheme, thereby guaranteeing its solvency.

It may be of interest to know that a report made by the Chief Auditor of the Department of Insurance, tabled by the Minister of Finance in parliament about a year ago, revealed that the superannuation account was inadequate to meet the full estimated liability at that time. As a result, provision was made for payment into this account of special credits of $75 million in each of the fiscal years 1950-51 and 1951-52; and a further sum of $25 million in 1952-53. It was estimated that as of March 31, 1953, there would still be an actuarial shortage of approximately $189 million. Provision has been made to cover that amount by credits, so that the fund will be sufficient to meet the estimated liabilities.

Hon. Mr. Isnor: What would be the total contributions made by the government?

Hon. Mr. Campbell: The government has already paid $175 million, and $189 has to be paid in, which is the estimated actuarial shortage as of March 31, 1953. The fund was inadequate to that extent.

Hon. Mr. Reid: Is it on a sound actuarial basis now?

Hon. Mr. Campbell: It will be when these sums are put in.

Hon. Mr. Reid: Nothing is being added; it is just a matter of clearing up the debts.

Hon. Mr. Campbell: No. These sums which have been calculated, and which are to be deposited, will put the fund on a perfectly sound actuarial basis, and this will be sufficient to meet the estimated liabilities.

Hon. Mr. Reid: Until the next time.

Hon. Mr. Campbell: The government stands behind the fund, so that all liabilities will be taken care of.

Hon. Mr. Quinn: Can the honourable senator inform the house what annual contribution is made by the employees themselves?

Hon. Mr. Campbell: I am sorry, but I have not got those figures. I endeavoured without success to get them today, but they will be available in committee.

Honourable senators, one important provision in the bill empowers the governor in council to make regulations for the general administration of the act, and particularly to set the age at which a person shall retire from the service. I would draw the attention of honourable senators to section 30(1) (ad), which reads as follows:

> The governor in council may make regulations notwithstanding any other act of the Parliament of Canada, providing that, upon attaining such age as is fixed by the regulations, a contributor shall cease to be employed in the Public Service unless his continued employment therein is authorized in accordance with such regulations, and prescribing the circumstances under which and the conditions upon which he may continue to be employed in the Public Service after he has attained that age.

In other words, there is no retirement age provided in the legislation, and the governor in council is given power to pass regulations to fix the age of retirement and the conditions of retirement for the contributor.

Hon. Mr. Reid: Would the governor in council pass judgment in each individual case? What happens when a contributor reaches the age of sixty-five and is desirous of continuing his employment? Would his case have to be dealt with by order in council?

Hon. Mr. Campbell: No. The act contemplates that regulations will be passed by the governor in council to deal generally with the conditions of retirement.

Hon. Mr. Reid: For how many years may anyone work beyond the age of sixty-five?

Hon. Mr. Campbell: That will depend entirely upon the regulations which may be made by the governor in council. As I pointed out, there is nothing in the act which

fixes the age at which a person shall retire from the Public Service, but the bill does contain a provision by which the governor in council is required to make regulations fixing the age and conditions of retirement.

Honourable senators, I am sure a great many questions come to your minds in connection with this legislation, particularly with respect to what the contributors are entitled to upon their retirement. I would attempt to answer these questions, but I would suggest that officials of the department are able to answer them far more accurately. It may be of interest to know in a general way what the pension scheme provides by way of retirement. Generally speaking, the employee's pension will be 2 per cent of his average salary for the last ten years of his employment, multiplied by the total number of years of service, not exceeding thirty-five. That is the normal pension a person who has been a contributor will be entitled to under this new legislation. The law will give him that as a matter of right, whereas under the present law his pension or superannuation allowance is a matter of grace by the governor in council.

It is my intention to ask that this bill be referred for detailed study to the Committee on Banking and Commerce, where officials of the department will be available to answer any questions.

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

The motion was agreed to, and the debate was adjourned.

BUSINESS OF THE SENATE

On the motion to adjourn during pleasure:

Hon. Mr. Lambert: Honourable senators, the Banking and Commerce Committee will be resuming its sitting immediately after the Senate rises. When the committee adjourned this afternoon it was making such good progress with the Co-operative Credit Associations Bill, and the private bill accompanying it, that apparently only a little further consideration of these measures is necessary. In these circumstances I am moving that the house adjourn now during pleasure, to resume at the call of the bell, at approximately 8 o'clock this evening.

The Senate adjourned during pleasure.

At 8 o'clock the sitting was resumed.

CO-OPERATIVE CREDIT ASSOCIATIONS BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Banking and Commerce on Bill 338, an Act respecting co-operative credit associations.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (338 from the House of Commons), intituled: "An Act respecting Co-operative Credit Associations", have in obedience to the order of reference of April 29, 1953, examined the said bill and now beg leave to report the same with the following amendments:

1. Page 15, line 22: strike out "(1) Subject to subsection (2),"

2. Page 15, lines 39 to 49: strike out lines 39 to 49, both inclusive.

3. Page 16, lines 1 to 20: strike out lines 1 to 20, both inclusive.

4. Page 26, line 6: after "45" insert a comma, strike out the word "or" and after "46" insert "or 83"

5. Page 27, line 35; after "83", insert "(1)".

6. Page 27 lines 37 and 38: between lines 37 and 38 insert the following as subclauses 2, 3 and 4 to clause 83:

"(2) An organization with respect to which subsection (1) of section 79 is in force may, with the consent of at least two-thirds of the full board of directors, make a loan that would otherwise be prohibited under section 46 to any member if the term of the loan does not exceed one year and the loan is adequately secured.

(3) Where an organization has made a loan to any member under the authority of subsection (2) or has authorized the making of such a loan, the organization shall prepare, as at the last day of March, June, September and December in each year and submit to the Superintendent and to its members, a statement showing

(a) the total amount of loans authorized and the total amount of loans outstanding for each such member at the date as at which the statement is prepared and the amount and nature of the security pledged by the member for such loans;

(b) the largest amount of loans authorized and the largest amount of loans outstanding for each such member at any time during the preceding quarter-year and the amount and nature of the security pledged by the member for such loans;

(c) the total amount of the securities of each such member that were owned by the organization at the date as at which the statement is prepared; and

(d) the largest amount of the securities of each such member that were owned by the organization at any time during the preceding quarter-year.

(4) The statement required by subsection (3) shall be submitted to the Superintendent and to the members of the organization within fifteen days after the day as at which it is prepared."

7. Page 28, line 10: strike out "subsection (1) of"

8. Page 28, line 18: delete "46" and substitute "83".

The Hon. the Acting Speaker: Honourable senators, when shall the report be taken into consideration?

Hon. Mr. Lambert: Honourable senators, I move concurrence in the amendments now.

Hon. Mr. Farris: I should like to hear an explanation of the amendments.

Hon. Mr. Lambert: Perhaps the honourable senator who sponsored the private bill (Hon. Mr. Stambaugh) would state briefly what happened in the committee. He was instrumental in getting the people who

requested the legislation and the government officials to compromise on the amendments.

The purpose of the amendments, as I understand them, is to curtail the powers that would otherwise have been enjoyed by co-operative associations in the federal field. I think the limitation of loans to 10 per cent of the capital of the associations still stands. The government officials withdrew their objections and permitted the suggestions made earlier in the committee to be adopted.

Hon. Mr. Farris: But what suggestions were made?

Hon. Mr. Haig: May I be permitted to offer a short explanation of the amendments?

Subsections 2 and 3 of section 46, having to do with limits on loans made by the federal associations to members, are struck out.

Hon. Mr. Farris: I follow that.

Hon. Mr. Haig: And the provisions of those two subsections are made to apply to the provincial societies. Power under the federal charter to lend 10 per cent of the aggregate capital of the association stands without amendment. Under the present law the provincial societies can lend an unlimited amount to any one member. The parties requesting this legislation felt that some limitation should be placed on the provincial societies. By the new subsection 2 of section 83 a loan of 10 per cent of the paid-up capital may, with the consent of two-thirds of the board of directors, be increased to a larger amount.

Hon. Mr. Farris: Without any more limitation than was contained in the former subsection 2 of section 46?

Hon. Mr. Haig: That is correct. In the result, the dominion association will be limited to loans of 10 per cent of the aggregate capital, without any exceptions; and the provincial societies, which heretofore have been able to loan unlimited sums, may now loan in excess of 10 per cent only with the consent of the directors. It was suggested that the powers of the provincial societies to loan should be limited, and the amendments were made accordingly.

The other amendments in the report of the committee are merely consequential upon the making of these more important changes to which I have referred.

Hon. Mr. Farris: I attended the earlier meeting of the committee but unfortunately was unable to attend the later meeting and did not know what happened.

Hon. Mr. Haig: I can tell my honourable friend that the amendments were unanimously agreed to by both sides. The honourable senator from Bruce (Hon. Mr. Stambaugh) carried the load in the committee, and he deserves credit for the amicable settlement of differences of opinion between the government officials and the persons requesting the bill.

Hon. Mr. Isnor: Honourable senators, I am not clear on the requirements in respect of the preparation of the statement of loans which is to be submitted to the superintendent fifteen days after preparation. No date was mentioned as to when the preparation would take place. Was that an oversight?

Hon. Mr. Haig: The new subsection 3 of section 83 provides that the organization making such a loan as provided for in the new subsection 2 shall prepare a statement every three months, and subsection 4 requires that it be delivered to the Superintendent of Insurance within fifteen days after its preparation.

Hon. Mr. Isnor: That would seem to cover the question I had in mind. As I understand it now, there is an obligation to prepare a statement every three months.

Hon. Mr. Burchill: Am I to understand that this bill as amended does not affect the provincial societies which are not included in the proposed dominion association?

Hon. Mr. Lambert: That is quite right.

Hon. Mr. Burchill: The bill will have no effect on New Brunswick?

Hon. Mr. Farris: New Brunswick is out.

The motion was agreed to, and the amendments were concurred in.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall the bill as amended be read the third time?

Hon. Mr. Lambert: Honourable senators, I move the third reading now.

The motion was agreed to, and the bill as amended was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Banking and Commerce on Bill F-12, an Act to incorporate Canadian Co-operative Credit Society Limited.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill F-12,

intituled: "An Act to incorporate Canadian Co-operative Credit Society Limited", have in obedience to the order of reference of April 29, 1953, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the tihrd time?

Hon. Mr. Lambert: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PUBLIC SERVICE SUPERANNUATION BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

On the order for resuming the adjourned debate on the motion of Hon. Mr. Campbell for the second reading of Bill 334, an Act to provide for the Superannuation of Persons Employed in the public service of Canada:

Hon. Mr. Reid: Honourable senators, I apologize for not being prepared to go on this evening; but as the Senate will not sit tomorrow, nor until next Monday evening, and as the committee to which the bill may be referred will not be in session until Tuesday, it seems that nothing will be lost by a further adjournment of the debate, until Monday night. In the meanwhile there are some facts I want to get in connection with this bill.

Hon. Mr. Lambert: The order may stand.

The Hon. the Acting Speaker: The order stands.

INTERNAL ECONOMY AND STAFF OF THE SENATE

REPORTS OF COMMITTEE CONCURRED IN

The Senate proceeded to consideration of the ninth, tenth, eleventh, twelfth, thirteenth and fourteenth reports of the Standing Committee on Internal Economy and Contingent Accounts.

Hon. Felix P. Quinn moved concurrence in the reports.

Hon. Mr. Reid: Honourable senators, I rise, not to offer any comment upon the recommendations contained in these reports, but to remark that I have noticed a growing tendency to curtail what few prerogatives and powers remain to the House of Commons and the Senate. Bit by bit we are coming under civil service control, and an illustration of this tendency is the recommendation in one of these reports that, upon the recommendation of civil servants, a certain civil service salary shall be increased. I do not know how many honourable senators fully realize that parliament is above the civil service, but I would point out that if encroachments here and there are not checked, we in this chamber may end up by being ourselves no more than civil servants. I have never raised any objection to the deduction for income tax purposes of a part of my indemnity cheque, but I have always doubted the legal right of the treasury to do this. I reiterate that many honourable senators seem not to realize where we are drifting, and I want to draw their attention to the fact, as indicated in these reports, that it is a body of civil servants that recommends this, that and the other thing, and we merely accede to their reports.

Hon. Mr. Lambert: I do not think the honourable senator from New Westminster (Hon. Mr. Reid) fully understands the situation in respect to the report of which he complains. This report is a recommendation of the Internal Economy Committee of the Senate. It contains certain proposals which were read yesterday and are included in today's proceedings, but in fact the initiative in this case comes from honourable members who are on that committee. At an earlier stage some suggestions with respect to the salary of one official were made to the Civil Service Commission, and it replied in relation to that salary with a certain proposal, which was adopted. The initiative in this instance was not that of the civil service or the Civil Service Commission, but of the Senate itself through its representatives on the Internal Economy Committee. That is the point I want to make.

Hon. Mr. Reid: Can the honourable senator explain why it is recommended, over the signatures of Mr. Bland, Mr. Nelson and Mr. Boudreau, "under section 59 of the Civil Service Act, that this class be exempt . . .", for it is a member of this very class, on the staff of the Senate, whose salary we are increasing.

Hon. Mr. Lambert: There are various classifications of employees of the Senate. Some of these are wholly under the Civil Service Commission, others come under the authority of the Senate. The principal items in the report on which recommendations are made are such as the Internal Economy Committee is, apart from any other consideration, perfectly competent to make. It is true that the Treasury Board can withhold the necessary funds. That is another matter. But so far as the authority for the recommendations is concerned, that rests definitely in the Internal Economy Committee of the Senate.

Hon. Mr. Haig: Honourable senators, I have a high regard for the honourable senator from New Westminster (Hon. Mr. Reid), and also

I wish to assist the acting leader of the government (Hon. Mr. Lambert) with some remarks by way of explanation. I attended the meeting of the committee, and therefore I have some personal knowledge of the facts. With one exception, all the matters contained in the reports before us were exclusively dealt with by the Internal Economy Committee; and all the decisions recorded there were made by them. No one else had anything to do with it. There is only one recommendation with which the Civil Service Commission had anything to do, and this is the explanation. The gentleman involved in that report serves not only as Assistant to the Clerk of the Parliaments, but as Chief Treasury Officer of the Senate, under the Department of Finance, and therefore is not wholly under our control; but we desired that the work he does for the Finance Department should be compensated separately, and as only the Civil Service Commission has power to deal with a case of this kind, its proposals were incorporated in the committee's report and recommendations. I have explained the circumstances so that the honourable member may understand the reason for the action to which he has referred. I entirely agree with the honourable senator that we should control the salaries of Senate employees, but the main duties of the gentleman in question are performed on behalf of the Department of Finance. The salary which has been granted to this official for his employment as Assistant to the Clerk of the Parliaments is not what we asked for, but is an improvement over what he has been getting. I am sure that if the honourable gentleman from New Westminster (Hon. Mr. Reid) were a member of that committee he would have acted as we did.

Hon. Mr. Crerar: Could the acting leader of the government (Hon. Mr. Lambert) tell the house what this employee's total salary will be?

Hon. Mr. Lambert: It will total $6,560.

The motion was agreed to, and the reports were concurred in.

The Senate adjourned until Monday, May 4, at 8 p.m.

THE SENATE

Monday, May 4, 1953

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

Prayers and routine proceedings.

INCOME TAX BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

A message was received from the House of Commons agreeing to the amendments made by the Senate to Bill 228, an Act to amend the Income Tax Act, without any amendment.

CO-OPERATIVE CREDIT ASSOCIATIONS BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

A message was received from the House of Commons acquainting the Senate that they have agreed to the amendments made by the Senate to Bill 338, an Act respecting co-operative credit associations, without any amendment.

TRADE MARKS BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill R-3, an Act relating to trade marks and unfair competition, and to acquaint the Senate that they have passed this bill with certain amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 4, line 25: Strike out the word "is" and substitute therefor the words "would be".
2. Page 4, line 31: Strike out the word "is" and substitute therefor the words "would be".
3. Page 4, line 39: Strike out the word "is" and substitute therefor the words "would be".

The Hon. the Speaker: Honourable senators, when shall the amendments be taken into consideration?

Hon. Mr. Lambert: I move that the amendments be concurred in now.

Hon. Mr. Haig: Explain them, please.

Hon. Mr. Lambert: The amendments, I think, are very trivial. They are merely verbal changes, substituting the words "would be" for the word "is" in three places.

Hon. Mr. Haig: The words "would be" are different from the word "is".

Hon. Mr. Lambert: If the honourable leader opposite wishes a more definite explanation I am afraid I shall have to withdraw my motion and move that consideration be deferred until tomorrow.

Hon. Mr. Haig: I do not want to hold up this bill, but I think we should not pass amendments without knowing what they are.

Hon. Mr. Farris: I suggest that if my friend looks at the original act he will see that the changes are self-explanatory.

Hon. Mr. Lambert: I can assure my honourable friend there is no substantial change.

Hon. Mr. Haig: All right.

The motion was agreed to.

CANADIAN BROADCASTING BILL

FIRST READING

A message was received from the House of Commons with Bill 340, an Act to amend the Canadian Broadcasting Act, 1936.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Next sitting.

NORTHERN PACIFIC HALIBUT FISHERY CONVENTION BILL

FIRST READING

A message was received from the House of Commons with Bill 341, an Act to implement a convention between Canada and the United States for the preservation of the halibut fishery.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Next sitting.

CANADA FAIR EMPLOYMENT PRACTICES BILL

FIRST READING

A message was received from the House of Commons with Bill 100, an Act to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Lambert: Next sitting.

NATIONAL HOUSING BILL

SECOND READING

Hon. C. G. Hawkins moved the second reading of Bill 339, an Act to amend the National Housing Act, 1944.

He said: Honourable senators, the purpose of this bill is to effect certain amendments to the National Housing Act.

Before proceeding to a detailed consideration of the amendments, it might be appropriate to review briefly the progress made in respect of housing programs during the past seven years. During this period starts in Canada, excluding conversions of existing buildings, totalled 570,000. The support of the federal government in the field of housing during this period was to a large extent carried out under the National Housing Act. During this period 141,249 dwelling units were financed under joint loan terms of the act. Another 30,000 were built on direct government account. This included 28,000 units in the veterans' rental housing program, and a further 1,760 under the public housing section, section 35, of the National Housing Act. A further 18,000 units were built under the rental insurance plan. In addition to these, Central Mortgage and Housing Corporation has built 12,000 permanent married quarters for the armed services, as well as a number of units for other government departments, including the Department of Defence Production. Housing assistance by the federal government has also been forthcoming under the Veterans' Land Act, the Canadian Farm Loan Act and the Farm Improvement Loans Guarantee Act. The net result is that two out of every five permanent post-war houses in Canada have been built with assistance of one kind or another from the federal government.

Honourable senators are no doubt aware that operations under the National Housing Act may be broken down into three major classifications:

(1) Housing financed jointly with the lending institutions;

(2) Housing constructed by means of financing on direct account; and

(3) Housing programs carried out jointly by the federal government and various provinces and municipalities.

It is readily appreciated that the major portion of housing under the National Housing Act is financed jointly with various lending institutions. These lending companies include life and fire insurance, trust and loan companies and fraternal societies. The importance of the participation of these companies in mortgage lending and financing of house construction cannot be over-emphasized. Their commitments in the whole mortgage field in 1951 amounted to $434 million, and in 1952 to $497 million, an increase of 15 per cent. The level of net mortgage investments by these companies in 1952 absorbed one-half of the total increase of assets during the year, and their mortgage holdings at the end of the year represented something more than one-quarter of their total assets. In fact, since 1945 they have participated in lending under the National Housing Act to the extent of over $620 million.

By 1947 it became apparent that the government in addition to its joint lending would have to make direct loans in those areas and for certain projects where the lending institutions were not prepared to participate. At that time section 31A was introduced to make loans available to home owners in outlying areas. In addition, direct loans were made to finance rental insurance projects for which institutional mortgage loans were not available. Direct loans have also been made for defence workers' housing, and since last July an arrangement has been entered into whereby the lending institutions may act as agents of the corporation to make loans on direct corporation account in centres of from 5,000 to 50,000 population. This was effected in order to prevent certain centres from being deprived of mortgage money and to facilitate National Housing Act benefits to prospective home owners in those areas. Up to the end of 1952 loans had been approved under section 31A of the act in respect of 16,292 dwellings.

In considering the joint federal-provincial operation to provide low rental housing, it will be recalled that immediately following the last war the chief supply of low rental housing was achieved through the veterans' housing program. This was carried out under a scheme whereby a portion of the land and services was provided by the municipality and the construction by the federal government. By 1949 this program had come to an end and section 35 of the act was enacted with a view to meeting the most urgent problem connected with housing, that is, the provision of serviced land. The new section provided for a joint participation in land assembly and the construction of low rental housing projects to be participated in by federal and provincial governments on a 75 per cent-25 per cent basis.

Under this program two operations have been successfully carried out:

(1) Low rental housing developments have been built, the ownership of which is vested in the federal-provincial partnership, and a local housing authority is set up to manage the property. Care is taken to see that only families which need assistance are housed,

as it is felt to be improper for the taxpayers as a whole to subsidize families who can afford to pay economic rentals. In addition to these subsidized low rental projects, housing developments have been built which do not involve a subsidy but produce a rent revenue, the full cost of amortization, management and local taxes. The tenants eligible for this housing must have salaries not less than four, and not more than six, times the rent.

(2) In addition to the housing projects, land assembly developments have been undertaken based on the same ratio of federal-provincial financing, and the same sharing of profits and loss. In this program twenty-four tracts of land have been acquired, ranging in size from ten acres to 500 acres, and yielding 11,900 serviced house lots.

It will be readily seen, therefore, that real progress has been achieved under the National Housing Act towards assisting Canadians in meeting their housing needs.

Honourable senators, I will now deal more particularly with the amendments contained in the bill before us. The first amendment enables the lending institutions to act in an agency capacity on behalf of the Central Mortgage and Housing Corporation by adding paragraph (c) to subsection (1) of section 3 of the present act. Honourable members will appreciate that the Insurance Act normally limits mortgage lending by insurance companies to 60 per cent of the lending value, whereas under the National Housing Act this is increased to 80 per cent by government participation. The new section removes the limits in order that the lending institution will have power to make loans in accordance with and in the proportions mentioned in the National Housing Act.

As already noted, the corporation has been making direct loans under section 31A of the act on terms similar to joint mortgages in communities of 5,000 and less, whereas the lending institutions have been servicing the larger centres. Last year when mortgage money was in short supply and insufficient for all areas in Canada, the corporation was authorized by the government to make arrangements with lending institutions by which such institutions could make loans in areas up to 50,000 population, with the funds being provided by Central Mortgage. Under this new section the lending institutions agreed to make the loan as though it was the loan of the corporation and company jointly. When the company advances the amount of the loan to the borrower, it draws the full amount from Central Mortgage, and after the loan is made the company administers the loan as though it was a joint loan for two years. During this period the company has a right to buy a three-quarters interest in the loan. In other words, the section authorizes the lending companies to purchase such mortgages from the Central Mortgage and Housing Corporation. In this way it may be reconstituted as a joint loan.

The second provision of the bill enables the corporation to make supplementary loans for borrowers' charges, such as to cover the cost of extensive repairs or replacements or considerable arrears of taxes. At present, under the statute and the joint loan provisions, the lending institution and the corporation together may make supplementary loans to the borrowers to protect its mortgage security. It is desirable for the corporation to have the same power in respect of its direct loans. An example might be the failure of the central heating plant in a large housing project, and the owner might not being in a position to instal a new plant. In this event the project would not be rentable, and it is felt this section would enable the corporation to protect its security and make supplementary loans in such emergency cases.

The third amendment is in respect to the integrated housing plan under section 4B of the act. This was a provision whereby the corporation was authorized to enter into a contract with builders to enable the construction of houses for sale to veterans. These contracts authorized the builders to finance the construction of the houses under the provisions of the act and to offer the houses so built for sale at a price not exceeding that fixed in the contract with Central Mortgage. Under the section the corporation agreed to purchase from the builder any house he was unable to sell on the market. The amendment to this section provides that in return for the corporation undertaking to repurchase, the builder shall pay a premium at a rate to be established by the Governor in Council. It also enlarges the classes to which the houses may be sold, by including defence workers as well as veterans. The arrangement is such that for a certain period after completion of the unit the builder cannot consider applications from other than defence workers or veterans. However, after the expiration of the specified period the house may be offered for sale on the open market at or below the fixed price and, if he is unable to sell it, he may require the corporation to take the house off his hands.

The fourth amendment provides an increase in the statutory appropriation for loans under part 1 of the act, and for looking after losses in respect of such loans made under the previous housing acts. The increase contemplated by the amendment is from $300 million

to $500 million. In other words, at the present time the limited amount is $300 million, and it is planned to increase this amount to $500 million.

The fifth amendment is in respect of rental control under the Rental Insurance plan. As the act presently stands, the amount of rent which may be charged by a borrower in respect of units financed under rental insurance is limited by agreement between the corporation and the borrower. At present the period of control is three years from the date of "completion of the entire project". This has meant a hardship to the borrower in large housing developments where the completion dates of various units may take place over a period of years. The amendment contemplated here would permit a rent control period to be on a unit basis or as the units are completed.

The sixth amendment revises section 12 of the National Housing Act, sometimes known as the slum clearance section, which provides for federal grants for municipalities in clearing, rehabilitating and replanning blighted or substandard areas.

The new section contains two major changes. First of all, the present section 12 authorizes the minister, with the approval of the Governor in Council, to make a grant to a municipality to assist it in acquiring and clearing a slum area. A condition of such grant at present is that the area to be acquired and cleared must be sold to a limited dividend housing company for the construction of a housing project under section 9 of the act, or to a life insurance company for the construction of a housing project under section 11. Both sections 9 and 11 provide for loans to companies intending to construct low and moderate rental houses. At present the amount of the grant must not exceed one-half of the difference between the cost of the acquisition and clearance of the land and the price at which it is sold to a limited dividend company or a life insurance company. The remainder of the excess costs must be borne by the municipality or the province aand the municipality jointly. The amendment contained in this section makes it possible to sell the land not only to a limited dividend company, or a life insurance company, but to a province and Central Mortgage and Housing Corporation jointly for a housing development under section 35 of the National Housing Act. The basis of sharing the cost of acquisition and clearance remains unchanged. The cost of development under section 35 is borne by the province and the federal government on a 75 per cent-25 per cent basis.

The second major change affects the present requirement that the cleared area be redeveloped for housing purposes. The new amendment permits the new area to be used either for housing purposes or municipal, provincial or federal purposes, provided the municipality makes available an alternative area for housing development of a size sufficiently large to house the same number of persons who were living in the cleared area.

The seventh amendment raises from $150 million to $250 million the statutory appropriation for loans for rental housing financed under the act.

It is proposed to refer the bill to the Banking and Commerce Committee, and I recommend the legislation to honourable senators for their earnest consideration and approval.

Hon. John T. Haig: Honourable senators, I do not intend to discuss the amendments to the National Housing Act. I have a strange feeling in my mind whenever amendments to this act come before us. I hope I am just as wrong as any man could possibly be, but I am rather fearful of where this sort of thing is going to end. I admit many people cannot get living accommodation in this country, and I know that this is a terrible situation. But when I know of property that was considered to be reasonably priced at $10,000 ten years ago and is selling today for $20,000, I just wonder where it will all end. Perhaps I am wrong, and it may be that the fellow who is paying $20,000 for a house which could have been bought ten years ago for $10,000, is right. Prices may never come down again—one cannot tell—but history has a habit of repeating itself. A United States committee on real estate has carried on an exhaustive investigation for 150 years. The managing director of that organization delivered an address in my city about three years ago, and he related that records for the last 150 years have shown that property values in the United States have consistently reached their highest mark and lowest mark in a cycle of 18 years—the high-mark in the cycle has been reached in 9 years, and then prices have begun to drop and the low point has been reached in the next 9 years, after which prices have begun to rise again and the cycle has started in once more.

However, I admit that there are two or three factors that may cause a variation in that cycle in Canada. One is immigration. A great many people in Europe would like to come to Canada to live. They think this country has a great undeveloped area which they and their families could help to develop. They think, too, that Canada is removed—as far as any part of the world can be removed—from the immediate threat of war, or, worse

than that, the sudden attack of war without notice. Another reason for their desiring to come is that we are situated alongside a wealthy neighbour which, militarily and scientifically, is the most powerful nation in the world. Now, these are strong inducements to many people in Europe to emigrate to this country, and it may be that for years to come the same cycle that I have mentioned will not operate in Canada; it may be a cycle of a longer or a shorter period of years. But I have never in my life known an instance where a government institution that has gone into business has in the long run stood up during tough times—I am not talking about depression times—and grappled with the situation as well as private concerns and individuals could. It is true, I know, that in this country the life insurance companies play a big part; they are very ably managed and do their best to protect policy holders.

When I look at some building that has been done in late years, I wonder what is going to happen to it. In my own city there are square blocks, containing four or eight apartments, with no decoration, each building looking just like a box, and in a part of the city where nobody would live if they could find accommodation in any other part. Under present conditions those properties can be rented, it is true; but the government guarantees the net rental to be so much, and that is the feature that I am afraid of. In my city, and in other cities too, I see properties being built that will be the very first to become unoccupied as soon as there is a slowing down in the demand for housing. I am aware of the present demand. I realize that a house that ten years ago cost $10,000 to build costs $20,000 today, but unless wages go up proportionately through these years of peace—and so far they have not—certain types of people can never hope to own a house. Of course, if it is going to be the policy of the government and of the provinces and municipalities concerned to pay the difference, well and good. However, it is the taxpayers who will have to pay it.

Hon. Mr. King: It has been the policy of parliament.

Hon. Mr. Haig: No, not to furnish free rentals—not yet. If that policy is adopted the federal government will want the provinces and the municipalities to come in. Free housing has never yet been provided, even for the veterans. With the present cost of housing, certain classes of our population cannot possibly contribute the proportion of their income that is required, which is maybe 20 to 25 per cent. None of this legislation has ever attempted to solve that problem. There was some talk about setting aside certain land in my city, the dominion government to pay 75 per cent, and the province to pay 25 per cent. The province refused to comply; it offered to contribute 12½ per cent, and the city refused to pay the other 12½ per cent, and the thing bogged down. I am not speaking with respect to the veterans, I am speaking of ordinary rentals. In many instances in Winnipeg when houses were rented, the great trouble was that they were rented to people who should not have been in them at all, and now it is difficult to get them out.

Now in Ottawa, they are trying to raise the rents of houses for the veterans, to take care of the increase in taxes. There is a similar problem in Winnipeg right now. People are saying, "Why should we pay taxes for some people to have houses below their economic value, or even at the cost value of the buildings?" That is a pretty hard question to answer.

I do not know whether or not I read the papers correctly, but I think that trade is not quite as active now as it was some time ago. I am not introducing another subject. The point I am trying to make is the cost of housing has got to be borne by the public generally, if the people who are seeking a place to live cannot pay it. But I am persuaded that the day may come when the housing scheme will back up a little on us. And there is nothing that can collapse so quickly as housing values and rental values. In the depression years I saw house after house rented for $16 per month which today are rented at $75 and $100.

I raise this question not to oppose the bill. I am glad the honourable gentleman is going to move to have it sent to committee, where we shall get a further explanation.

Mine may be a voice crying in the wilderness. I honestly hope that generations following after will not run into difficulties resulting from housing schemes. But I am afraid that if they do they will say, "Why didn't those fellows back in the fifties call attention to what might develop from the housing situation?"

For these reasons I have always been a little apprehensive of measures such as the one now before us.

Hon. Mr. Lambert: Honourable senators, may I ask the sponsor of the bill if he has information as to the number of housing units built last year under the auspices of the Central Mortgage and Housing Corporation?

Hon. Mr. Hawkins: No, I do not have that; but as I have said, I propose, if the house sees fit to give this bill second reading, to move that it be referred to the Standing Committee on Banking and Commerce where,

I am assured, officials will attend and will be able to supply the information requested.

Hon. Norman P. Lambert: Honourable senators, may I say that when this act was originally passed, and when it has come up for amendment several times since, the very questions which the honourable leader opposite (Hon. Mr. Haig) has raised tonight have confronted every one of us. We have all felt that by this legislation we have embarked on a venture of supplying social service whose cost was secondary to the need for housing.

During the recent war the Wartime Housing Corporation built houses to provide accommodation for workers in munition factories in centres where the demands of war production required them to live. There came next the scheme for providing houses for veterans. And later on housing developments were taken over by the Central Mortgage and Housing Corporation and from that time have moved forward step by step until today there is a co-operative housing movement between not only the dominion and the provinces, but including the municipalities as well.

The proposal that the statutory appropriation for loans for housing by the Central Mortgage and Housing Corporation be increased from $300 million to $500 million demands a closer examination and greater clarification of the whole housing picture. When the bill is in committee we must get a true picture of not only the number of units built under assistance by the corporation, but of just how far demands are to be made for co-operation with the municipalities as well as with the provinces. In the whole matter of slum clearance, which is a feature of this bill, there is need for indirect co-operation between the dominion and the provinces, and the municipalities, which would of course come under the jurisdiction of the provinces.

The financial aspect of the housing problem requires close and realistic examination when this measure is before the committee, keeping in mind that the corporation, since its inception, has met, as far as it was possible to meet, an acute social condition by way of housing needs during the post-war years. Indeed, without the government assistance that has been forthcoming in the housing field, I do not know what would have happened. One has only to visit a large city like Toronto to see the unimaginable extent to which it has grown, with block after block of new houses in the outlying districts. Had housing accommodation not been provided as rapidly as it has, certainly there would not have been the post-war development that we have seen in this country.

I am pleased to hear it proposed that the bill go before a committee for further consideration. I hope that the best-informed officials of the corporation will be present to answer our many questions.

Hon. Mr. Hawkins: Since I said to the honourable acting leader (Hon. Mr. Lambert) that I did not have the answer to the question he asked about the number of starts for last year, my colleague from Halifax-Dartmouth (Hon. Mr. Isnor) has handed me a copy of the House of Commons *Hansard* of April 28, when this bill was debated in the other place. I find there the answer to the question in the following words:

> During 1952 the number of housing starts increased steadily. For the year as a whole starts numbered about 84,000, excluding conversions, an increase of 21 per cent over the 68,600 of 1951.

Hon. Mr. Lambert: Thank you.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hawkins: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

PUBLIC SERVICE SUPERANNUATION BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from Thursday, April 30, the adjourned debate on the motion of Hon. Mr. Campbell for the second reading of Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada.

Hon. Thomas Reid: Honourable senators, before I discuss the measure in hand may I voice a criticism which I have expressed many times, and about which nothing has so far been done. My complaint is that each year on the eve of prorogation of parliament, when many honourable senators and members of the other house have gone home, some extremely important measures are presented for our consideration. It is my opinion that, coming at the stage of the session at which they do, these matters receive much less consideration than they would have received had they been presented earlier.

As to the measure before us, I would call attention of honourable senators to the fact that this act has been amended three times, namely, in 1940, 1944 and 1947. It should

also be pointed out that only two actuarial reports have been given, namely, those presented in the years 1931 and 1947. The report recently presented by the Honourable Minister of Finance was based on the actuarial report of 1947, as was what the minister said in 1951. We are now dealing with the substance of that matter some six years later.

I have had the privilege of looking over the report presented to the government, and I must say it is most interesting. I noted from it that the mortality rate for annuitants and widows was based on figures taken from the period 1900 to 1920. Honourable senators may be interested to hear that the report of 1947—the one of which I am now speaking, and a copy of which I have before me—reveals that the ratio of deaths was greater among male civil servants than among female civil servants. The report indicates that women are healthier. The percentage of retirements of women is not as high as that of men. Some 9 per cent of men, and less than 8 per cent of women, retired because of ill health. Of employees who died while in the service, 8 per cent were men, only 2¼ per cent women.

As regards salary increases, with which this bill has something to do, may I point out that in 1930-31 the average salary as compared with 1913-14 had risen by approximately 150 per cent. It was, however, only in 1946 that large increases were given, because in that year the cost-of-living bonus was incorporated into the salaries of civil servants. At that time reclassifications and revisions were made. The report shows that the percentage of increase was highest in the age-twenty group, amounting to no less than 76 per cent; but it fell in respect of each later age group until for employees aged sixty the percentage of increase was only 24 per cent. Strange to say, the increases for women were consistently lower, ranging from 54 per cent in the twenty-age group to some 28 per cent for those of the age of sixty. Generally speaking, important advances in rates of payment between 1931 and 1947 took place after 1945.

Hon. Mr. Haig: The honourable senator has mentioned the death rate based on the 1919-1920 record. Has he the statistics as to an increase or reduction in the current or recent death rate?

Hon. Mr. Reid: No; and therein lies one of my criticisms of the bill. We are asked to consider a Civil Service superannuation measure which is based on what may be termed an examination of ancient facts—not, of course, ancient in terms of centuries, but in a comparative sense—and it is my contention that a matter of this kind, which seriously affects over 125,000 civil servants, should be supported by material more up-to-date than an actuarial report produced as long ago as I mentioned.

Hon. Mr. Haig: May I ask another question? A civil servant who entered the service in 1935, received no increase until 1947 and retires this year, will have his superannuation based on what period?

Hon. Mr. Reid: I cannot say. It can be inquired into when the bill goes to committee.

Hon. Mr. Haig: One more question: How large is the deficit at present?

Hon. Mr. Reid: I am coming to that. I have something very special to say about it, and may I add that what I have found out through reading the report has astounded me. In all seriousness, it demands more by way of an answer than has yet been given either in the House of Commons or here.

In reply to the last question of the honourable leader of the opposition (Hon. Mr. Haig): it has been estimated that in 1947 the liabilities of the fund exceeded its assets by $326 million. It will be remembered that in 1950 the government contributed $75 million, but in December of the following year the deficit was $312 million, and it is estimated to be $189 million at the present time. In this connection may I briefly quote from page 17 of the report:

> It has been the practice to credit the account with a "government contribution" equal to the total contribution by employees for current service. The valuation made in 1931 showed that the rate of contribution of 5 per cent of salary for employees together with this matching government contribution was slightly more than sufficient to provide the benefits for future entrants under conditions then prevailing.

With that statement in mind, we recall that although in 1927 the actuary stated that a contribution by the government of 5 per cent was sufficient, by 1931 a shortage of $45 million had accumulated. I cannot reconcile the statement, based on the 1947 report, made by the actuary to the government in 1951, with the fact that in 1931 there was a shortage of $45 million.

One question which I hope will be asked in committee is whether the superannuation fund is in cash or on paper. My conclusion from all I have read is that it is only on paper. In this respect it is different from the unemployment insurance fund, whose moneys are set aside and invested against the contingency of a sudden condition of unemployment which might make heavy demands upon the amount accumulated. From my study of the records of the superannuation fund I have come to the conclusion that it is simply a bookkeeping entry, and I am unable to understand the statement that $189 million is required to keep the fund liquid.

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My opinion is supported, I think, by another startling fact. According to current figures, there are at this time 58,900 contributors, and their contributions in the last fiscal year totalled $13,927,000. At the present time some 14,947 annuitants are drawing pensions in the amount of $15,352,000, and as the deficit was only $1,425,000 last year, why is $189 million necessary to make the fund solvent? When the bill is passed 57,465 permanent and 72,088 temporary civil servants will be contributing to the superannuation fund, and therefore a total of 129,553 civil servants will be affected by this legislation if and when it becomes law. I should like this question to be answered in committee: Is there really a cash fund or just a paper entry? The view is taken by many in parliament, among the public and in the civil service itself, that each year the government incurs a deficit of several million dollars to keep this fund solvent. But after studying this bill and reading the various reports which have been placed before the government, I believe that this amount of $189 million is only an estimate made by an actuary of what he thinks might be required if the whole government system collapsed. This, of course, is a preposterous idea.

Hon. Mr. Haig: May I ask the honourable gentleman a question? Does the deficit not result from the fact that the actuary bases his estimate on the life expectancy of civil servants?

Hon. Mr. Reid: I shall reply to my honourable friend by asking him a question. I take it that the deficits vary from year to year, but last year it amounted to only $1,425,000. At the same time some $15,352,000 was paid out of the fund to persons drawing superannuation, and $13,927,000 was contributed by civil servants. I again ask the question: Why is there any need for this amount of $189 million?

Hon. Mr. Haig: I shall give my honourable friend an illustration when I take part in the debate.

Hon. Mr. Davis: May I interrupt my honourable friend to ask a question? Is it not true that if the money is being extracted from the pay cheques of civil servants it must be in the fund somewhere? My honourable friend says it is just on paper.

Hon. Mr. Reid: I said that the $189 million which is being asked for is a paper or bookkeeping entry. Some actuary merely says "We should have these amounts on the books to keep the fund solvent." That is why I quoted the actual amounts being paid out in the way of superannuation, and the contributions being made by those now employed in the Civil Service. I have given the latest figures.

Hon. Mr. Isnor: Did not last year's estimates which were passed by parliament include this amount of $189 million? If that is so, then naturally the amount would be shown as having been paid out and as being charged to the country.

Hon. Mr. Reid: I do not think so. The $189 million is the latest figure from the government itself. The Minister of Finance, in explaining the bill in the other house, said that it would take $189 million to clean the matter up. That is the way he put it.

Hon. Mr. Isnor: There is a further amount in the estimates this year.

Hon. Mr. Haig: There is every year.

Hon. Mr. Isnor: Yes. And does that amount not have to be paid out from the superannuation fund?

Hon. Mr. Reid: Well, I do not think it is actually paid at all; it is merely drawn from one account to another. There is no actual payment. I do not believe they really have that cash in hand, nor do I believe they require it. It is different from the operation of the Unemployment Insurance Act, under which a fund is set up and is invested. That is not the case here. If the deficit last year was only $1,425,000, why is $189 million needed to clean it up? That is just one of the many features of this legislation which has puzzled me.

One particular criticism I have of this bill is that employees in the lower salary brackets are going to be called upon to contribute more towards their superannuation. At the present time those earning up to $1,200 a year are only required to contribute 5 per cent of their income, but if and when this legislation becomes law they will be required to pay 6 per cent. Furthermore, those earning between $1,200 and $1,500 will be required to contribute 6 per cent, whereas at the present time they contribute only 5½ per cent; and the present requirement of 6 per cent contribution by those earning over $1,500 will be unchanged. I think this aspect of the legislation should be gone into thoroughly in committee.

I would object to civil servants who earn $20,000 a year or more being allowed to draw a pension based on a salary of $15,000. We must bear in mind that if the statement made by the minister is correct—and I assume it is—a man receiving $15,000 a year would contribute $900 a year to his pension and the government would match that contribution with a similar amount. It is my opinion that persons receiving $20,000 a year from the Civil Service should go and get insurance elsewhere and not ask the citizens of

this country to put up $900 a year to help protect them by a pension based on the $15,000 salary limit. Honourable senators are aware, of course, that a civil servant cannot receive a pension based on a salary over $15,000.

I would like to make just a few comments on the high salaries we are paying some of our civil servants. Honourable senators tonight gave second reading to Bill 339, an Act to amend the National Housing Act, 1944. I am not going to criticize the President of the Central Mortgage and Housing Corporation, but at $20,000 he is one of our highest paid officials in the Civil Service. He gets more than our cabinet ministers or even our Prime Minister. When I was a plant manager I never had a workman under me who received a higher salary than I did. I think that is a general principle in business and in industry. The Prime Minister and his cabinet are responsible to the people of Canada for the annual spending of some $5 billion or more, and yet we find some civil servants drawing a higher salary than they do. As I said before, a civil servant earning $20,000 can contribute $900 a year to his pension and the government will match that amount. Based on an annual salary of $15,000 this will give him a pension of $6,000 after twenty years. And there are many others who will draw pensions on the basis of a salary of $15,000.

I am not going to say a great deal about the high salaries, although I could; but I do object to some departments of government refusing to say what their employees are receiving. I think it is a dangerous state of affairs when they can defy parliament and not tell what some employees are being paid. Perhaps we have been spoiled by the salaries paid by the United Nations. Canada has never to my knowledge protested against the high and steadily rising salaries of United Nations officials, to which the Canadian taxpayers contribute. And yet we wonder how taxes can be cut down. I do not believe much attention will be paid to my protest; but listen to what Dorothy Thompson says about United Nations salaries:

> U.N. salaries are scaled to normal home salaries plus a *per diem* allowance ranging from $10 to $20 per day. The recipients have cars at their disposal, pay no income tax, get cigarettes, liquor, etc., free of customs and way below home prices. The theory is that otherwise no one would serve.

And I agree with her, when she adds "This is nonsense." It is just utter nonsense that no one would serve. We have never heard a voice in protest against these high salaries, which Canadians are helping to pay. Some U.N. officials are having their superannuation held in abeyance until they come back to Canada from leave of absence; their superannuation will be held *in statu quo* until they return.

Hon. Mr. Isnor: Are we paying any superannuation to United Nations employees?

Hon. Mr. Reid: No. My honourable friend could not have heard what I said. The superannuation credit of these men who are on leave of absence from the Civil Service rests until they leave their United Nations positions and return here. Of course, those who definitely severed their connections with the Civil Service are on their own and no longer have any superannuation credit. But the money paid into the fund by those who have gone on leave is held for them, and they can start in contributing again when they return, and later collect.

Hon. Mr. Burchill: Will my honourable friend tell me what the basis of superannuation is, what the formula is?

Hon. Mr. Reid: What do you mean by the formula?

Hon. Mr. Burchill: On what basis is the pension for a retired employee worked out?

Hon. Mr. Reid: My honourable friend will have to get that information in committee. It is an important question.

Now I want to raise another matter, which I mentioned the other evening and about which the acting leader of the government (Hon. Mr. Lambert) said I was wrong. It will be remembered that when the reports of the Internal Economy Committee were being considered, I got up and immediately protested against the Senate's losing control over its employees. The acting leader of the government endeavoured, as I suppose was his right, to correct me. But I wonder if any honourable senators noticed what certain sections in the present bill will do to the right or powers of the Senate and the House of Commons. This to me is very distressing indeed. Paragraph (j) of clause 2 defines "Public Service" in this way:

> (j) "Public Service" means the several positions in or under any department or portion of the executive government of Canada, and, for the purposes of this act, of the Senate and House of Commons of Canada, the Library of Parliament and any board, commission, corporation or portion of the Public Service of Canada specified in schedule A.

Compare that with what section 2(c) of the present act says:

> (c) "Civil Service" means and includes the several positions in or under any department, branch, or portion of the executive government of Canada, and, for the purposes of this act, the Senate, House of Commons and Library of Parliament, but saving all rights and privileges of either house in respect of the control or removal of its officers, clerks and employees; and such other

branches or portions of, or positions or employments in, the public service of Canada as the Governor in Council from time to time designates under the provisions of this act.

You will notice, honourable senators, that the words "but saving all rights and privileges of either house in respect of the control or removal of its officers, clerks and employees" have been omitted from the new bill. The effect of this removal is to put the staffs of the Senate and the House of Commons within the control of the Governor in Council, so far as this act is concerned, with respect to retirement or removal from their respective offices. Control over their employees is a right and a privilege which up to the present time has been retained by the Senate and by the House of Commons. This is important. Each house of parliament is supposed to be independent of control of the executive. But the power which this amendment would give the cabinet, an outside agency, over the salaries and retirement allowances of the staff of each house, would subject the staff to the control of that agency.

I call attention also to clause 30 of the bill, which reads as follows:

30. (1) The Governor in Council may make regulations . . .

(ad) notwithstanding any other act of the Parliament of Canada, providing that, upon attaining such age as is fixed by the regulations, a contributor shall cease to be employed in the Public Service unless his continued employment therein is authorized in accordance with such regulations, and prescribing the circumstances under which and the conditions upon which he may continue to be employed in the Public Service after he has attained that age.

In my opinion that clause puts tenure of office and retirement of Senate officers, clerks and employees under the authority of the Governor in Council and removes them from the control of the Senate in so far as these matters are concerned.

I accepted the statement of the honourable acting leader of the government the other evening, but when I read through the bill I thought I should draw the attention of the Senate to these points. I would suggest to the honourable leader of the government that when this gets to committee it be studied in the light of the remarks I have just made, with a view to having the powers of parliament preserved.

The bill leaves out two classes. To that, of course, I take objection. There is a class of temporary employees which has given very valuable service, both to the Senate and the House of Commons. I speak now of the stenographic staff and other sessional employees.

I was rather amused to hear the honourable senator who explained the bill (Hon. Mr. Campbell) say that catching up on back payments to the superannuation fund would not cause hardship to an employee. Well, for the well-to-do it might not be difficult, but for the temporary or sessional employee who has been on a moderate salary to make up contributions over a period of, say, twenty years, is a real hardship. In some instances the arrears would amount to as much as $2,000. It has been suggested that these could be paid by a monthly deduction of, say, $20; but in many cases even that would be quite a deduction and no easy payment.

One of my chief reasons for speaking on this bill tonight is to make representations on behalf of another group that seems to have been left out and forgotten. I am sure that every honourable senator is in favour of a superannuation scheme or pension of some kind. Those of us who have come up the hard way know that unless you deduct a stipulated amount from each pay it is impossible to put by enough money to meet your needs in old age. I would urge the committee to give consideration to this forgotten group for which I am about to speak.

There are in the public service many instances of an employee who has responsibility for the care of an invalid brother or sister. Under the act no provision is made for financial help to that invalid person upon the demise of the civil servant. I can see no reason why, in cases where the facts can be proven to the satisfaction of the authorities, such a dependent should not be provided for in the same way as is a widow. I have no hesitation in saying that if I were a member of the committee I would propose an amendment to that effect.

While I am on this point may I repeat a suggestion that I made a few days ago—I direct it to the honourable acting leader of the government (Hon. Mr. Lambert)—that as we near the end of the session, when attendance is relatively low, all honourable senators present be appointed members of the Banking and Commerce Committee. Such an arrangement might not work well throughout the session, but when only about half of the senators are in Ottawa I do not think it is too much to ask that some of us who would like to be on that committee be given a chance to attend its meetings and to move motions and vote. I know that I have the right to attend the meetings of the committee and to speak, but under the rules I have no right to make a motion or to vote on any motion that is moved. I call this matter to the attention of the honourable acting leader for his consideration.

I come now to a pet subject of mine, one which I have spoken on many times, and on

which I will continue to speak until something is done. It has long been my thought that the leaders of labour and civil servants in this country have led the workers and employees in the wrong direction by advocating retirement at sixty-five years of age.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Reid: I believe that when you force men or women to retire at sixty-five years, without an occupation of some kind to turn to, you pronounce on them the death sentence. Insurance companies tell me that the average length of life of people who are superannuated with nothing to do is three and a half years.

Hon. Mr. Lambert: May I ask the honourable senator if he has found any reference to retirement at the age of sixty-five years in this legislation?

Hon. Mr. Reid: The bill contains a hint that it may be raised to sixty-eight years of age. I was about to commend that extension to the house.

Hon. Mr. Lambert: I think if my honourable friend reads the bill closely he will find that no retiring age is specified, but that it is left to the Governor in Council to determine what the age shall be.

Hon. Mr. Reid: I do not think there is such a provision in the Civil Service Act.

Hon. Mr. Lambert: It is in the bill before us.

Hon. Mr. Reid: When the bill is before the committee I may have an opportunity to check on it.

Hon. Mr. Lambert: My point is that the bill now before us contains no reference to sixty-five years as the retirement age. I mention that fact because of what the honourable senator has said about bringing up the question.

Hon. Mr. Roebuck: But the remarks are in order.

Hon. Mr. Lambert: Quite in order.

Hon. Mr. Reid: I realize it might be impracticable to allow employees to stay in employment as long as they might want to, but the government should make a straightforward statement as to the retirement regulations and raise the age for compulsory retirement. As a matter of fact, the hiring and retirement of civil servants does not come under the act now being considered, but under the Civil Service Act. What the acting leader has had to say with respect to retirement has no bearing on the provisions of the Civil Service Act. As honourable senators know, there have been instances of employees being retained beyond the regular retirement age; but it is not the policy of the government to allow all employees to stay beyond the age of sixty-five.

In this respect I should like to read to honourable senators a short extract from an article headed "The Problem of the Older Worker", which appeared in the April issue of the *Canadian Unionist*. I quote:

> In 1881, the number of Canadians over 40 constituted 20 per cent of the population; by 1951, this had increased to approximately 32 per cent. When we consider this trend in relation to the fact that one of the chief difficulties facing the National Employment Service in matching unplaced applicants with unfilled jobs is the tendency on the part of employers to reject applicants over 40 (over 35 for women), one major aspect of a serious problem is exposed.

Here may I interject that it is hard to understand why, when women are healthier and live longer than men, there should be a lower minimum hiring age for women.

The article continues:

> . . . in 1881, there were 15 adults under 65 to every one over 65. Today, there are only seven adults under 65 to every one over 65. By 1971, it is estimated that there will be only five to one. When we consider the effect of the trend towards more pension plans with compulsory retirement rules, now normally set at 65, another major aspect of this problem is seen. From the point of view of the national economy, the question arises whether or not it is economically possible to maintain a high standard of living in the face of trends which see increasing numbers of older people rejected or withdrawing from the productive section of society, reducing their ability to consume goods and services (at the other end of the age scale more are remaining at school longer), while the burden of production, taxation (part of which must be for old age assistance), etc., must be borne by a decreasing percentage of the population, a trend not likely to diminish.

Then I was rather interested in an article by Dr. F. B. Bowman. He writes:

> Certainly, efficiency does not suffer when men of sixty-five years are employed. It has been proved that absenteeism is lower between the ages of sixty and seventy-five than between the ages of twenty or forty. In 1900, 4 per cent of the population reached the age of 65, in 1952 over 8 per cent reached it, and the number is rapidly growing.

I will quote one more sentence from this article:

> Some day, perhaps the stupidity of evaluating a man's ability on the number of his birthdays will be realized. Particularly does this apply to the professional cultural groups.

I was rather pleased to see that, at long last, organized labour has taken a stand in this matter. For some reason or other, in the earlier years it was unwilling to do so. I have here an article by A. R. Mosher, President of the Canadian Congress of Labour. Having reached the age of seventy or over, he has begun to see things in a different light from what he did when he was forty or forty-five. He, with some others, must accept a degree of responsibility for

having led labour up the wrong channel in connection with this matter of retirement.

It is my impression that many civil servants in Ottawa are opposed to civil servants being retained beyond the age of sixty-five; and this, for one reason. The average civil servant is thinking about the effect of retirement upon promotions. May I point out to those who think in this way that no more false doctrine has been preached, no doctrine whose acceptance brings death more quickly to those those who are misled by it, provided they are in good health mentally and bodily, than that retirement at sixty-five should be compulsory.

Hon. Mr. MacLennan: Did not the civil servants ask to be retired at sixty-five?

Hon. Mr. Reid: Not so far as I know. I believe that is a mistaken idea which has grown up. I do not think the service as such has demanded retirement at sixty-five.

Hon. Mr. MacLennan: I thought they did, years ago.

Hon. Mr. Reid: Finally, a brief quotation from an editorial:

> Had they stopped work at 65, neither St. Laurent nor Churchill could ever have led their countries. Smuts and King would have been out of World War II, and Eisenhower would now have but two years to go . . .
>
> Today's man of 70 is no rare specimen to be hung up in the closet with the worn-out shoes and the 1890 bathing suit.

I am not going to read it all, but it is a very good article, and it shows that the usefulness of a man or a woman does not depend solely on his or her age. We know there are men and women who are old at forty, and others who are young at seventy-five. This parliament is being led by a Prime Minister who is very active and virile, of great strength of mind and body, but who would already have been retired had he been employed in the Civil Service.

I make no apologies, honourable senators, for again bringing this matter of retirement age to your attention. I feel keenly about it. I have spoken on it openly, on platforms and in private, and in parliament. I trust the government will show some leadership, in the spirit of the article I have just read, recognizing the smallness of the gap available for productive labour between the group that is now being kept longer at school and the group of useful men and women who are retired at sixty-five. The available working force may soon be too small to bear the financial burden in Canada of the welfare state.

Some Hon. Senators: Hear, hear.

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

The motion was agreed to, and the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 5, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NATIONAL HOUSING BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 339, an Act to amend the National Housing Act, 1944.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (339 from the House of Commons), intituled: "An Act to amend the National Housing Act, 1944", have in obedience to the order of reference of May 4, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators when shall this bill be read the third time?

Hon. Mr. Hayden: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill 363, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1953, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (363 from the House of Commons), intituled: "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1953, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company", have in obedience to the order of reference of April 30, 1953, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: Honourable senators, I move the third reading now.

Hon. Mr. Isnor: Honourable senators, while I have no objection to the bill receiving third reading today, I should like to renew the question I asked of the sponsor (Hon. Mr. Hugessen) last Thursday as to the economic effect of dieselization on the Maritime provinces.

I recall that when Mr. Donald Gordon, President of the Canadian National Railways, was before the committee of the other house he made the statement that a number of selected runs by diesel locomotives had shown a saving of, I believe, $2,685,000. A statement was made before our Standing Committee on Banking and Commerce today to the effect that on Prince Edward Island there had been a saving of $235,000.

My question is whether the railway system has made an estimate of the total savings likely to result from a changeover from the use of coal to the use of oil during the five-year period in which the changeover would take place.

I would remind honourable senators that we were informed that in 1951 some 280 steam locomotives were converted to the use of oil, and another 115 were changed over last year, making a total of 395 for the two-year period; and that the full changeover program would be completed by 1956.

We in the Maritime provinces are particularly interested in the effect of the conversion from coal to oil on our part of the country. When I have an answer as to the estimated savings by reason of the changeover, I shall perhaps have a further question to ask.

Hon. Mr. Hugessen: Honourable senators, that point was discussed in the house last Thursday afternoon and was again raised in the committee this morning; and the question which my honourable friend has now asked was asked of a Vice-President of the Canadian National Railways, who appeared as a witness before the committee. He informed us that the Canadian National Railways had made no estimate of the total savings which may be expected to result from the complete dieselization of the road. In fact, he indicated that at the present time it is impossible for them to make any such estimate. He did say that savings in the particular regions in which total dieselization has been brought into operation—that is, Prince Edward Island, the Gaspé line, and one or two others—average

something of the order of two and a half million dollars a year, but he added that it is impossible at the present time for the railway to estimate what, if the line were totally dieselized, the entire savings on operations would be.

Hon. John T. Haig: Honourable senators, I would like to add a few words. Personally I was delighted with the answers given by a Vice-President of the Canadian National Railways who appeared before the committee; they were, I think, convincing, and of a pattern which any business man could follow with profit. He said, in effect: "We know that it is more economical to operate with diesels than with steam locomotives, but we are examining carefully every step to see that we do not make a mistake. For instance, in Prince Edward Island a straight comparison between the two types of locomotives was possible because we were in a position to do away with the use of steam engines, and also to dispense with water tanks, roundhouses and related equipment. Much the same is true of the Gaspé area, although we have had to put in heavier trestles"—most of us call them bridges—"and to extend the switching facilities at sidings. All I can say is that in Prince Edward Island the net saving amounted to 13 per cent on the money invested in diesels in that division."

To my mind, that is a very fine performance. But, as we were told, conditions there were ideal. Approximately the same profit was made in the Gaspé region. In reply to a question of the honourable senator from Waterloo (Hon. Mr. Euler), the witness replied: first, the management have to step carefully; second, they cannot throw into the discard all the company's steam engines, for that would mean a total loss; each year they remove those locomotives which can no longer be economically used, and replace them with diesels. I say again that as far as I am concerned I was delighted with the young man's answers. Of course, I may have been a little prejudiced in his favour.

Hon. Mr. Farris: He comes from Manitoba?

Hon. Mr. Aseltine: He must be from Winnipeg.

Hon. Mr. Haig: He was born in Winnipeg.

Hon. Mr. Euler: He could not help that!

Hon. Mr. Haig: His evidence was an indication that the Canadian National Railway Company now has in authority some men who are handling its affairs as, I believe, any competent business man would do. This witness was the Vice-President of one division. It was not claimed that because the experiment worked in Prince Edward Island it must be good for Canada as a whole. Tests are continually going on. In the West it is not uncommon to have 110 cars drawn by one locomotive, for shipments of wheat are very heavy, and extensions of sidings have been necessary to enable such freight trains to pass one another. I do not think any honourable senator need fear that the management will prematurely junk their steam locomotives; the policy is to use them up. Nor do I think anyone need worry for a few years about the Canadian National Railway Company's need for coal.

Hon. Mr. Isnor: Honourable senators, possibly I am out of order, but if I may have permission to make a further observation I would appreciate it. I certainly have no criticism to make of the very fine manner in which the honourable senator from Inkerman (Hon. Mr. Hugessen) explained this bill and placed the facts before the house, and I have no criticism to make of Mr. MacMillan, the C.N.R. Vice-President who appeared before the committee. He gave us certain information and answered the questions which were put to him. But I do feel, as do some other honourable senators, including the leader of the opposition (Hon. Mr. Haig), that there should be greater frankness in the statements made by the officials of this company. I think the Canadian National Railway Company, in the light of its experience and the fact that it has made trial runs, should be able to provide in its financial statements more information about the proposed extensive changeover from steam to diesel locomotives. The railway company plans to scrap all its switching locomotives, long-haul freight locomotives and passenger locomotives and replace them with new diesel equipment, and this changeover will run into millions of dollars.

The C.N.R. officials should also be in a position to tell us what savings will be effected by this huge capital outlay. If a business firm in commercial life spends a great deal of money to expand its facilities it expects to derive added revenue, and of course the improved service to be given is taken into account. I should think the C.N.R. officials could give us such information.

I am wondering, too, whether they have taken into consideration the effect that this changeover is going to have on the economy of the Maritime provinces. Roughly speaking, there are 15,000 coal miners employed in Nova Scotia, and approximately 100,000 people dependent on the coal mining industry. So the operations of the C.N.R., a government-owned company, have an important bearing on the economy of the Maritimes, and particularly that of Nova Scotia. I would hope that the sponsor of the bill (Hon. Mr. Hugessen)

could perhaps give us a little brighter picture about the operations of the Canadian National Railway Company as they affect the economy of my province.

Hon. Mr. Hugessen: I do not know if there is much more I can say to my honourable friend, except to repeat that the Vice-President of the C.N.R. advised us that it was impossible at the moment to give an estimate of the complete savings that might result from dieselization of the whole railway system. I did notice from the evidence which the President of the company gave before the special committee of the other place, that except for special lines, such as the Gaspé line and the Prince Edward Island line, the company is adopting the policy of dieselizing those services throughout the system where the best prospects of effecting savings are offered. For instance, he testified that the company could anticipate immediate savings in dieselizing the long-distance freight service, and that it could see immediate and important savings in dieselizing the shunting operations in its yards; and therefore, except for the special lines mentioned, it is confining its dieselizing process to long-distance freight trains and to yard operations, leaving the dieselization of the passenger services, where the savings are not quite so apparent, for a later date.

Hon. Mr. Isnor: My question is really whether the savings to which you refer will be reflected in decreased freight rates to and from the Maritime provinces.

Hon. Mr. Hugessen: I am afraid that is a question that I am totally unable to answer for my honourable friend. I would say to him, however, that, as he appreciates, the capital cost of dieselization runs into hundreds of millions of dollars; and I should think that the proper thing to do would be to pay off some of that capital cost before there was any question of decreasing freight rates.

Hon. Mr. Isnor: Thank you.

The motion was agreed to, and the bill was read the third time, and passed.

PUBLIC SERVICE SUPERANNUATION BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Campbell for the second reading of Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada.

Hon. Arthur Marcotte: Honourable senators, my remarks will be very brief indeed. Indeed, were it not for the fact that I could not clearly hear all that the honourable senator from New Westminster (Hon. Mr. Reid) was saying last night I would not have adjourned the debate. Now that I have read his speech I want to offer him my warmest compliments. He is the first honourable senator who during my membership here has gone to so much trouble and done so much research to prepare himself for a discussion on superannuation. He obviously spent a great deal of time in the careful study of statistical and actuarial reports. I am very glad indeed that he covered some of the points I intend to discuss. No purpose would be served by repeating what has already been said, but I want to emphasize in just a few words what he said about the powers that this bill would take away from the Senate and the House of Commons.

In presenting the bill the honourable senator from Toronto (Hon. Mr. Campbell) said it was a very involved and complicated piece of legislation. In fact, it is. It would take weeks of work for anyone to go into the measure and find out exactly what its purposes are and what it is intended to accomplish. Unfortunately, we have not that much time left this session. As the honourable senator said yesterday, and I repeat, this is not the first time that the Senate has complained because of important legislation coming over here at almost the last hour, when there is no time to give it the attention it should receive. The honourable senator from Toronto said also that he would attempt to deal very briefly in principle with changes proposed by the bill, but curiously enough the most important change was not touched upon by him at all. I refer to the change which would have the effect of taking away certain privileges now enjoyed by the Senate and the House of Commons. Now is the time to consider the proposed change, while it is in our minds.

Paragraph (j) of clause 2 of the bill reads:

> "Public Service" means the several positions in or under any department or portion of the executive government of Canada, and, for the purposes of this act, of the Senate and the House of Commons of Canada, the Library of Parliament and any board, commission, corporation or portion of the Public Service of Canada specified in schedule A.

Section 2(c) of the present act defines "Civil Service" in practically the same terms, down to the words "the Senate, House of Commons and Library of Parliament", but then there is this saving clause:

> but saving all rights and privileges of either house in respect to the control or removal of its officers, clerks and employees.

Both houses have been enjoying these rights and privileges at all times since Confedera-

tion. Some attempts have been made to do away with them, but the attempts have never succeeded. And, honourable senators, I hope that we shall not conclude this session without making sure of retaining what is really something very dear to us. These traditional rights and privileges, of which the bill would deprive us, affect every one of us, affect this body as a whole. Yet unfortunately only about half of our members are here today. Is it fair to have the bill dealt with in these circumstances? I do not think it is; and I am quite sure that if our absent colleagues were present they would join with the honourable member who spoke yesterday and with me in our attempt to retain possession of our cherished rights and privileges.

It has been said that if this proposed new act be passed the governor in council will determine the age of retirement for all civil servants. But do you think, honourable senators, that the cabinet would take the trouble to look into every one of a hundred thousand cases? No; it would deal with only a few cases, possibly of people that it would not like to see touched by the regulations.

I do not intend to go any further in the matter, for the bill is going to committee, and we shall have a chance to discuss it there. Perhaps the Standing Committee on Civil Service Administration is the appropriate committee. However, it has not been given a chance to meet very often, and I do not know if there would be time to convene it for consideration of this bill. In any event, I understand the proposal is that the bill be referred to the Banking and Commerce Committee. It will receive further consideration there; but I repeat my complaint that we are not being allowed anything like enough time for the study of this important and complicated measure.

Hon. Thomas Vien: Honourable senators, I agree with the remarks made by the honourable senator from Ponteix (Hon. Mr. Marcotte).

The effect of this proposed measure is to deprive parliament of privileges it now enjoys as to matters affecting its staff. Paragraph (j) of section 2 defines the words "Public Service" in this way:

> "Public Service" means the several positions in or under any department or portion of the executive government of Canada, and, for the purposes of this Act, of the Senate and House of Commons of Canada, the Library of Parliament and any board, commission, etc.,

As honourable senators know, the present act excludes from the general regulations the staffs of the Senate, the House of Commons and the Library of Parliament. Because of that, a member of any one of these staffs, whom it is desirable to retain beyond the regular retirement age can be retained.

The second feature of the bill to which I wish to call the attention of the house is covered by paragraph (ad) of section 30 (1), which reads as follows:

> The governor in council may make regulations notwithstanding any other act of the Parliament of Canada, providing that, upon attaining such age as is fixed by the regulations, a contributor shall cease to be employed in the Public Service unless his continued employment therein is authorized in accordance with such regulations, and prescribing the circumstances under which and the conditions upon which he may continue to be employed in the Public Service after he has attained that age.

Honourable senators will readily note that although the regulations are to be made by order in council they will have to do with the classification of employees by categories; thus, the regulations will have a general and not a specific application. The retention of a certain employee beyond the prescribed age limit is a specific, not a general, question.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Vien: For example, the Prime Minister of England, who today is 78 years of age, is considered to be *compos mentis*, alert, and quite capable of discharging the duties of his high office; as is also the Prime Minister of Canada, who has passed the age of 70. How can it be determined by general regulations whether it is in the public interest to retain the services of an official who has reached a fixed age, whether it be 65 or 70?

This rather hazy legislation, which has obviously been drawn up by a bureaucratic institution, takes from the governor in council the power to deal with a particular individual except by changing the general regulations. For after the governor in council has made the regulations, then, according to the paragraph I just read:

> . . . upon attaining such age as is fixed by the regulations, a contributor shall cease to be employed in the Public Service unless his continued employment therein is authorized in accordance with such regulations . . .

I say that principle is wrong; it ignores the fundamental discretion of the governor in council with respect to exceptional cases.

Therefore, if for no other reason than these points which I have raised—first, that we should retain the prerogative of parliament to control its staff; and second, that the regulations should have specific, not general, application—this bill should receive most careful study, and departmental officials should be called upon to justify these proposed changes which seem to me unwarranted.

Hon. Mr. Haig: May I ask the honourable gentleman a question before he sits down? Am I to understand that in his opinion passage of this bill would mean that the officials of the Senate and of the House of Commons would be controlled by order in council?

Hon. Mr. Vien: No. I have been speaking with respect to superannuation.

Hon. Mr. Hayden: The control is only over retirement.

Hon. Mr. Vien: Under the act in its revised form the governor in council would pass general regulations. The higher officials of the Senate and the House of Commons—other employees are under the Civil Service Commission—could no longer be retained at the discretion of parliament; they would have to be superannuated at the age of sixty-five years unless under the general regulations their tenure of office was continued. By virtue of these regulations the governor in council may pass an order in council to extend their employment year by year until the age—if I mistake not—of seventy. So unless the general regulations otherwise provide, instead of the Senate and the House of Commons decreeing the continuance in office of such employees, it will be done by the governor in council. Of course, the governor in council can at any time change the regulations; but they will be applicable to all cases instead of to any one in particular.

Hon. Mr. Euler: What the senator from De Lorimier (Hon. Mr. Vien) has just said is, to me, rather startling. As the law stands, if the government decides to continue in its employ any person whom, for special reasons, it desires to retain, it can do so under order in council. But, as I understand my honourable friend, if the present bill should become law that will be no longer possible. Supposing it is desired to hold in the service some particularly capable individual who has passed the normal retirement age, what follows? If he is so continued, will all other employees within that classification also become eligible for continuation in office?

Hon. Mr. Vien: Under the general regulations there will be certain provisions to continue certain people in office, but the general regulations will provide the conditions under which their continued employment may be authorized.

Hon. Mr. Euler: Let us suppose that it is desired to keep in the service some high executive in the Department of National Revenue: how can that be done without necessarily placing others in the position of being exempted from retirement?

Hon. Mr. Vien: I speak subject to correction, but my understanding is that at the present time the governor in council may by order in council grant an extension of time to any civil servant.

Hon. Mr. Euler: How is that to be changed by the bill?

Hon. Mr. Vien: By section 30, subsection (1), paragraph (ad), which reads as follows:

> The governor in council may make regulations notwithstanding any other act of the Parliament of Canada, providing that, upon attaining such age as is fixed by the regulations, a contributor shall cease to be employed in the Public Service unless his continued employment therein is authorized in accordance with such regulations . . .

Hon. Mr. Euler: Probably in this matter I am rather stupid, but I wish my friend would tell me this—

Hon. Mr. Vien: I have told the honourable member—

Hon. Mr. Euler: One moment, please.

Hon. Mr. Vien: I want to protest against the suggestion that I imply stupidity on the part of the honourable gentleman: I said from the very beginning that the wording of this subsection is extremely nebulous.

Hon. Mr. Euler: Probably that is so. But, pursuing the supposition I made a moment ago: we want to keep in the service a certain official, and the governor in council decides to do so. What follows if this bill becomes law? As the law stands, if the government decides by order in council to keep an individual in office beyond the ordinary term it may do so. Will it be otherwise under the new law?

Hon. Mr. Vien: It is exactly as I stated.

Hon. Mr. Lambert: May I as an amateur attempt to throw some light on my honourable friend's question. The point which needs to be cleared up is with reference to the provision of the present act that the age of retirement shall be sixty-five. We all know that there have been innumerable exceptions to this provision, and that in face of the law extensions have been made to the age of sixty-seven or sixty-eight. I think it is only fair to assume that the present bill was drafted from a desire to have the law applied according to its letter, and not by order in council to make exceptions to it. The omission of any specific age of retirement from the new act will make it possible for the governor in council to enforce the law according to the exact requirements of the act. I think that is all there is to it.

Hon. Mr. Vien: Oh, that is not all there is to it.

Hon. Mr. Lambert: I am speaking of the meanings which have been read into this part of the enactment. I think this part deals entirely with the age of retirement. I do not believe there is any intention whatsoever to interfere with the internal economy administration of this house or the other. Should the question of the retirement of some employee of this house arise, there seems no doubt that, if circumstances justified it, the governor in council could retire the individual before the age of sixty-five, but not—anyway, in my opinion—without a recommendation from our Committee on Internal Economy.

Hon. Salter A. Hayden: Honourable senators, in my view this is a rather important bit of legislation, and an improvement on the present law. I think the sum-total effect of the bill is to establish a tidier and more up-to-date superannuation plan, and machinery for the administration of the plan, than there is under the present Superannuation Act. As I sat here listening, I was rather interested to notice that the discussion swung around to whether the Senate is to be deprived of some right to deal with certain of its employees in the matter of retirement, and to the question of compulsory retirement at the age of sixty-five, under the act, and the absence of a provision for this in the bill. I shall have something to say on that in a moment, but first I would like to point out some of the changes and benefits contained in the bill, and then come to what I regard as the real, human considerations to which we should give our attention. We talk in general terms about superannuation, but superannuation has to do with persons, individuals, human beings; and it is for us to see what will be the result of the application of this bill as and when it becomes law, and, particularly, how it will affect the majority of our civil servants. Do not let us translate it in terms of what it gives to those who are in the higher income brackets of the Civil Service. That is not a fair test, because these people represent a minority, and at times they have ways of being more vocal than those in lower income levels.

Honourable senators, this legislation is beneficial in that it creates a right to superannuation, whereas the present law provides only that the governor in council may authorize; in other words, at the present time the authority is merely permissive.

Under the present act an employee arrives at the amount of his superannuation by basing it on the last ten years of his service. That provision has been changed to the best ten years. I would warn honourable senators not to be fooled by this change. It is true that the amendment represents an improvement and should have been made. The real benefit that would accrue from this change might take place if a civil servant, at some stage during his working years, were demoted with a consequent decrease in salary; or, if there was a recession as a result of which you had a general percentagewise lowering of salaries. That is not fanciful or far-fetched, for it actually occurred some time during the period from 1930 to 1935. Selecting the best ten years of an employee's service will mean an advantage to some employees who heretofore have had to come under the rigid rule now existing in the law.

Additional persons are brought under the superannuation plan, and there is an increase in benefits to a widow and children. At the present time the combined drawing that can be made by widows and children under sixteen cannot exceed 75 per cent of the pension, but under the bill this has been increased to 90 per cent.

Another feature of the bill is that the government specifically provides that it will match the contributions made by the civil servants. I have searched the present act, and I have been informed that it contains no statutory provision to this effect.

I understand that government contributions in the past were not made regularly over the years to match the employees' contributions. This failure or oversight is being corrected through contributions which the government will provide.

Honourable senators, let us go to the other side of the question. I am advised that the average salary throughout the entire Civil Service ranges between $2,400 and $2,600 a year, and if this amendment goes through a civil servant will be entitled to 2 per cent of his average salary over his best ten years. In order to arrive at the maximum benefit under the superannuation plan the civil servant must have worked the full period of thirty-five years. In this event he would qualify for 70 per cent of the average of his best ten years. The average employee's pension is computed on the basis of 70 per cent of $2,400 to $2,600, which amounts to $1,600 or $1,700 a year. That is the optimum; the percentage would be reduced for those who come into the Civil Service late in life or who retire earlier for some reason or another and have not put in thirty-five years of service. Employees with thirty years of service would get 60 per cent of the average of their best ten years. The application of 70 per cent on thirty-five years' service to those in higher brackets—who are fewer in number—produces an income which in certain circumstances would enable a person to get along reasonably well at the time of life

when he retires. On the other hand, applying 70 per cent on thirty-five years' service to those in the lower brackets, who are more numerous, produces an amount of not more than $1,600 or $1,700. This brings one to the realization that in the event of the sudden demise of a retired civil servant, his widow would be entitled to only 50 per cent of his pension. In my opinion this is one eventuality of the legislation to which we should address ourselves. It is unlikely that we can do anything about it at this stage of the session, and for all I know the government may plan to make some special contribution. I have not the ability to calculate whether a change in the number of years of service would call for additional contributions by the government to keep the fund actuarially sound, but I think we should consider thoroughly this aspect of the legislation. While I am not indifferent to those civil servants belonging to the higher income brackets, I am more concerned about those in the lower brackets. These people constitute the great majority of civil servants and who form the basis of the working force in the day-to-day operations of the government. We should study this plan from the point of view of what the majority of employees stand to benefit from it. I understand that when this legislation was being considered the suggestion was made that the pension should be based on the best five years rather than the best ten years. A five-year provision might be drawing too fine a bead, but some percentage between five and ten might be adopted which would produce a higher level of pension for the average civil servant. It must be remembered that, even if the period of service were reduced to thirty years and the pension were based on the best eight years, the number of those who would qualify for the maximum benefit would not be great.

Honourable senators, there is no person more jealous of the rights of the Senate than I am. While I would fight strenuously to maintain the position of this chamber at all times, I am more concerned just now to see that the true objective of the superannuation plan is reached. Within reason, the greatest benefit should be given to the greatest number of employees—those in the lower income brackets. Their superannuation benefit on retirement will be substantially less than the amount they earn while working, and their capacity when on retirement to do anything else which would produce income will be substantially less than that of persons with professional qualifications, who were in the higher brackets while in the Civil Service.

My opinion is that this bill in two important particulars requires some study by us, and some comment; first, as to whether or not the best ten years is properly the part of the term of service that should be used in the formula for the purpose of averaging, or whether it should not be something less than ten years; and secondly, as to whether or not 35 years should be the maximum period of working years on which the superannuation may be computed. At present the formula is 2 per cent per annum for every year of service up to a maximum of 35 years —that is, a maximum of 70 per cent—which is applied to the employee's average salary for the past ten years. Now, should the maximum period for computation be reduced, say to thirty years, and the annual percentage stepped up to a 2½ per cent basis?

I think those are the phases of this bill on which we should concentrate our attention. The other parts of it are tacked on as requirements that are necessary in order to give a plan that will be fully operative under all conditions. The purpose of a superannuation plan, in any event, is to provide a decent amount of superannuation for the majority of people who are in the plan. Therefore, we should consider whether this Public Service superannuation plan does that or not, and, if it does not, what could be done within reason to bring that situation about as soon as possible.

There has been some discussion about the change from the present compulsory retirement age of 65. That is the provision in the present law. But in many instances the governor in council, on satisfying the conditions that are contained in the present law, may extend the term of service of a person who has reached the age of 65, for a period not exceeding five years. Under the proposed bill the problem is tackled from the other side. That is, that there is no retirement age limit in the bill, but it is provided that the governor in council may by regulation establish the conditions for retirement. But there is also provision in the bill that under those same regulations he may establish conditions for the continuance of a person in the service for a period beyond what the regulations say is his retirement age. It is true that in the one instance you are dealing with a particular case as it arises. Under the bill you would be dealing, possibly, in a more general way by regulations. That does not disturb me very much, because the same hand that makes the regulations can always change them, or make new ones; and if a case is encountered that requires special treatment, I am sure the necessary regulation would be passed. I do not think

we need be too much concerned about the change that the bill makes in that regard.

Hon. John T. Haig: Honourable members, I am not going to follow the line of argument of my honourable friend who has just taken his seat. He has made his points clearly. But I am and have long been disturbed about this superannuation fund, as to whether it is actuarially sound. It is true that about $175 million has been put into the fund, but I understood the promotor of the bill to say the other day that it was about $189 million short. I do not know how that amount is arrived at. I listened with much interest to what the honourable member from New Westminster (Hon. Mr. Reid) said on this point last night. I think that the committee to which the bill is sent should bring the officials before it to tell us how the fund stands from an actuarial standpoint. It is unrealistic not to do so, because this is really a plan by the government to insure civil servants so that when they attain a certain age and retire they will get a monthly income for the rest of their lives. Just as with an insurance policy or an annuity plan, there must be sufficient money in the fund to make the payments.

I have had a little experience with superannuation problems. In 1905 the Winnipeg School Board, of which I was a member for many many years, started a pension plan for its teachers. A teacher receiving a salary of $1,000 paid into the fund $10 a year; a teacher receiving $1,250, paid in $15 per year; and any whose salary was above that paid in $20 per year. Teachers' salaries were lower than now, but $1,000 in 1905 would certainly buy more goods then than $2,000 would today. That plan was continued until at least 1921, as I know, for I was on the board until the end of that year; and during the last six years that I served there some members were terribly agitated because newer members questioned the ability of the fund to meet its liabilities. Well, what happened? It went along in that way for, I should think, eight or nine years, until the board was suddenly confronted with the fact that the fund could not pay any more superannuation at all. So the board had to enter into a new agreement; it bought a Dominion Government annuity for each teacher, to become effective at retirement age. The board was supposed to pay half of the cost, and the other half was put up, and is still being put up, by the taxpayers of Winnipeg. The fact was that teachers who were on the staff from 1905 to about 1950, never paid sufficient into the pension fund to enable it to meet its obligations. As a member of the board, I criticized and made all the trouble I could all along, but I got nowhere.

Because of my experiences as a member of that board I think we should find out what are the actuarial requirements of the superannuation scheme now before us, and the federal treasury should pay enough money to make it actuarially sound. We cannot go back to the people who have already been retired, but we can make persons employed from now on pay enough to keep the fund on a sound actuarial basis. A number of mutual life insurance companies—I will not mention names—used to sell a policy of $1,000 or $2,000 for $12 or $14 a year. Some people told the policyholders that it was not actuarially sound, but they would not listen to the warning. Well, it was no surprise to me when the legislature—of which I was then a member—was suddenly confronted with the fact that for each policy of, say, $2,000, the companies had a reserve of only $1,000. The legislature had to pass an Act reducing the amount of the policies; otherwise, the policy holders would have had to pay an additional premium.

I am well aware that we are short about $189 million under the commitments to the superannuation fund and that we will likely go farther behind. But what will happen if the time comes when business is not as brisk as it is today and our revenues are lower? At some stage of the game we have to get down to a sound and fundamental basis on which we can carry our obligations through to the end.

I come now to the question of the course the Senate should follow with respect to this legislation. I am bitterly disappointed that this bill did not reach us a month or six weeks ago, when we had time to give it the thorough examination it deserves. No other body is better qualified than is the Senate to deal with the proposed changes. I say that for the reason that we are not subject to political dictation. We do not have to worry about the attitude of the civil servants in Winnipeg, or Regina or Halifax. Of course, we have to remember, as the honourable senator from Toronto (Hon. Mr. Hayden) has said, that the public service is the life blood of the government of Canada. We all know that the British people boast of the greatness of their public service. I would like to be able to make the same boast about the public service of Canada. I know many public officials who, had they gone into the mercantile business, would have made some of us who think we have done fairly well look like second-raters. But while we are thinking of the higher officials, let us not forget the rank and file members of the service who do much to maintain its high standard.

I am reminded of an experience in conducting an election campaign in 1914. I had

the task of canvassing my district, which consisted for the most part of factory and railway employees. My practice was to call at the homes in the afternoon, when I was invariably told by the wife that her husband would return from work at a quarter past five. On one such call I informed a housewife that I proposed to hold a meeting in the red school, and that I would try to return in time to see her husband. I arrived at his gateway at the same time he did, and there saw his children run out to greet him and grab him by the legs. As he picked up the smallest one in his arms I was struck with the thought that these children had as much right to the good things of life as my own children had. From that moment I never forgot the place which the family of modest means holds in the community.

As to the bill itself, we should have every opportunity to study it and examine the officials to find out what it actually proposes to do. Perhaps I should not say what I have in mind—

Hon. Mr. Lambert: Go ahead.

Hon. Mr. Haig: —but I think there is another place within a hundred miles of here which does not pay as much attention to the details of legislation as we do. I can understand why that is so; perhaps if I were in that other place I too would have an eye to the political effect of legislation. But the measure now before us is, to my way of thinking, more important than the bill having to do with the Canadian National Railways which we dealt with in committee this morning. I was hopeful that this legislation would be allowed to stand over until next session—which will likely be in the fall—but the remarks of the honourable senator from Toronto (Hon. Mr. Hayden) would indicate that that is most unlikely. In any event, I suggest, within the next two years the Senate should undertake a study of the whole Civil Service superannuation plan, in much the same way as it reviewed a few years ago the income tax law. I would remind honourable senators that although at first the government turned down the recommendations of the special committee appointed to study the Income Tax Act, all those recommendations have since been incorporated in the law of Canada.

Unlike my honourable friends from Ponteix (Hon. Mr. Marcotte) and from De Lorimier (Hon. Mr. Vien), I am taking no side with regard to this bill. I merely say that I am not clear on the whole matter. I know—and the point was emphasized by the honourable senator from Toronto—that if government regulations prove unworkable, they are soon replaced by a new set of regulations. I am sure the country will approve such legislation in respect of our civil servants as will satisfy them. No staff is worth its pay if it is a dissatisfied staff.

I am in favour of the bill being referred to a committee of the house, particularly for the purpose of studying more closely the financial aspects of the bill and to find an answer to the question asked by the honourable senator from New Westminster (Hon. Mr. Reid): Where is the money now?

Hon. Mr. Reid: I would like to know where it is.

Hon. Mr. Haig: For those reasons, honourable senators, I am in favour of the bill being referred to a committee at an early date.

Some Hon. Senators: Hear, hear.

Hon. J. W. de B. Farris: Honourable senators, in my seventeen years in the Senate not a session has passed but I have heard the same old complaint that the Senate is called upon to consider legislation at such a late date in the session that it is impossible to give it adequate consideration. I wonder sometimes who is basically at fault. The Senate is not compelled to pass any bill until it is satisfied that the proposed legislation is proper.

As to the bill before us, I too feel that we should have more time to consider it. However, I would not take the responsibility of voting against it now, nor of challenging the practice which has gone on since Confederation, by delaying at the last minute the prorogation of parliament in order that the Senate might further consider a number of bills.

Early in the next session however, we should know whether the Senate is again to be required, in the last days of the session, to consider and pass important legislation. Failing a satisfactory assurance, if the honourable leader opposite (Hon. Mr. Haig) will state that he intends if necessary to hold up prorogation of parliament pending proper consideration of the legislation then before us, I will join him in that stand. Under those circumstances we should not hesitate to keep the House of Commons in session, if necessary, for another two or three weeks, while we give the legislation before us sufficient consideration. With that fair warning to the other house, I think the people of Canada would back us up in that stand. However, as I said, I think the honourable leader opposite is the one who should spearhead such a movement; and I for one would be glad to join him.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: Honourable senators, I have listened with interest to the remarks of the honourable senator from Ponteix (Hon. Mr. Marcotte), particularly his suggestion that, if time permitted, the bill should be referred to the Committee on Civil Service Administration. It is for the Senate to determine to what committee this bill should be sent, but I might point out that, with one or two exceptions, the members of the Civil Service Administration Committee are also members of the Committee on Banking and Commerce; and as the Banking and Commerce Committee has about two and a half times as many members as the Civil Service Administration Committee, it might be the part of wisdom to refer the bill to the committee with the larger membership. If this suggestion is acceptable to the house, it might be well, so that ample time may be left to deal with the balance of the sessional program, to have the committee sit this evening and proceed at once with the consideration of the bill.

Some Hon. Senators: Agreed.

Hon. Mr. Robertson: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

Hon. Mr. Robertson: The chairman would like the committee to meet this evening.

Some Hon. Senators: Agreed.

CANADIAN BROADCASTING BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 340, an Act to amend the Canadian Broadcasting Act, 1936.

He said: Honourable senators, the provisions of this bill are very simple. The purpose is to implement one of the budget resolutions; and the effect of section 1 is to make available to the Canadian Broadcasting Corporation the revenue derived from the excise tax on radio and television sets. It may be recalled that the statement was made in the budget speech, when the radio licence fee was abolished, that revenues for the Canadian Broadcasting Corporation would be provided out of excise taxes. Section 2 is a repetition of section 1 for the purposes of the Revised Statutes.

Hon. Mr. Reid: Is it the intention that all revenues—without limit—from these excise taxes shall be transferred to the Canadian Broadcasting Corporation?

Hon. Mr. Hayden: Yes. The wording of the section is:

> The Minister of Finance shall from time to time grant to the Corporation out of the Consolidated Revenue Fund amounts that, in the opinion of the Minister of National Revenue, are equal to the taxes collected under Part XI of the Excise Tax Act in respect of the goods mentioned in section 6 of Schedule I to that act.

Section 6 relates to these items of television sets and radio receiving sets.

Hon. Mr. Reid: Suppose that collections through excise taxes amount to $10 million, and expenditures on the C.B.C. programs in all their phases amount to $8 million; will the corporation get the $10 million, and will there be no control year by year over their expenditures?

Hon. Mr. Hayden: My friend is concerned, and, I think, quite properly, that the Canadian Broadcasting Corporation shall not waste the moneys it will get. I am sure that if the revenues from the excise tax appear at any time to exceed the requirements of the corporation, the usual alertness of the Minister of Finance will come into play and the situation will be corrected. In the next place, there will always be a check on the operations of the Canadian Broadcasting Corporation, through the estimates which the Minister of National Revenue, in whose charge those operations are, will present to parliament. It is certain that that check will be applied when the first item is called: a full accounting of the corporation's expenditures will have to be made, and if there has been any wastefulness, there will be the opportunity of ascertaining it.

Hon. Mr. Bouffard: What is the reason that the item to be given to the Canadian Broadcasting Corporation is specialized? Does not the government intend to give the corporation all the money it needs, all the time? Why specify a special tax for it?

Hon. Mr. Hayden: That question is difficult to answer. First, I assume the matter is in the field of policy, and my position here does not permit me to share in determination of policy at that stage. Being on the outside, I can only surmise, but my surmise would run something like this: that the radio licence fees were a nuisance, and very unpopular, and finally it was decided that in the greatest interest of the greatest number they should be abolished. It then became necessary to find revenues to replace the radio licence fees; and again I would assume that one way of justifying the continuance of the 15 per

cent excise tax on television and radio receiving sets was to make available, for the furtherance of the use and enjoyment by our people of television and radio, an amount equal to the returns received by way of excise tax on this equipment. I think that the decision carries a popular and constructive appeal. It gets rid of a direct levy, a nuisance and an annoying tax, and although another tax is substituted, it is indirect and provides revenues for the Canadian Broadcasting Corporation. With the assurance of this grant year by year, the corporation can look ahead and estimate with some certainty what its revenues will be. It is one of the methods by which parliament can provide money for commissions and corporations as well as for departments. The other way would be in the form of estimates, but the government has chosen to do it in this statutory way as a matter of policy. I suppose one could argue *pro* and *con* as to which is the better way. I am not expressing any view myself, but am simply explaining the provisions of the bill and informing the house that the government has decided on a statutory method of allocating funds to the Canadian Broadcasting Corporation.

Hon. Mr. Aseltine: Have you any idea how much this will amount to?

Hon. Mr. Hayden: On the basis of present sales it should amount to $9 million or $10 million a year. I think the estimated sales of television and radio receiving sets in 1953 is about $80 million, and about 15 per cent of this amount would produce revenue of roughly $10 million.

Hon. Mr. Aseltine: How much revenue did the radio licences bring in?

Hon. Mr. Hayden: I think somewhere in the vicinity of $8 million a year.

Hon. Mr. Kinley: It cost a good deal to collect that revenue.

Hon. Mr. Hayden: Yes, it did cost something.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: What is the pleasure of the Senate? Should the bill be sent to committee?

Hon. Mr. Hayden: I do not see any need for it.

Hon. Mr. Haig: No.

Hon. Mr. Robertson: I would move third reading next sitting.

NORTHERN PACIFIC HALIBUT FISHERY CONVENTION BILL

SECOND READING

Hon. Thomas Reid moved the second reading of Bill 341, an Act to implement a convention between Canada and the United States for the preservation of the halibut fishery.

He said: Honourable senators, the purpose of this bill is to obtain approval for ratification of the convention or treaty between Canada and the United States of America for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, signed by Canada and the United States of America in Ottawa on March 2, 1953, replacing the 1937 convention, and to provide the necessary legislation to implement the new convention. May I point out that the first treaty was signed in June, 1923, and it is interesting to know that this marked the first occasion on which a treaty was signed by a minister of the Canadian government. It was signed by the late Right Honourable Ernest Lapointe, then Minister of Justice. I would also point out that this was the first treaty ever signed to control international fisheries in the high seas.

In 1932 the period for halibut fishing was eight and one-half months, and in that year some 44 million pounds of halibut were caught. Because of improved methods of fishing and the increase in the size and numbers of fishing vessels, approximately 56 million pounds of halibut were caught in a period of only one month in 1951.

Honourables senators, the bill before the house contains four amendments. The first amendment changes the name of the commission from "The International Pacific Fisheries Commission" to "The International Pacific Halibut Commission". When the treaty was first signed, in 1923, it was the only international fisheries treaty in existence but since then a series of international treaties have been signed by Canada for the preservation of fisheries on our coasts and the coasts of other countries, and it has been thought that we must now be more specific in our designation of this commission. That is why the commission will henceforth be known under the new name which I mentioned.

The second amendment results from a request made by the Americans. The United States government would now like to give representation on the commission to the territory of Alaska, and it has asked that the number of commissioners for each country be increased to three, so that this may be

done. In the United States the control of fisheries rests principally with the individual states rather than with the federal government, and Alaska, a territory belonging to the United States, has demanded representation on the commission. At the present time there are only four commissioners, two from each country. This number is to be enlarged to three, so as to make provision for a representative from Alaska.

Some doubts were raised by legal officials of the United States government as to whether under the treaty the commission had power to establish more than one period of time or season for halibut fishing. It should be pointed out that quotas are set each year for catching halibut, and last year some 62 million pounds were caught in a period of less than two months. The members of the commission feel that there should be two or three fishing periods at different times of the year, rather than one open season.

The last amendment is a very minor one. Fishing on the actual halibut banks has been controlled, but halibut can be caught on the West Coast in other areas incidentally to fishing for cod or sole or other groundfish. There have been regulations to control the sale or disposal of halibut caught in other areas during the closed season while the fishermen are fishing for other species, but there has been no regulation to control halibut caught incidentally to other fishing in the open season. The new convention makes provision for that.

Honourable senators, except for these minor changes the treaty will be the same in all other respects as the previous one. In conclusion, I should like to point out one further interesting feature with regard to the treaty. The original treaty was signed, as I said before, by the late Right Honourable Ernest Lapointe, Minister of Justice. The present treaty bears the signature of his son the Honourable Hugues Lapointe, Minister of Veterans Affairs, and that of the Honourable James Sinclair, Minister of Fisheries.

Hon. Mr. Aseltine: How does the treaty deal with the incidental catching of halibut that my honourable friend spoke about?

Hon. Mr. Reid: At the present time we have regulations to control the disposal of halibut caught during the closed season, but there have been no regulations to control halibut caught incidentally to other fishing during the open halibut season. The new convention will make provision for that.

Hon. Mr. Aseltine: What is done with the halibut that is caught incidentally to other fishing?

Hon. Mr. Reid: That is quite a question. I have my own ideas about what has happened to halibut that has been caught in that way, but I would rather not place my views on record. I know that provision is being made to take care of that situation.

Hon. Mr. Kinley: How are the Japanese fishing fleets controlled?

Hon. Mr. Reid: The Japanese fishing fleets will be controlled under the International Convention for the High Seas Fisheries of the North Pacific. Honourable senators recently gave third reading to a bill to implement this convention. Under that treaty Japan has agreed not to fish in the Pacific for halibut or salmon.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Reid: Honourable senators, as this bill proposes only minor changes to the treaty I would move that it be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

SALACIOUS AND INDECENT LITERATURE

REPORT OF COMMITTEE CONSIDERED—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Special Committee appointed to inquire into the sale and distribution of salacious and indecent literature in Canada.

Hon. W. Rupert Davies: Honourable senators, I wish that at this late hour I could simply move the adjournment of this discussion but, unfortunately, owing to sickness in my family I cannot be here tomorrow, and I do not know if I could come on Thursday. So if you will bear with me for a while, although I cannot promise to be brief, I shall be as brief as possible.

I do not like reading speeches; I feel that they lose something by being read. When I was campaigning some years ago I thought I had some fire, but I do not know if I have any left. I do know, though, that if I read much of what I have to say, it loses a great deal of the effect it might otherwise have. However, I have very copious notes here, and so that I may not wander too far afield I shall, with your permission, follow them pretty closely.

As honourable senators know, the special committee appointed by this honourable body to inquire into the sale and distribution of

indecent and salacious literature has held many meetings and received much notice in the press of Canada. I feel that the thanks of the Senate is due to the members of this committee for the painstaking way in which they have carried out their assignment and for the patient and sympathetic hearings they have given to the various witnesses and delegations that have come before them.

I should like to pay a tribute to the late Honourable Senator Doone, from Charlotte, New Brunswick, who originated this committee. It was a great blow to his fellow senators when he was called in the prime of life. I am aware that tributes to his memory were expressed here shortly after his death, but I think it is fitting that before starting to deal with the work of the committee which he founded, I should say a few words about him. The late senator was a sincere, conscientious man, who before he entered the Senate, had given splendid service to his native province of New Brunswick. He was always much interested in matters that came before this honourable body. I am sure he undertook to head the committee on indecent literature with an earnest desire to do something to cure what he regarded as a menace to the life of young Canadians. It is a great pity that he could not have lived to see the work of his committee completed.

The sittings of the committee have all been widely reported in the press; also by the Senate *Hansard* staff, for the use of the senators who are not members of the committee. This was, I feel, a very wise arrangement: it not only preserved a record of the sittings, but gave us all a chance to read the proceedings in detail carefully and to form our own conclusions about them.

This question of indecent literature is a very big one, and because it has had such publicity in the press of Canada I should like to deal with some features of the submissions to the committee.

We all realize that certain problems which affect our everyday life in Canada are insoluble. We also realize, I think, that our attempts to solve some of these problems by prohibitory measures have not been very satisfactory. One of our greatest problems used to be the liquor traffic, and at one time I believed prohibition was the answer to it. I worked hard for prohibition, believing it would make for a more sober and righteous nation. I headed up the organization in my county, and for the first time we recorded a majority for the temperance cause there. I was delighted and thought we had made a great step forward. Honourable senators, I was never more mistaken in my life. Prohibition was, in my opinion, a complete and absolute failure. It did not stop either drinking or drunkenness. It encouraged illicit drinking, and made a lot of scoundrelly and unscrupulous people rich.

The trouble with prohibition was that it was a severe, regulatory law which interfered with what many people regarded as personal rights and freedoms. The problem of the liquor traffic had become a very confused one. Many people believed that the mere physical act of taking a drink of intoxicating liquor was a mortal sin. On the other hand we had in Ontario thousands of respectable citizens—decent, normal, law-abiding, church-going citizens—who desired an occasional drink of liquor. They resented prohibition and purchased what liquor they wanted from bootleggers illegally. Furthermore, they did not feel the slightest shame about it.

Prohibition, I repeat, was a failure. It did one thing, however: it eventually put the liquor business in the hands of provincial governments, and made it not only respectable but a money-maker for the provinces. I quite realize that the liquor traffic has nothing to do with the sale and distribution of indecent and salacious literature. I mention it, merely to show how a Canadian legislature tried to deal with a difficult problem—on the rights and wrongs of which the people held divided opinions—and to point out what a failure it was.

The committee whose report I am discussing met on many occasions and heard many delegations. It also received many briefs which were sent in from organizations in various parts of the dominion.

I should like to warmly congratulate the committee on its report. In my opinion it is a very wise one, and, considering the rather extreme statements made by some witnesses, a very restrained, fair one. I feel that the committee is deserving of the congratulations of this honourable body upon its very very constructive report.

I followed the reports of the committee meetings carefully. The committee was, as I have said, very patient. I felt, however, that it had to listen to far too much generalization. There seemed to be too many witnesses who were over-anxious to condemn certain magazines and books that are to be found in the bookstores, news stands, cigar stores, station waiting rooms, etc., without very much, if any, proof of the ill effects of these publications. I felt that many witnesses would have been much more convincing if they had been more specific.

There is one thing which I think we should keep in mind, and that is that the sale and distribution of books and magazines, whether decent or indecent, is a business. It is an important business, and one which gives employment to thousands of people in this country today. Furthermore, the printing and distribution of pocket editions of books gives work to quite a large number of printers, bookbinders and salespeople. It is a serious thing to interfere with a business, even with a business which some may think has features of doubtful value. While I quite realize that many people feel that any business which in their opinion does harm to the morals of our people is entitled to no consideration, we must not forget that there are two sides to every question.

In addressing this honourable body today I am speaking as a senator, but I find it hard to forget that I am also a newspaper publisher and also that I am an unashamed reader of what are commonly known as "whodunits". The "whodunits", or the mystery-detective stories, are very popular. They are read by possibly a million men and women in Canada and by millions in the United States. A recent magazine article stated that some 30 million copies of the cheap books by Erskine Caldwell had been sold in the United States. As honourable senators know, one of Erskine Caldwell's books was the subject-matter of a prosecution in an Ottawa court not long ago.

For the most part these books are quite harmless morally. I am sure they have no ill effects on adults, and I think it is open to question where they seriously affect younger people who read them. As a matter of fact, I doubt very much if many teenagers read mystery-detective stories. I have inquired from some of the dealers both here and in Toronto and they tell me that the younger people buy what are known as comics, some crime-comics, and western adventure stories.

May I interject the remark that I am more familiar with these publications in the pocket-book form than with magazines. I have examined news stands here in Ottawa carefully.

It was said by more than one witness before the committee that many book covers are objectionable because they play up the half-naked female. Now, in this modern world, when we have the two-piece bathing suit, and even the Bikini bathing suit, when we have "Miss This" and "Miss That" chosen for this and that prize because she looks more attractive in a skimp bathing suit than her competitors do, we are used to seeing the female form divine half naked as we were not twenty-five and thirty years ago. My objection is not to the display of naked female pulchritude on book covers, but to the fact that in too many cases the illustration on the front of a book has no relation whatever to the contents inside the covers.

Some Hon. Senators: Oh, oh.

Hon. Mr. Reid: You were disappointed, were you?

Hon. Mr. Farris: We must have that changed.

Hon. Mr. Davies: I would not go as far as some have suggested and advocate that the covers should be plain, unadorned with any picture. That is the English style; it is not the American nor the Canadian style. But I do think that the publishers should play down the sexy covers and always try to have on the front cover a picture which relates to the story. We must remember, though, that no more nakedness is displayed on the covers of these pocket detective stories than in the pages of many high-class magazines.

It is worthy of note that there are at the present time many nudist magazines for sale in Great Britain; they appear on practically every news stand in that country. The Associated Press of April 6 carried a dispatch to the effect that the higher councils of British nudism had put out feelers to see if there would be any objection to nude bathing on public beaches. I do not know what the attitude is in this respect in Britain, but some six years or seven years ago when I undertook to go for a swim near the city of Boston, wearing a pair of trunks, a police officer blew his whistle and said "Better get something on, buddy." Of course, I had to do what I was told. Whether the British people are more moral than the Canadian people, I do not know, but the book *Forever Amber* was banned in Britain. To my thinking it was a most silly and innocuous book. I read only about a third of it, and then became disgusted with it.

As I understand the object of the committee which has just made its report, it was to try to protect the young people of our country against the immoral influence of certain books and magazines. It was not particularly concerned with what the adult population of Canada reads. I hope this is so. I know that was not the view of some of the extremists who submitted briefs to the committee.

I do not believe that the Senate has any business at all to legislate as to what I or my fellow-men and fellow-women shall read; that is our own business and nobody else's. If a man or woman gets a thrill out of reading an exciting sexy novel, who am I to say them nay? After all, this is a free country and we are not the keepers of our brothers'

consciences. It seems to me this honourable body would be going far afield if it attempted to deny to adult Canadians the right to choose their own reading matter.

I know that there are quite a lot of people in Canada who feel that they are qualified to decide what people shall read and what they shall not read. This group of people is divided into two classes: First, those who sincerely believe that in some way they have a mission to regulate the morals of their fellow mortals. Many of these are quite sincere. And secondly, there is the all-too-numerous group which loves to mind other people's business, and delights in regulating their lives. The more laws this group can have passed restricting the freedoms of people, the better it is satisfied. Too often many members of this group know little about the things of which they complain.

A few years ago I was startled to learn that a relative of mine was among a group who went to Toronto to attempt to ban the magazine *Esquire*. I called on this lady and asked her if she knew anything about the magazine, and if she had ever read a copy. She said she had only seen a copy supplied by another lady member of the delegation which met in Toronto. Beyond that, she admitted, she knew nothing about the magazine. I set out to tell her that it was a men's magazine, selling at 50 cents a copy, and published for the purpose of advertising the latest styles in men's clothing. I assured her that it was a high-class publication, although it did contain pictures of semi-nude women. I am ashamed, honourable senators, that one of my own relatives should attempt to ban a magazine of that type.

I call to mind another incident, which happened when I was publishing a weekly newspaper in an Ontario town. Two ladies called on me—one of them a teacher of the primary department in the Sunday school of which I was superintendent at the time—and asked me to write an article condemning the bad movies currently shown at the local cinema. I asked them, "Do you ever go to the movies?" They replied "Oh, no". When I queried them as to how they knew the movies were bad, they told me that they had been so informed. "Ladies", I said, "let me tell you that the manager of the theatre is having a hard time. When he came to me a while ago and asked what he should do, I suggested that he run a series of high-class travelogues, which he did." Then I asked the ladies whether they had patronized those high-quality pictures, and they admitted they had not.

Those people, honourable senators, were typical of many of the witnesses who appeared before the Senate committee. They brought in briefs and talked about many things about which they knew little or nothing.

The committee had before it in February a lady who represented a very well-known national organization and one which does a great deal of good. She brought with her some books and magazines which she laid before the committee, pointing out that they were very bad indeed. Let me read an extract from her statement before the committee. She said:

> The great volume of sex books, comic type papers, and newspapers—

I would draw the attention of this honourable body to the fact that newspapers, without any distinguishing mark, are linked with sex books and comic-type papers.

> —samples of which I have with me here, is a greater menace to the youth of the country than it is to adults. Not only are these books morally degraded, but they are also intellectually of the very lowest order. They are written in bad English and often there is hardly any attempt at a plot in a story.

In the course of the questioning, one honourable senator on the committee asked if the magazines and books complained of were printed in Canada, or imported from the United States. She replied:

> I do not know what they are. We just went to a news stand and bought them. I think most of them are imported. I really did not read them. I just looked at the outside covers.

Now, honourable senators, can you imagine anything quite so fantastic? Here is a witness, a responsible witness, who comes before a Senate committee with a group of magazines and books, and, she said, some newspapers. She wants them taken off the news stands, and yet she admits that she does not know whether they are Canadian or imported, and she does not know what is inside the covers. For all she knew, they might have contained *The Arabian Nights Entertainments*, or *Alice in Wonderland*, or Sunday School stories.

I want to touch for a few minutes on censorship. The word "censorship" cropped up in the committee hearings on many occasions. It is in my opinion an ugly word, a very ugly word. In war times censorship of war news may be necessary. Those of us who have suffered from it know how irksome it can become. But war is one thing: peace is another. In peace time I will oppose to my utmost, censorship of books produced in Canada. We have a censorship in connection with the importation of books into Canada. I read the evidence of Mr. David Sim, the Deputy Minister of Customs, very carefully,

and I feel that censorship which has to do with the importation of seditious and other literature of questionable character is in good hands and is not abused.

Let us not forget one thing, honourable senators. Canada is growing up; it is now a nation. We are taking our place in the world, not alone in the world of arms and international agreements, but in the world of literature and the drama. If we are to give to our university students a broad, literary education, we cannot afford to assume that they must be protected from this book and that. We must assume, as I think we can rightly do, that our young men and women, students of our universities and the senior classes of our high schools, are quite capable of sifting the wheat from the chaff. I do not think we need worry too much about our young men and young women: they are just as good as we were when young. Their ideals are just as high as ours were; and I am sure they are not going to be led away from the paths of rectitude by a lot of cheap books and magazines. They may read some of them as a relaxation, as many of us do, but these publications are not going to make any lasting impression.

If, as has been suggested by some witnesses who appeared before the committee, we set up a board of censors to pass on the books that shall be sold in the book stores of Canada, just who are going to be the censors? Let us not forget that, if we ever make that great mistake—and I pray to God we never will—we shall be putting into the hands of the government of the day a most powerful weapon. Censorship, once it raised its ugly head in Canada in peacetime, would not stop at salacious literature. It would soon want to pass on religious literature, then it would want to pass on scientific literature; and from that to political books would be a short step—a very short step indeed. From books censorship would spread to magazines and then to newspapers. That would be a sorry day for Canada.

It is more than three hundred years ago—to be exact, in 1644—since that great English poet John Milton published his *Areopagitica*. In that great address to the lords and the commons he was pleading for the freedom of the press and freedom of thought. As he very properly asked, "What censor or body of censors could decide what was truth and what was error?" Time alone would tell, he said. Good books would live and bad books would die. Milton did not believe in protected virtue. He believed that character was formed by overcoming vice and error. May I give you one more quotation:

> He that can apprehend and consider vice with all her baits and seeming pleasures, and yet abstain and yet distinguish, and yet prefer that which is truly better, he is the true wayfaring Christian.

To follow up that last quotation: there is, or seems to be, too much of a tendency on the part of some of the witnesses who appeared before the committee to assume that the news stands are filled with nothing but detective and western and sexy stories. That is not true. I thought the brief presented to the committee on Wednesday, February 11, by the Canadian Home and School and Parent-Teacher Federation Incorporated, was in some parts very constructive. But I certainly do not agree with the statement that "the pocket-edition stands in the stores present a picture that is a national disgrace." That statement is, in my opinion, very much exaggerated. I went around to most of the places in Ottawa where these pocket books are sold, and looked them over carefully. I noted a few of the titles I saw on a news stand—not in a book store—right here a couple of weeks ago. Here they are: *The Greatest Story Ever Told,* a life of Jesus Christ by Fulton Oursler; *The Cardinal,* by Henry Morton Robinson; *The Black Rose,* by T. B. Costain; *The Dialogues of Plato; The Pocket Book of American Verse; Ivanhoe,* by Sir Walter Scott; *Lost Horizon,* by James Hilton; *The Bishop's Mantle; 30 Days to a More Powerful Vocabulary; A Study of Evolution; How to Start a Stamp Album; The Book of Quotations.* All these are good books. So when one is looking for a detective or a mystery story one is confronted with these titles; and I am quite sure that many of them are bought, or they would not be on the stands for sale.

As I said before, one of the great objections to a board of censors—and let me say how glad I am the committee did not recommend a board of censors, although the suggestion was made and the matter brought up by a number of witnesses—is that no two people can agree on what is good and what is bad. What is one man's meat is another man's poison. In January I was in New York. I had been there twice previously while *South Pacific,* supposedly a wonderful musical comedy, was running. On two occasions I failed to get tickets, but the last time I was there I was able to buy two. I had heard a great deal about this production. Almost everybody I met asked me, "Have you seen *South Pacific?*", and described it as "wonderful, simply wonderful". So I got tickets for my wife and myself. Well, I have never seen a more brazenly disgusting show in all my life. We walked out after the first act, notwithstanding that the tickets had cost me $15.80. And just to think that my mother was

a Scots woman! Incidentally, I draw the attention of the honourable gentleman from New Westminster (Hon. Mr. Reid) to the fact that I said "Scots" woman and not "Scotch" woman. If I had had my way I would not have allowed that show to run for a week, but apparently it had already been running in New York for two or three years and a lot of people had thought it was all right.

On Tuesday, April 21, Mr. John H. Palmer, President and Managing Director of Harlequin Books Limited, of Toronto, Ontario, appeared before the committee. An honourable member of the committee asked the question "Then you believe in censorship?". Mr. Palmer replied:

> I certainly do. As I wrote in my letter, it is not a matter any more of freedom of the press, but a matter of common decency. We as publishers don't quite know what to do ourselves. We have in our company four editors who read books and then fill out a form saying whether they are salacious, or questionably salacious, or whether they contain any swearing and so on. Then we sit down once a week and discuss a book. Our editors are becoming nervous wrecks, because we ourselves are beginning to wonder what is salacious. Many other firms are bringing out books which we have turned down. We don't want to get into that type of business; indeed, we will close our doors before we become publishers of salacious literature. But we know if we close our doors someone is going to spring up and take our place, and they will take it on the basis that they are doing Canadians. Canadian authors will be only too happy to welcome them because they have no one else to turn to.

Mr. Palmer made the fatal mistake of leaving with the committee a list of books which his company publishes. The list was made an appendix to the proceedings of the committee. I reviewed it, and I can say that it contains the names of half a dozen of the very worst stories I have ever read. Some of them were so bad that I couldn't finish them. There is one book in particular which, if I had my way, I would never allow to be published. Many of the stories deal with rape, adultery and everything else that is evil, and yet this same Mr. Palmer wants to see a censorship board established because his editors are becoming nervous wrecks. It sounds like hypocrisy to me.

Hon. Mr. Reid: They must have been reading their own books.

Hon. Mr. Davies: Honourable senators, the question of censorship has received a lot of attention. The establishment of a system of censorship was mentioned many times during the hearings of the committee, but it was encouraging to note that a number of witnesses were opposed to it. Being a member of the Presbyterian Church in Canada, I was very glad to note that the Reverend Dr. Robert Good of Ottawa, representing that Church, expressed himself before the committee as opposed to censorship or anything that savors of dictatorship over the human conscience. I noted, too, that the Reverend Dr. McInnes, of Orillia, the Moderator of the Presbyterian Church, took the same stand in an address or interview which was published in the Toronto *Globe and Mail.*

Mr. D. L. Michael, the Executive Secretary of Public Relations of the Seventh Day Adventist Church, who appeared before the committee, also opposed censorship. He stated that he believed in the complete freedom of the press, as one of the inalienable rights of free men living in a free country. He deplored the threat of filthy and vulgar literature. He also expressed confidence in the committee. In replying to a question by the honourable senator from Huron-Perth (Hon. Mr. Golding) he said "We are very apprehensive about any attempt to legislate in matters of morals and conscience. We feel that it is fraught with dangers that are very real."

I was very much impressed, too, by the views of His Eminence James Cardinal McGuigan, of Toronto. Cardinal McGuigan, who is very highly regarded in his home city by people of all creeds and faiths, is not only a very able scholar and preacher, but a broad-minded and tolerant gentleman. He is a regular weekly contributor to the Toronto *Telegram.* In the issue of Saturday, March 14, he discussed the sale of indecent and salacious literature in his weekly column. He condemned vigorously what he termed "the promotion and sale of filth".

Cardinal McGuigan points out the effect of impure and immoral literature on the youth of what he so warmly describes as "our own beloved country". But I was pleased to note that at no time did he suggest that a board of censors should be established with general supervision over the reading matter of the adult Canadian public. Cardinal McGuigan suggests that:

> Some method should be found and enforced, whereby they (the pocket books) would be made available for the adults who desired them, while the youth would be protected as far as possible from their danger.

"It would not be difficult", says the Cardinal, "to set up a practical scheme and enforce it, if responsible authors, publishers, sellers, parents and public officials co-operated".

With the views of Cardinal McGuigan I am very much in accord. I shall refer to them again a little later.

Honourable senators, this mention of censorship has brought protests from all quarters of Canada. I have here a number of extracts from editorials and newspaper articles which I wanted to read into the record. As the hour is late I shall not read them, but I would ask honourable senators to allow me to place them on *Hansard.*

The Hon. the Speaker: Has the honourable senator the leave of the Senate?

Hon. Mr. Haig: Agreed.

Some Hon. Senators: Agreed.

The quotations are as follows:

Editorial headed "Let's Be On Guard" from the Vancouver *Sun*, March 23, 1953:

Those who value freedom of expression and thought in Canada had best be on guard.

Too little attention is being paid to the proceedings of the Canadian Senate's special committee on the sale of "salacious and indecent literature." From any angle a study of its proceedings seems to indicate a desire on the part of some members of this committee to appoint a board of censors to regulate the publication of books in Canada. There's reason to think also that some would like to clamp a censorship on the newspapers of Canada too.

That this impression of the Senate committee is becoming current in informed circles is witnessed by the statement appearing in the letter columns on his page today from the British Columbia Parent-Teacher Federation. In it the Federation seeks to correct "erroneous impressions" that it is seeking censorship of adult reading. The Federation is emphatically against censorship but the fact that its brief to the committee should be distorted by rumor as it has been is testimony that the atmosphere in which that committee's hearings are conducted is contrary to freedom.

It is felt by observers who've seen the committee in action that some members of the committee have definite leanings to censorship. This allegedly was evident in the treatment of Judge Allan Fraser of the Ottawa Family Court who attacked not only the books but newspapers generally for their handling of crime news. Certain members of the committee appeared to seize upon his opinions with an air of triumph that bodes ill for freedom.

On the other hand when the pastor of Ottawa's Erskine Presbyterian Church voiced strong opposition to any form of censorship to assure morality and good living the impression was gained—from the way he was cross-examined by committee members—that they weren't satisfied with this sensible stand.

It's true that some people are always ready to regulate the lives of others. And as a rule the people as a whole have the good sense to repudiate moves in that direction. But the tenor of the Senate committee hearings indicates that a danger exists and that certain interests in this country may be working quietly in a direction that would endanger essential liberties.

There's every reason to be on guard.

Letter from Secretary of British Columbia Parent-Teacher Association to editor of Vancouver *Sun*, March 23, 1953:

The British Columbia Parent-Teacher Federation has been concerned by the erroneous impressions given by statements that censorship of adult reading was being sought by this body.

The federation's interest in this matter arose from a request by the chairman of a special committee of the Senate making a study of the implementation of section 207 of the Criminal Code, that a brief be submitted as it was the desire of the committee to have a balanced expression of opinion on which they might base their recommendations.

This request was made to the national organization, The Canadian Home and School and Parent-Teacher Federation, and at the 1952 annual meeting preparation of such a brief was authorized.

The brief so prepared stated clearly that "the federation does not seek in any way to urge such legislation as will censor or control adult reading."

Editorial from Toronto *Telegram* of March 3, 1953, entitled "Censor Board No Remedy For Obscene Literature Evil":

Guelph's Junior Board of Trade has launched a crusade against salacious and indecent literature. It plans to direct public indignation against books and publications likely to corrupt young minds. It proposes further to "ban" the worst of these, through a board including representatives of the clergy, board of education, women's organizations, service clubs and police.

A primary difficulty is that members of such a board will have ideas sharply at variance as to what should or should not go on the forbidden list. In any event, will the public accept their authority, and will their decisions prevail with the proprietors of newsstands? Thoughts of this kind have already occurred to at least one reader of the Guelph *Mercury*, who writes to that paper: "Would not banning of 'lewd literature' obliterate one troublesome aspect only to promote a greater? Any appointed board is subject to human fallibilities and would be influenced by pressure groups, personal prejudices and local sentiment. Censorship is the mark of a totalitarian country."

A special committee of the Canadian Senate has been dealing with this matter for many weeks and has heard representations from numerous groups. The dangers of censorship are indicated in some of the submissions. One brief asked "an overall ban on the printing and importation of all magazines and books which obviously have the appearance of evil."

Censorship in any form is unlikely to be recommended in the forthcoming report. It would seem that the most effective means of action is in better enforcement of the Criminal Code as it concerns the distribution of objectionable literature. Responsibility, it has been pointed out, lies with the provinces. There have been some convictions, not all sustained on appeal, but those which have stood up have demonstrated that the weakness now is not so much in the law as in reluctance of the authorities to enforce it. Movements such as that in Guelph may produce more action along that line.

Extract from the column of J. V. McAree of the Toronto *Globe and Mail*, headed Censors and Obscenity:

In a debate on immoral books several years ago somebody, Heywood Broun, we think, defied the upholders of censorship to produce anybody who had ever been corrupted by a book. Nobody was produced, though we think the challenge was rhetorical. But admitting the possibility that children might be corrupted are we to take the ground that no book should be written which might bring the blush of shame to the damask cheek of any young maiden? To ask the question is enough to dismiss the idea that this kind of censorship would be tolerated or could be enforced. We think there is hardly any book worth reading that does not contain something which might offend or shock some hypothetical reader. The Bible is full of passages which will raise blushes in some faces. So are Shakespeare and practically all the great classical writers. The effort to free Shakespeare from coarsenses has given us the word "bowdlerize," held in universal contempt.

We think that the problem is one for the law courts, not for censors. They are capable of determining what is obscene and what is not obscene, though we do not envy them the task. It may be that the law governing the matter ought to be amended. Conceivably it ought to be stricter. There are certain limits in speech and writing which decent people will not exceed and if these could be defined perhaps we would have a basis on which new laws might be established.

May I say to the committee that it should feel that the many hours the members have given to the hearings before it have been fully justified, as is proved by the widespread attention the sittings have received from the press. One of the most important contributions appeared in the magazine *Mayfair* for March, 1953, when that nationally-known editor, writer and lecturer, Dr. B. K. Sandwell, wrote a full-dress article covering several pages. It was headed "Should We Censor Sex?" I should like to have the permission of the house to place an extract from this article on the record:

So changeable are the concepts of what is and is not moral that students of today find it hard to believe that the plays of Ibsen, and especially *The Doll's House,* were violently attacked both in their native land of Norway and in England as profoundly subversive of that important institution, the family. The truth is that nearly every writing which comes eventually to be accepted as a classic, or on its way to become so, was hailed with violent abuse at its first appearance on the ground that it undermined some cherished element of the accepted order. The classics are full of matter which has just as much "tendency to deprave" those who are open to be depraved as any contemporary novel, and which was denounced as tending to depravity when it first appeared. But time sheds its soft patina on anything that was written over a hundred years ago, and nobody now worries about the possible effects on young Canadians of the poems of Byron, of Shakespeare, the unbowdlerized Burns, the lusty novels of Defoe, the delightful *Golden Ass* of Apuleius, or any other of hundreds of works which in their time attracted the fiery denunciations of moralists. The state cannot legislate for adolescents without legislating in the same manner for adults. If it is going to prevent Tommy Jones, aged sixteen, from using his fifty cents to buy *The Naked and the Dead*—which incidentally is not going to afford him much satisfaction beyond the thrill of seeing in print a number of words which he knows already but which he has been assured are unprintable—it will have to prevent Professor Lucius Smythe, head of the Department of English Literature, from buying it also. Indeed the state's agent, the customs censor, does already prevent Professor Smythe from buying *The Memoirs of Hecate County* and did until quite recently prevent him from buying *Ulysses,* unless he could get over to a state which is more tolerant and violate the customs rule by bringing it back in his personal bag.

Discrimination by age limit, Professor Smythe being sixty-five, is difficult even in the case of the theatre, and in the bookstore it is obviously impossible, since the adolescent can always get an adult to buy the book for him. But the idea that the professor must not be allowed to possess *Hecate County* because there is a one-in-a-thousand chance that Tommy Jones might read it and be depraved by its perusal strikes me as being one which we should not entertain unless we are very certain that Tommy would actually be depraved, and furthermore that he can be actually and permanently saved from depravity if *Hecate County* is withheld from him. On this second point particularly I am full of dubiety.

If there are any works which adolescents should not be permitted to read but adults should, the state is not the authority to do the prohibiting, not being able to distinguish between adolescents and adults. The proper authority always used to be, and in my opinion still is, the family, operating through its head, whichever sex that head happens to belong to. It always refreshes me when I come across a highly placed person, and particularly a highly placed person in the realm of organized religion, who still feels that the family has some responsibility for the safeguarding of the adolescent; so many people want to throw the whole task off on the shoulder of the state working through one or other of its two chief agents, the policeman and the school teacher—poor overworked individuals both of them! I therefore gave three hearty cheers when only a few days ago I read the report of an interview given by the Moderator of the Presbyterian Church in Canada, the Rev. J. A. MacInnis. Dr. MacInnis said that indecent literature would not be a danger to youth if parents accepted their responsibility. Legislation and censorship were not the way to improve the morals of the country. "The onus is on the church and parents, through the process of education in the higher things. I do not believe we will make a moral generation through legislation against obscene literature".

There is a striking resemblance between the doctrine of the people who maintain that it is the duty of the state to prevent its subjects from having access to books dealing freely with the subject of sex, on the ground that a certain number will acquire immoral sex habits by reading them, and the doctrine of the people who maintain that it is the duty of the state to prevent its subjects from having access to alcoholic beverages, because a certain number will get drunk by consuming them.

Both doctrines involve the assumption that the state is entitled and required to limit very sharply the freedom of all its subjects, in order to protect the sobriety or the sexual continence of a small proportion of them. Both involve also the assumption that the prohibition law can be effectually enforced, and that if enforced it will prevent the evils at which it is aimed. These assumptions appear to me exceedingly doubtful, and I feel that it is unwise for the state to limit the freedom of its subjects unless the object for which it does the limiting is pretty certain to be attained. Experience showed that it was not attained by prohibiting the sale of alcoholic beverages.

I am pretty confident that it will not be attained by prohibiting the sale of a novel such as *Women's Barracks,* currently under ban of a local court in Ontario as being "obscene". The subject with which *Women's Barracks* deals is one which has only recently come into the realm of public discussion, hence the outcry. But it is a subject which is certain to remain within the field of permitted discussion, and the book is a serious contribution to the literature on that subject. We really cannot afford to keep it out of the hands of Professor Smythe because Tommy Jones' parents don't take sufficient care about his reading.

Honourable senators, I want to apologize for taking up so much of your time, but I feel that this subject is an important one. It is one to which a committee of this house has given hours and hours of study, and it is therefore impossible to deal with the matter satisfactorily in a few minutes. As you are all well aware, the subject of the publication of questionable books and magazines has been occupying the thought and attention of people in the United States as well as in Canada. *Time* Magazine, under date of January 12, 1953, deals with the work of the

United States committee. With the permission of the house I would ask that this be placed on *Hansard*.

On newsstands all over the U.S., "pornography is big business". So reported a special House committee last week, after investigating what it called an "incredible volume" of "cheesecake girlie magazines", "salacious" pocket-size books, and "flagrantly misnamed 'comics' ". The committee, headed by Arkansas Democratic Congressman E. (for Ezekiel) C. Gathings, found a big increase in "lewd magazines" and in the number of "obscene" books among the 200 million pocket-size books sold in 1951.

Despite the four weeks of testimony, neither the committee nor witnesses were always sure of the difference between obscenity and respectable writing. Writer Margaret Culkin Banning decried "filth on the newsstand", said that more than 1,000 magazines published in the U.S. are nothing more than "pictorial prostitution". Three days later the committee discovered that Writer Banning herself was the author of an article titled "Is Virginity Old-Fashioned?" (her answer: no), which appeared in *Personal Romance* flanked by such other titles as *Kidnapper's Kisses, I was Accused of Adultery* and *Betrayed by Sex*.

On its part, the committee's brand of "obscene" was also slapped on some books by such well-known writers as John Steinbeck, James T. Farrell, Erskine Caldwell and Italian novelist Alberto (*Woman of Rome*) Moravia. Throughout the hearings the committee showed a disturbing fuzziness over what it meant by "objectionable matter". Since the committee itself could not decide, it seemed dangerous to recommend that existing federal laws be strengthened making it an offence for private carriers to transport "lewd, obscene or lascivious" books and magazines in interstate commerce. This could mean that a motorist might be arrested for carrying a book by Steinbeck. However, publishers and readers alike could agree with the committee's suggestion that the publishing industry try to clean out the dirty corners in its own house.

Honourable senators, what are we going to censor and where would we stop?

Hon. Mrs. Fallis: I do not like to interrupt the honourable gentleman, but I think he is leaving a wrong impression with the house. The idea of setting up a censorship board was never at any time entertained by the committee. We never seriously considered that.

Hon. Mr. Davis: I would advise the honourable senator that there is no mention in our report of a censorship board.

Hon. Mr. Davies: I am aware of that, but the question of censorship was brought up by witnesses at committee hearings.

Hon. Mr. Davis: The honourable gentleman is leaving the impression that it was suggested somewhere at some time that there should be a form of censorship. But there was no question of that at all in our committee.

Hon. Mr. Davies: I am aware of that, but I would point out that members of the committee did ask several times whether censorship would not be the answer to the problem under consideration. I quite agree that the report does not mention censorship, but it was referred to by members of the committee.

Hon. Mr. Davis: No opinion on that point was expressed in the report.

Hon. Mr. Davies: I am satisfied with the report, and I think it is a very good one. There is only one part of the report about which I was going to ask a question, and I shall ask it now. The report of the committee reads in part as follows:

Pending a decision of the Supreme Court of Canada, the Justice Department proposes not in any way to alter the present section 207, but if it is necessary that "207" be revised as soon as the facts of the situation are presented by a final Court decision, this effort will be forthwith undertaken.

I should just like to be sure that that section of the Criminal Code would not be revised without the permission of parliament.

Hon. Mr. Davis: I think that it could only be revised by parliament. The last revision on crime comics took place in 1949. If section 207 is not strong enough, it can be revised, if necessary. Further, we have the decision, on the judicial basis, laid down by Chief Justice Cockburn of Great Britain in *Rex v. Hicklin* (1868) 3 Q.B. 360, whose definition is included in the report of the committee.

Hon. Mr. Davies: But there could not be any revision of the Code except by parliament. In one place the report says that the committee had had the assurance of the Department of Justice that when a case which is now before the Ontario courts from the city of Ottawa has been finally heard on appeal, certain changes would be made.

Hon. Mr. Davis: May I say to the honourable senator that there is a supplement of the proceedings of the committee which has not yet been published but will be ready either today or tomorrow; it contains the complete expression of opinion of the Department of Justice on this point. The matter will be clear to the honourable senator when he sees this document.

Hon. Mr. Davies: Thank you. I have been trying to express myself as best I can. As I said, the word "censorship" did crop up a good many times in committee, although there is no reference to it in the report. But it was suggested by delegations and witnesses before the committee that censorship might be the solution.

Hon. Mr. Davis: That is a provincial, not a federal, matter.

Some Hon. Senators: Order.

Hon. Mr. Davies: I only want to point out, in finally discussing—

The Hon. the Speaker: I must mention to the honourable senator that censorship is not mentioned in the report itself. The Order

Paper calls for consideration of the report. Two honourable senators have spoken of censorship. I raise this as a point of order, and would ask honourable senators to come back to consideration of the report itself.

Hon. Mr. Davies: I am sorry if I have transgressed, Mr. Speaker and honourable senators. I have nothing more to say about censorship, in any event. I wanted to say, however, that the brief of the Ontario Federation of the Home and School Club Association was a very good one. This organization had made a survey of reading matter, and it suggested that positive action might be taken to cure the evils with which the committee has been dealing.

If I might be permitted, I should like to mention that a gloomy picture was presented to the committee on a number of former occasions, and I thought that it would be permissible for me to discuss, in rather a broad way, not only the actual wording of the report, but the submissions on which the committee reported. Surely one should be allowed to make some comments, for otherwise there could be no possible rebuttal to some of the suggestions and comments made by the delegations and witnesses before the committee. However, if I transgress again I am quite willing to be stopped by his Honour the Speaker or any honourable senator.

I am coming now to what I felt I should say with regard to the report. There is a brighter side to this picture, and one which perhaps was presented to the committee by some of the people who came before it. It seemed to me that if the danger were as great as indicated we should see some evidence of it in an increase in juvenile delinquency. I wondered if such were the case. I noticed in my own paper one day that juvenile delinquency in the city of Kingston was 50 per cent less than in 1951. That, I thought, was a very bright side to the picture. It did not look to me as if the young people of Kingston were being greatly influenced by bad books, magazines or anything else of that kind. I know that a lot of this result is due to the good work of the police, service clubs, church organizations and others. I was very happy to learn of it, and I thought I would try to find out what the position was in other cities of comparable size in Ontario. I cannot speak for the whole of Canada, but if I am permitted I should like to tell you that, so far as juvenile delinquency is concerned, there has been no alarming increase. In Waterloo County, which has a population of 126,123, the number of juveniles convicted for delinquency in 1951 was seventy. In 1952 it had dropped to fifty-five. In Welland County, in 1951, there were twenty-three convictions for juvenile delinquency, and in 1952 there were thirty-six. In the city of Stratford, a city of, I think, about 25,000, twenty-one juveniles were brought before the court in 1951—of whom six were committed to a training school. In 1952 only five juveniles were brought before the court, and but two of these were committed. While no doubt many cases did not reach the court, I do feel that this is a very encouraging picture. In the city of Brantford, a city of 40,000, nineteen cases were brought before the court in 1951. Sixteen were cases of theft. None of them had anything to do with sex.

The figures for the city of St. Catharines and the county of Lincoln are very interesting. St. Catharines must be a city of about 50,000. I do not know the population of the county of Lincoln, but I expect it is about the same as that of Waterloo. The total number of juveniles dealt with from the city and county during 1952 was 203. Only two of these had any relation to sex: they were confined to one township, and the two juveniles were charged with gross indecency.

The Hon. the Speaker: May I ask the honourable senator if this is connected with the consideration of the report? If he feels it is I would ask him to cite the part of the report to which he is referring. I fail to see how those statistics from various cities in Ontario can support or detract from the report.

Hon. Mr. Davies: Your Honour, perhaps I am mistaken. I was trying to lead up to some suggestion that I desire to make in connection with the report; but I am quite willing, if your Honour rules, to leave it. I was trying to point out that there was no increase in either juvenile delinquency or illegitimacy, although one would naturally expect there would be if the books complained of so bitterly by some witnesses had the effect they said. If I may confine myself only to the report and not go outside the words of the report, I am afraid I shall be much restricted.

The Hon. the Speaker: It is the report that is under consideration.

Hon. Mr. Davies: Your Honour, is it permissible for me to suggest that if the committee is reappointed next session, one or two things which I think it might—

The Hon. the Speaker: When a motion for reappointment of the committee is made, that will be the time to bring up the matter.

Hon. Mr. Davies: We are discussing a report presented by a committee appointed

by the Senate to examine into the sale and distribution of salacious and indecent literature and its effect on the young people of this country. I have tried my best to deal properly with the many features of the report.

I will conclude by saying, let us have confidence in the rising generation and not try to protect them too much. Character is made by overcoming obstacles and resisting temptation. Let us look back at our own young days and realize that we had obstacles to overcome, and we overcame them. We may not have had to contend with sex magazines and books that had a lot of immorality worked into them under the cloak of realistic literature, but every school had its filthy-minded boy or filthy-minded girl who was always ready with the dirty and suggestive story.

The world does not change much, honourable senators, but I feel that when it does change it changes for the better. Canada is going ahead. Today it is, as we all know, the greatest country in the world. No other country can offer the same opportunities to young men and women. I feel sure our young men and women realize this, and I am confident that despite all the cheap, sexy books or any other influences to drag them down, they will respond to the better influences of our national life and prepare themselves for the great task of guiding the destinies of this wonderful country when the present generation has passed away.

Honourable senators, I thank you for the patient hearing you have given me today. I am sorry if I have transgressed any rule of the Senate.

Some Hon. Senators: Hear, hear.

Hon. Mrs. Fallis: Honourable senators, I move that the debate be adjourned.

The motion was agreed to, and the debate was adjourned.

The Hon. the Speaker: Honourable senators, I now table the report.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 6, 1953

The Senate met at 3 p.m., the Acting Speaker (Hon. W. M. Aseltine) in the Chair.

Prayers and routine proceedings.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 366, an Act to amend the Unemployment Insurance Act, 1940.

The bill was read the first time.

The Hon. the Acting Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Next sitting.

PUBLIC SERVICE SUPERANNUATION BILL

REPORT OF COMMITTEE

Hon. Mr. Lambert presented the report of the Standing Committee on Banking and Commerce on Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (334 from the House of Commons), intituled: "An Act to provide for the superannuation of persons employed in the Public Service of Canada", have in obedience to the order of reference of May 5, 1953, examined the said bill and now beg leave to report the same without any amendment.

MOTION FOR THIRD READING—
DEBATE ADJOURNED

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: I move the third reading now.

Hon. Arthur Marcotte: Honourable senators, in amendment I move, seconded by the honourable senator from New Westminster (Hon. Mr. Reid):

That the bill be not now read the third time, but that it be amended as follows:

Page 2, line 25: After the word "Parliament", insert the following words: "but saving all rights and privileges of either House in respect of the control or removal of its officers, clerks and employees".

Honourable senators, this amendment follows the remarks I made yesterday on the bill. I am sure you will agree once more not only with me but with my leader (Hon. Mr. Haig), the honourable senator from Vancouver South (Hon. Mr. Farris), and the honourable senator from New Westminster (Hon. Mr. Reid), that a matter of this importance should not be presented to us at a time when hardly a third of our membership is in attendance. This condition of affairs is not the fault of the members, it is the fault of the system; and the government in particular, are blameworthy for having put such an important piece of legislation before us at the last minute, when we have no time to adequately handle it. As was said yesterday, the contents of this bill are so involved that a proper consideration of it would require, not a few hours or days, but weeks. Its complications are such that experts were engaged for months, even years, in looking into the subject-matter.

Honourable senators, I am not going to discuss the details of the bill, but only the section which concerns the Senate and the House of Commons. If my amendment were agreed to it would not take anything from the bill, but rather it would put into the bill, and therefore into the proposed new act, certain words which are in the present act but were omitted from the bill. Those words should be of concern to all honourable senators. They were in the first Superannuation Act passed after confederation. That act was chapter 4 of the Statutes of 1870—just a few years before I was born. It was intituled "An Act for better ensuring the efficiency of the Civil Service of Canada, by providing for the superannuation of persons employed therein, in certain cases". The preamble to the act recited that:

For better ensuring efficiency and economy in the Civil Service of Canada, it is expedient to provide for the retirement therefrom, on equitable terms, of persons, who, from age or infirmity cannot properly perform the duties assigned to them".

Section 9 of that act made the act apply to:

the permanent officers and servants of the Senate and House of Commons; who, for the purposes of this act shall be held to be in the Civil Service of Canada, saving always all legal rights and privileges of either house, as respects the appointment or removal of its officers and servants, or any of them.

Honourable senators, parliaments were evolved in order to counteract the authority of kings who abused their powers. And ever since 1870, as I have shown, the Senate and House of Commons of Canada have had the privilege and right to counteract abuses by the crown in so far as control over officers and servants of parliament is concerned. That control has always been in parliament, but now for the first time it is proposed to take it away and transfer it to the cabinet. The purpose of my amendment is simply to have the control restored to parliament.

Yesterday the honourable senator from Vancouver South (Hon. Mr. Farris) said that important legislation has been brought into the Senate in the dying hours of every session since he has been a member of this chamber—that is, for seventeen years. Well, I have been here for almost twenty-two years, and I make the same complaint. Actually we are fortunate today in having a good attendance. I recall that one time when I was on the train ready to go West I was called back to the Senate, to provide a quorum for a sitting. Is a very small attendance during the last days of a session fair to the public? I do not think it is. I was very pleased with the remark of the honourable senator from Vancouver South that in future important bills should be brought before us earlier. Honourable senators, I have heard suggestions like that made for the past twenty years, but we have never done anything to implement them. We are now close to the end of another session, but let us, even at the last minute, resolve to safeguard what is proper and pertinent to our privileges and rights. Surely, we are entitled to that. And surely this house can insist upon maintenance of its rights, even if only a few honourable senators are present.

What are we asking for in this amendment? We are asking for preservation of the right to manage our own affairs. It might be said that such a right is certain and there is no danger of its loss. I have in my hand a document that was tabled by the honourable leader of the government (Hon. Mr. Robertson) about three years ago, being a report of positions that were excluded by order in council from the operation of the Civil Service Act. The report was made to parliament as required by section 59 of the Civil Service Act, chapter 22 of the Revised Statutes of Canada, 1927. Do honourable senators know how many orders in council were passed during the year covered by the report? I did not count them all but the total is not merely in the hundreds—it goes into the thousands. Are we to be subjected to that kind of authority? Surely we are going to retain control over our own staff. We have never yet been deprived of that control.

I am not opposed to retirement at 65 years of age. It will be recalled that a few years ago an honourable senator presented a bill in which the age of 65 was mentioned as the retirement age. I said then, as I have always said, that a man who is working with his brains—I am not speaking of the man who delivers mail or works with a shovel—is better at 65 years of age than he ever was in his earlier years. Support for my remarks was found in the fact that of the twenty-eight senators who were in the chamber when I spoke three were slightly under 70 and the remainder were past that age. Those members worked until the last minute of the session; they bore the burden and the heat of the day. A man's activities and usefulness do not end when he reaches the age of sixty-five, nor when he is seventy. You will remember what an honourable senator said the other day in tribute to Sir Winston Churchill. You know as well as I do, honourable senators, that older men than we are still actively engaged in their professions. The man who has probably the best legal brain in this country is past 70, and I contend that he is an abler lawyer now than he ever was before.

With all the work we have to do, we are the ones who should decide whether any one of our employees should retire at 65 years of age. If because of illness a man is unable to do his job properly, he should be the first to ask to be relieved of his duties, in order not to abuse his privileges. But I say most emphatically that he should not be under compulsion from the government to retire.

As I read through the bulky document produced by the honourable leader of the government three years ago, I asked myself why was the Civil Service Commission created. The purpose was, of course, to avoid patronage. It may surprise honourable senators when I say that in a sense I am in favour of patronage. I think that when a government comes into power it should compensate those to whom compensation is due, without being unfair or doing an injustice to anyone. But the Civil Service Commission was created for the further purpose of guarding against abuses by the government, and the Senate and the House of Commons have always preserved their rights to decide when their employees should retire.

I am not talking directly to the bill before us, for in a few hours I cannot digest what has taken experts many months to prepare. My honourable leader on this side (Hon. Mr. Haig) made a suggestion, which was supported by some of my colleagues, that this measure should go over to next session. If that is done, I for one shall do all I can to assist parliament to pass a measure that is the best possible for both the public service and the country generally.

Passage of the bill before us today would take away from this house rights that it has had since Confederation. I would remind honourable senators that history has proven that once a right is lost it is never regained. The tendency of the government through this post-war period has been to grasp for itself every power it could. I will not embarrass

anyone by speaking politically, but we all know what has happened in some quarters.

Before concluding my remarks I should like to draw attention to the fact that for the first time, at least in my memory, a member of the opposition is Acting Speaker of the house. I congratulate my honourable friend from Rosetown (Hon. Mr. Aseltine), who has been selected for this distinction. As we all know, the honourable the Acting Speaker has presided for many years over the hearings of the Divorce Committee. I hope that in performing the duties of the high office which he holds today he will see to it that we are not divorced from some of our rights by the passage of this bill.

Some Hon. Senators: Hear, hear.

Hon. Thomas Reid: Honourable senators, I make no apology for seconding the amendment moved by the honourable senator from Ponteix (Hon. Mr. Marcotte). I support it wholeheartedly.

The practice in this house has been for the chairman of a committee, when he presents his report, to explain any contentious points that were not unanimously agreed to in the committee. I must say I am surprised that not a word of explanation has been offered for the omission of two lines from this important bill which comes to us in the dying days of the session, when only half of our total membership is in attendance. But some people seem to think that anything can be done here.

I was interested to hear my honourable colleague from Vancouver South (Hon. Mr. Farris) say yesterday that he would support the honourable leader opposite (Hon. Mr. Haig) if he took a stand early next session opposing the sending of contentious legislation from the House of Commons to the Senate a few days before the session is expected to end. I too would like to join that hearty band. The government and the House of Commons must be brought to realize that they are responsible for what is happening. Living as they are in the days of the past, they forget that parliament is conducting a five-billion-dollar business. Instead of discussing legislation, honourable members of the House of Commons spend three or four weeks on the Speech from the Throne, making addresses which they hope will get them re-elected to parliament, but which their constituents have forgotten before the members return home. I am well aware that if I took a stand protesting against the high-handed action of the Commons, the quiet voices that call the faithful would soon start whispering and I would be greatly outnumbered.

I would remind honourable senators that this most important bill, if it passes, will affect 129,000 civil servants. So I protest against its hasty consideration as strongly as I can.

While I expect this amendment will be voted down, I repeat my question: Why were these two lines omitted from the bill:

but saving all rights and privileges of either house in respect of the control or removal of its officers, clerks and employees.

This honourable chamber is entitled to an explanation of the omission, which infringes on the rights of both houses of parliament.

I admit that my remarks of the other day with respect to the amount of $189 million were not clear. Let me point out now that last year was a high year in the matter of payments by members of the Civil Service into the superannuation fund. Had the government matched the $13 million contributed by the employees, there would have been a further $26 million credit towards the fund. Instead, there was about $15 million.

I should like to see the system of payments gone into more fully, because it may well be that, had the government contributed dollar for dollar and the fund been equalized according to the actuarial suggestion, there would have stood to the credit of the fund, not a usable reserve, but what I might describe as a "back" support in an amount of three or four hundred million dollars, with conditions somewhat similar to those in the unemployment insurance fund. That fund, as we have seen, amounts to about $800 million, and on the strength of this accumulation the minister is increasing the benefits to those entitled to unemployment insurance pay. It may well be that, were there a fund of three or four hundred million dollars to the credit of the Civil Service, and with contributions of only fifteen or sixteen million dollars being required, the benefits could be increased.

But I am still mystified as to why all these millions are necessary when in 1952 no more than $1,425,000 was needed in the form of a government contribution. The truth is, this plan has been operating with hardly a dollar of aid from the federal treasury. I do not think honourable senators have grasped that fact. The amount of money paid in by civil servants under the act fell short by only $1,425,000 of meeting all the outgoings by way of payments to pensioners.

If the bill is to be further inquired into, I should like to have some additional explanation from the chairman or acting chairman of the Banking and Commerce Committee. I am particularly interested to know why the two lines I have quoted have been left out. If the powers of the Senate and the House

of Commons are not to be restricted, why were these words deleted? Can it be said that our rights are preserved in the bill when the two lines, which I am going to read again, have been deleted:

but saving all rights and privileges of either house in respect of the control or removal of its officers, clerks and employees.

I shall not detain the Senate any longer, but I must again express my surprise that this bill was presented and proceeded with, without an explanation of any kind to the Senate of the omission of these words from the bill.

Hon. Wishart McL. Robertson: Honourable senators, I am at some disadvantage in dealing with this important matter. I did not know until the honourable senator from Ponteix (Hon. Mr. Marcotte) introduced his amendment that it had been prepared; otherwise, in my official capacity I would have put myself in a position to deal more adequately with the subject-matter. When the bill came up for second reading, it was, I understand, very clearly explained by the honourable senator from Toronto (Hon. Mr. Campbell). Yesterday, when the matter was under further discussion, several honourable senators asked important questions with regard to the bill, which indicated to me the desirability of a full explanation.

On the general question, why this bill came before us so late in the session, I can give only a general answer, to the effect that there is always some legislation to be dealt with in the last days of a session.

Hon. Mr. MacKinnon: And there always will be.

Hon. Mr. Robertson: At least, there always has been since I have been a member of this body.

I endeavoured to have every item of legislation which could be initiated in the Senate introduced here early in the session. A number of important bills—some of them very important—were brought in, and we handled them with our customary expedition, and almost worked ourselves out of a job in the process.

Yesterday this bill was referred to the Banking and Commerce Committee. So impressed was I with the necessity of having all possible information available to the committee that I suggested there was no reason why the committee could not go to work on it at once, and that if it did so, ample time remained to allow days for consideration. That was the best I could do. The house concurred in the suggestion, and when the committee met last evening I was able to have available for them a whole array of witnesses, headed by the Deputy Minister of Finance. I also undertook that if, as I anticipated, the committee's examination might last some days, the minister responsible for the legislation would be in attendance. I myself attended the meeting last evening for the purpose of hearing what the witnesses had to say in respect of some questions which have been raised here, and among other senators present I noticed the honourable member from De Lorimier (Hon. Mr. Vien), who had expressed some doubts concerning the legislation. I hope that the honourable senator from Ponteix (Hon. Mr. Marcotte) and the honourable senator from New Westminster (Hon. Mr. Reid) were also there. As I recollect, everybody asked questions, and very clear explanations were given with regard to all the matters inquired into. Whether the honourable senators from Ponteix and New Westminster were there, I do not know; I was late, and they might have left before I came in.

Hon. Mr. Reid: I was not present.

Hon. Mr. Robertson: Well, the opportunity was there. As I have said, a great many questions were asked, covering the financial aspects of the bill, including the origin and extent of the deficit and how it was to be met. The concensus of opinion seemed to be that the provision for this purpose was a business-like one and calculated to put the fund on an actuarially sound basis.

There was a good deal of discussion regarding the rights and privileges of the Senate in respect of its staff, and the conclusion of everyone present was that in no way, shape or form were those rights and privileges interfered with. I regret very much that the keen, analytical mind of the honourable member from Ponteix was not available to us, and that we had not the benefit of the presence of the honourable senator from New Westminster.

Hon. Mr. Reid: When I have a chance to speak I will explain why I was not there.

Hon. Mr. Robertson: In any event, as I have pointed out, the opportunity was open. As I understand it, the right of the Senate to retain the services of an official after the age of sixty-five is not in question. We can retain them if we wish. The point is that his pension rights would cease growing at sixty-five, and therefore in the years following he would not make any contribution to the fund. My honourable friend from De Lorimier (Hon. Mr. Vien) shakes his head. Perhaps he is more familiar with the legislation than I am.

I am at a disadvantage because I did not hear the original discussion, and I am really not prepared to speak at this time. There was a great deal of discussion in committee about this legislation, and those present drew certain conclusions. First of all, the legislation is beneficial because it extends pension rights to employees in a temporary classification. They will now be able to contribute to a superannuation fund from which they will draw on retirement. An explanation was given of the cause of the original deficit, and what action has been taken to put the fund on a sound actuarial basis. Provision has been made to review the financial set-up every five years to ensure that the scheme is actuarially sound. Honourable senators were also assured that the legislation in no way prejudices the privileges of Senate in regard to its personnel. If I am wrong in this summation, those who have followed the passage of this bill more closely can correct me.

Hon. Mr. Roebuck: Honourable senators, may I make a suggestion? I am rather concerned about the amendment now before the house. It is easy to make general statements to the effect that this amendment will not affect the Senate, but I am not sure that that is so. In view of the fact that this amendment was introduced without notice to the leader of the government (Hon. Mr. Robertson), I would suggest that the leader adjourn the debate so that he may speak on this question with more authority tomorrow. I hope we shall have a full explanation of it.

Hon. John T. Haig: Honourable senators, I should like to speak before the honourable leader (Hon. Mr. Robertson) adjourns the debate. I was present in this chamber during the entire debate on the second reading of this bill, and I also attended the committee meeting where I asked many questions of the officials of the commission. I have always admired the ability of the distinguished senators from Ponteix (Hon. Mr. Marcotte) and New Westminster (Hon. Mr. Reid). They have inquiring minds and are the type of member we need in the Senate. These gentlemen are determined that the rights of parliament shall not be interfered with by any bureaucracy, and I fully agree with them.

I am not going to argue the pros and cons of the amendment now before the house, but I want to review two or three features of the bill. First, did those who drew up this legislation believe it would interfere with the rights of parliament? Second, how have the moneys been raised and what are the reserves in the fund at the present time? Third, what are the provisions which deal with so-called temporary employees in the Civil Service? I have always felt kindly towards these employees, some of whom have served for as long as twenty or twenty-five years in a temporary capacity. I must admit I have not shown much concern as to whether this legislation would interfere with the rights of the Senate and House of Commons. Perhaps I should have given more attention to this aspect of the legislation, but I have been more interested in knowing just what additional benefits will be forthcoming to our civil servants generally. If this bill becomes law, every employee of the government service in Canada will have the right to annuity benefits.

Hon. Mr. McDonald: Only those who are employed on a regular basis.

Hon. Mr. Haig: Yes; I am not referring to persons employed for a week or two.

Hon. Mr. McDonald: For instance, fruit and vegetable inspectors will not qualify.

Hon. Mr. Haig: I know, but they are a small minority. The point is that temporary employees, who have never been eligible to receive a pension, will come under the act if they comply otherwise with its provisions. Retirement is compulsory under the present act, and no contributor may be retained in the Civil Service beyond sixty-five years of age, except where the governor in council, for reasons of exceptional efficiency and fitness, grants annual extensions up to the age of seventy. This bill does not specify an obligatory retirement age but gives the governor in council power to make regulations with respect to termination of employment. If an employee is granted an extension of service after he has attained the age of sixty-five, he will not be able to draw his pension until that additional term of service is completed.

Here is another point. A young man at present employed in the Senate on a five-year probationary period does not contribute to any Civil Service pension plan, and of course if he leaves his employment before the end of that period he is not entitled to superannuation benefits. Under the proposed legislation he would begin to contribute to a pension the moment he accepted employment in the Senate. It is important to bear in mind that the Senate will not be deprived of the right to appoint its officials and employees.

Under the proposed act an employee's pension will be 2 per cent of his average salary for the best ten years of his employment, multiplied by the total number of years of service, not exceeding thirty-five. Supposing a young woman is employed by the Senate as an accountant at an annual salary of $2,500 and, having worked at this job for ten years, decides that it is too arduous and

accepts other employment in the government service at $2,000 a year. When she retires she will be entitled to compute her pension on the best ten years of her employment. Under the proposed act contributions to be made by those wishing to participate in the pension scheme will amount to 6 per cent of the salary for males and 5 per cent for females, and the government will match these contributions.

Hon. Mr. Reid: Was any explanation given in committee as to why the rate was raised from 5½ per cent to 6 per cent in the case of civil servants in the lower income brackets?

Hon. Mr. Haig: The answer is very simple. As near as the committee could find from the actuarial statement of 1947, it would require 5 per cent from women and 6 per cent from men, and equivalent contributions from the government. But payments on that scale will not make the fund actuarially sound. The amount that should be paid in is 5 per cent for women—that is 10 per cent, when the government's contribution is included—and 12½ per cent for men. That leaves a shortage of about one-half of one per cent, but that will be caught up when the next five years' examination of the table is made. If the shortage continues, slightly larger payments will have to be made.

Now, as to the fund, there is no money in it. Under the act there is a direct liability of the dominion government to pay the superannuation.

Hon. Mr. Reid: Why are those millions required?

Hon. Mr. Haig: In 1917 the actuarial tables disclosed an estimated shortage of $364 million. I think the government has since paid in $175 million; and on the last estimate it now owes $189 million. It has agreed to pay 4 per cent of that amount into the fund. Under the new law it is compulsory for the government to put up dollar for dollar with the civil servants.

At the meeting of the committee the chairman (Hon. Mr. Hayden) raised a point, which I supported. The government auditors have prepared a statement showing that the government owes the fund $189 million, and this is shown as a deferred liability. I would have liked to have an order in council or an order from the Treasury Board admitting that liability. However, I was prepared to accept the statement, which was only in the form of a memorandum, because it was all that was available at the time.

My honourable friend from Toronto (Hon. Mr. Hayden) has asked whether the pensions of certain classes could be raised. I am convinced that this act makes the federal treasury liable for its half of the total contribution to the fund, and that this is a liability that the government is supposed to meet every year. It is also supposed to pay yearly a portion of the $189 million. I think that is all to the good. The contributions of every employee to the fund will be doubled, because the government will pay an equal amount into the fund.

Probably the sponsors of the legislation were not sure that it was an ideal plan, but it is a very great improvement over the present one. I am convinced that it would be very unfair to government employees if we did not pass this bill. I say that for two reasons: (1) it makes the government liable; there is no question about that; (2) it makes all temporary employees pensionable. The fact that the government has a direct liability to contribute would encourage people who have not been paying into the fund through the years to become full-scale contributors. Some temporary employees have not been paying the full percentage into the fund; they have paid some money into another fund, and this will help them—though in itself it will not be sufficient—to catch up with their arrears in the superannuation fund. They will be given the privilege of turning that money over to this fund in annual instalments.

Mr. Taylor, the Deputy Minister of Finance, was present at the committee meeting, and I do not believe I was ever more favourably impressed by any deputy minister. During the last war he was in the government service, but not a contributor to the superannuation fund, and he told us that when he was appointed Deputy Minister he had to pay a substantial sum into the fund to cover the period of his former service. My honourable friend from Toronto (Hon. Mr. Hayden) asked him, among other pertinent questions, whether this plan was more beneficial to the lower-income group than to the higher-income group. Mr. Taylor said it was more favourable to the lower-income group. That view is the more interesting because of his being in one of the higher-income brackets, and I think we can accept it. I was convinced by him and his associates at the meeting last night that this proposed legislation is a tremendous advance for the Civil Service of Canada. I am also convinced that there will be no interference at all with our powers of appointment.

Hon. Mr. Farris: What about this amendment?

Hon. Mr. Haig: I am not sure what it means. Both houses will have all the powers that they can have.

Hon. Mr. Roebuck: Why drop those words out of the act?

Hon. Mr. Haig: To be quite frank, I gathered from the questions put by the honourable senator from De Lorimier (Hon. Mr. Vien), and the answers that he received, that the present bill puts retirement on a basis completely different from what it has ever been on before; that the government will pass regulations applicable to all civil servants. There might be some question as to whether there is cause to be afraid that the Civil Service Commission will interfere with the rights and privileges of the Senate, but I am persuaded that there is not. That is my honest opinion.

Hon. Mr. Horner: Do you think it would do any harm to have those words in the act?

Hon. Mr. Haig: They might not do any harm. I have never been in favour of including words in legislation without knowing what their effect is likely to be. I think the proposed new act will do all that we want it to do. My off-hand opinion is that the words would not do much harm; but I think the bill is such an advance in legislation that I would not want to change it. It seems to me that it does protect the Senate and the House of Commons in every respect, and takes nothing away from them. I do not believe the other words would help one iota. However, there are better lawyers here than I who can pass on that. I see here at the moment, for instance, the honourable learned senators from Toronto (Hon. Mr. Hayden), from De Lorimier (Hon. Mr. Vien), from Inkerman (Hon. Mr. Hugessen), from Toronto-Trinity (Hon. Mr. Roebuck), from Toronto (Hon. Mr. Campbell), from Vancouver South (Hon. Mr. Farris), and others. Their opinions would be much better than mine. Mine is the "sidewalk" opinion.

Hon. Mr. Vien: I trust that the honourable senator will allow us to protest against his act of excessive humility.

Hon. Mr. Haig: I do not think the words would add anything to the legislation. I feel that in the interests of civil servants we should pass this bill.

Hon. A. K. Hugessen: Honourable senators, I agree with my honourable friend who has just spoken, that in general this is an excellent measure and that it will be for the benefit of the Civil Service of this country. Personally, I should be very sorry to see anything done in this chamber which would delay the passage of the bill at the present session.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Hugessen: I listened to the discussion in the committee yesterday evening and to our discussion here this afternoon. Yesterday evening I was as convinced as was my honourable friend the leader of the opposition (Hon. Mr. Haig) that there were no provisions in the bill that might lead to interference with the rights of the Senate and the House of Commons with respect to the control or removal of their officers, clerks and employees. But I must say, honourable senators, that having looked again at the bill and at some of the relevant sections to which I shall direct your attention in a moment, I have some little doubt about it. I would not have raised the question, but the amendment that we have now before us raises it.

May I draw the attention of the house to the relevant sections? In section 2, which is the interpretation section, "contributor" is defined as:

> . . . a person required by subsection (1) of section 4 to contribute to the superannuation account . . .

Turning to subsection (1) of section 4 we find that every person employed in the Public Service—certain categories are excepted which do not affect us—is required to contribute to the superannuation account. Paragraph (j) of section 2 (1), to which the amendment is now directed, states that the "Public Service" includes members of the staff of the Senate, the House of Commons and Library of Parliament. They are contributors to the account, and therefore are members of the Public Service.

I turn now to section 30, which empowers the governor in council to make regulations. Looking particularly at paragraph (ad), I find that the governor in council may make regulations,—

> notwithstanding any other act of the Parliament of Canada, providing that, upon attaining such age as is fixed by the regulations, a contributor shall cease to be employed in the Public Service unless his continued employment therein is authorized in accordance with such regulations . . .

There seems to me to be some question whether the governor in council could not use his powers to make regulations which would override a decision of the Senate or House of Commons to continue a superannuated employee in his position. It would be possible for the governor in council, notwithstanding any other act of parliament, to prescribe by regulation that an employee of the Senate or House of Commons, having reached the age of sixty-five or sixty-six years, or whatever age was prescribed, shall in the words of this paragraph, "cease to be employed in the public service".

There may be other sections in the bill which nullify what I have just said. The problem stems from the difficulty to which a number of honourable senators have referred in the course of this discussion—that of the late period in which the bill comes before us.

Hon. Mr. Quinn: Would that not be one of the reasons for the amendment?

Hon. Mr. Hugessen: Probably it would. The difficulty would be cured, I should assume, by passage of the amendment; but of that I am not too sure. I should like to support the suggestion of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that under these circumstances the debate be adjourned for a day, and that we seek the advice of our Law Clerk and some of the eminent counsel who are members of this house in order to get some direction whether this amendment is necessary.

Hon. Mr. Reid: May I direct a question to the honourable senator? Does he not think that if the two lines in question, which appear in the act, were inserted in the bill, any doubt as to the question now raised would be removed?

Hon. Mr. Hugessen: I should assume so, but I should not like to say off hand.

Hon. Mr. Lambert: Suppose the new legislation specifically stated that the age of retirement would remain at sixty-five years, would that not meet the objection raised by the honourable senator? The bill contains no age limit.

Hon. Mr. Hugessen: No.

Hon. Mr. Lambert: If an age limit were stated, and the matter of extension were left to the governor in council, would that not meet the objection?

Hon. Mr. Euler: That is the way the act operates now.

Hon. Mr. Lambert: I mentioned yesterday that I thought the fundamental purpose of this legislation was to avoid the exercise of discretionary powers on the part of, for instance, the Treasury Board, or anybody else, and to impose stricter adherence to the law. There have been a number of cases of persons having been retained in their employment beyond the age of sixty-five in contravention of the act. It is my opinion that the proposed legislation is designed to meet objections to such a practice. For example, under the Income War Tax Act the effect of discretionary powers placed in the hands of the minister was to practically nullify the law in that connection, and a new act had to be brought in. I think the same principle has been applied in this case.

Hon. Mr. Kinley: Honourable senators, I listened attentively to the discussion on this subject yesterday afternoon and I attended the committee last evening, but I have not heard all the debate thus far this afternoon.

In a word, it seems to me that a pension plan which does not make retirement obligatory is defective. A man who has been retired at the regular age can, if it is desirable, be rehired, but he must conform with the general rule as to retirement age.

Hon. Arthur W. Roebuck: Honourable senators, I wish to thank the honourable leader of the opposition (Hon. Mr. Haig) for his excellent explanation of the Civil Service Superannuation Act. Of course the content of that act is not involved in the amendment before the house.

Hon. Mr. Haig: I admit that.

Hon. Mr. Roebuck: Although I have listened carefully to the debate, I have not given this bill the attention it deserves. True, there are grounds for complaint when legislation comes to us in the last days of the session. But, honourable senators, we have the matter in our own hands: nobody can compel us to pass a bill until we are ready to pass it; all we need is the courage to stay here and do our job, and let the Commons wait for us.

This bill has been in our hands for only a very few days, and I confess that I have not surrounded myself with all the details of the act. I have, however, listened closely to the debate on this amendment and so far I have heard no reason given for dropping from the bill the words which are said to be in the act.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Roebuck: Were I at this moment required to vote on the bill, I would not take the responsibility for the omission of those words. That is to say, I support the amendment to insert them in the new legislation, and I would so vote.

As I have said, I am not satisfied with the explanation of the bill nor with my own study of it. Although because of other commitments it will be impossible for me to be in the house tomorrow, I propose to move the adjournment of the debate and to suggest that the honourable leader, with the unanimous consent of the house, be allowed to study the bill further and tell us why the lines in question were left out. The proposed amendment has come before us without notice, but the rules of the house permit this. None of us has studied it. I have never seen the text, though I have heard it read, and I am not sure in what part of the bill it is proposed to insert it. In consequence, I move the adjournment of the debate.

Hon. Mr. Robertson: The committee's report was presented to the house by the acting chairman of the Banking and Commerce Committee (Hon. Mr. Lambert) in the absence of the chairman (Hon. Mr. Hayden), who since then has arrived here. He is fully conversant with the details of the bill. I do

not oppose the motion to adjourn the debate, for I am not in a position at this time to explain why the lines referred to are not in the bill. All I can state is, that as far as I can ascertain there is no intention to deprive the Senate of any of its rights and privileges.

Hon. Mr. Vien: Will the honourable government leader (Hon. Mr. Robertson) permit me to ask, if that was not the intention, why were the words left out?

Hon. Mr. Robertson: I have already said that I am not in a position to answer that question, and I have indicated my agreement with the motion of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I had hoped that the matter would have been clarified in committee last evening, but apparently it was not.

Hon. Mr. Vien: The honourable government leader (Hon. Mr. Robertson) will recall that in the committee last night I put a question on this point to the Deputy Minister of Finance, and he told me that what was done was not on his recommendation; but beyond that he could give no information.

Hon. Mr. Robertson: I did not hear that.

Hon. Mr. Haig: That is correct.

Hon. Mr. Roebuck: I am quite satisfied to withdraw the motion, but I would be better satisfied if the whip would adjourn the debate after the present discussion is completed. I do not want to shut off anybody at the moment, but neither do I want the matter closed today. I should like to be able to look into it, with a view to deciding how I should vote.

Hon. Salter A. Hayden: Honourable senators, I do not think any person can object to the request of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) for a delay for the purpose of getting all the information possible as to the meaning of the legislation, and what would be the effect of the proposed amendment. What I shall say is simply to convey my own viewpoint and my own opinion.

Under the law as it stands, the Senate would have control over the retirement of its own employees. Under the bill, and particularly that subsection at the foot of page 35 which was referred to, provision is made for the enactment of regulations, one of which, I assume, may provide that on or after a date or an age to be specified, any person subject to the superannuation plan shall cease to be in the Public Service. The net effect is to transfer from the Senate, in the one case, and from the Commons, in the other, control over the retirement dates of employees in each of those places, and have the matter regulated under the superannuation plan. That was explained in a general sort of way last night; and I recall putting the question "Is there an infringement on any real right the Senate at present enjoys; or, shall we, as a result of this change, lose anything which is worth a struggle to retain?" My view was, and still is, that there is no such infringement, and no such loss. Looking at the question from a serious, sane, realistic point of view, to require that the retirement of employees of the Senate under the superannuation plan shall be governed by regulations enacted under this bill rather than by the will of the Senate, or the Commons, as the case may be, does not infringe upon or remove any right which really matters. To my mind it is of little consequence. As far as the employee is concerned, he acquires benefits under the plan, and to make the plan effective there must be some provision for a retirement date. Nothing in this bill would prevent the Senate from re-employing on a temporary basis a person who had been so retired, the day after his retirement. All that is provided in this connection is that under this plan, and for the purposes of this plan, if the regulations enact a retirement age of sixty-five, the employee, whether he be on the staff of the Department of Finance or the staff of the Senate, ceases at that age to remain in the Public Service. I said yesterday, and I repeat, that I am just as jealous of the rights of the Senate as anyone else, and as much opposed to the surrender of any right that is of real importance, but I do not regard surrender of Senate jurisdiction over the retirement of its employees as weakening by one iota the dignities and powers of this body.

Hon. Mr. Reid: Did the honourable senator get a satisfactory explanation of the dropping of the two lines in the act which preserve the Senate's right over its employees?

Hon. Mr. Hayden: The reason for dropping them is quite apparent. It is sought to establish a uniform method of retirement, and certainly you will get a uniform method of retirement if regulations are enacted to provide for a retirement date on and after which an employee ceases to remain in the public service. The intention is to have a regulation of general application as regards the retirement age.

Hon. Mr. Reid: And that is a loss of power of the Senate.

Hon. Mr. Haig: Supposing the amendment is carried and we retain the right to determine how long an employee will stay, is that compatible with a proper pension scheme?

If, for instance, the government decided that everybody should retire at the age of sixty-seven or sixty-eight, this house might say, "No, we are going to keep our people until they are seventy, or perhaps seventy-five, as we may see fit". Could a pension scheme provide for variations of that kind?

Hon. Mr. Hayden: I will answer these two questions. The honourable senator from New Westminster (Hon. Mr. Reid) states that the Senate is threatened with the loss of one of its powers. My reply is that certainly it involves the giving up of something we now possess, but whether that loss of power is material is the point which concerns me; and examining it as best I can, I cannot see that the concession we are called upon to make under this head can in any sense be described as material.

As for the question of the honourable senator from Winnipeg (Hon. Mr. Haig): there are provisions in the bill which fix at thirty-five the maximum number of years of contribution, so an employee who continues in the service after having made thirty-five annual contributions and has not reached retirement age would have no further payments to make, nor would there be any matching contributions. The converse of that is that if an official arrived at the retirement age of sixty-five before having made thirty-five annual contributions, but was not then required to retire, and this amendment were passed to exempt the employees of the Senate from the application of the regulations, he might remain in the employ of the Senate after the general retirement date to be prescribed under the bill. What would happen to his obligation to make contributions under the plan I do not know. Under the plan he cannot make contributions after he has reached the age of retirement, nor can he make contributions after he has been in the service for thirty-five years. I do not know what other consequential or substantive amendments would be required if we adopted the amendment of the honourable gentleman from Ponteix (Hon. Mr. Marcotte). We cannot merely insert the amendment into the act and take it for granted that we have not interfered with the mechanics of the act itself. I do not quarrel with my honourable colleague from Toronto-Trinity (Hon. Mr. Roebuck) when he says that we should give this amendment our full consideration, for if we pass the legislation without the amendment we might be forfeiting certain of our rights. Before adopting this amendment, however, we should certainly be advised of its implications and how it may affect other provisions in the act.

The honourable leader of the opposition (Hon. Mr. Haig) took the trouble to discuss the phases of this plan as they were unfolded to us in committee last night. During the debate on the second reading of this bill I said that the Civil Service superannuation scheme should be devised in such a way that the greatest possible benefits should go to employees in the lower-income brackets, because these people constitute the great majority of civil servants who form the basis of the day-to-day operations of the government. I asked certain questions along that line in committee, and I got these important answers.

First of all, I was told that if the employee's pension were calculated on the basis of the best eight years of service rather than on the best ten years, it would certainly result in a greater benefit to those employed in the higher-income brackets.

Hon. Mr. Haig: That is right.

Hon. Mr. Hayden: I was also informed that an immediate benefit would undoubtedly go to the lower-income group if the maximum period of computable service were reduced from thirty-five to thirty years. If an employee's pension were computed on the basis of thirty years' service and 75 per cent of his average salary during his best ten years of service, he would receive substantially more than he would if his pension were based on thirty-five years' service and 70 per cent of the average of his best ten years of service. Now, nowhere near three-quarters of all civil servants retire with a full complement of service, so the average pension cannot be calculated on the basis of what it would produce for thirty-five years of service.

Mr. Taylor informed the committee that at the present time the average going-out salary of employees who have completed thirty-five years service is approximately $2,800. Seventy per cent of this amount would give the employee somewhere between $1,900 and $2,000 on his retirement. However, many employees are not in the service for thirty-five years, and Mr. Taylor was prepared to place the overall average going-out salary at approximately $2,400. Well, 70 per cent of this amount would give the retired employee a pension of appproximately $1,500 or $1,600, which is hardly a sufficient income on which to live these days. While the plan will provide some benefit to employees on their retirement, it does not appear to be geared to the present cost of living. I do not know what could be done at the moment to remedy this situation.

Mr. Humphries, one of the experts appearing before the committee, informed us that

the cost of operating the plan would be substantially increased if the length-of-service requirement were reduced from thirty-five to thirty years. Now, the moment you are faced with that proposition you have to cry halt, for it involves spending the contributions made by employees as well as by the government. This step would require careful consideration and study, and is not something about which I would suggest an amendment at this late date. At this time I do not think we can go any further than to bring this whole question to the attention of the government. It may be that the only way employees in the lower-income bracket could receive a more adequate pension on retirement is to reduce the length of service or increase salaries. But I do not want to be quoted as advocating increases in salaries at the present time. Too many people are doing this now, and it would seem that everyone has forgotten the old idea of an employee attempting for a reasonable length of time to give adequate service for what he is being paid, and establishing that as his basis for seeking a further increase. In the circumstances, I think the bill goes as far as one can reasonably expect at this time.

Honourable senators, if I were asked to vote on this amendment now I would have to vote against it, but I am willing to hear further information as to what its scope and effect might be, and reserve my final decision until later.

Hon. Mr. Farris: My honourable friend said that the Senate could immediately rehire a person who had reached the age of retirement. What effect would that have on the superannuation scheme?

Hon. Mr. Hayden: None whatsoever. If a person continued in the employ of the public service under any of the exceptions in the bill he could not augment his pension while continuing in his employment; but if he were appointed after having been deprived of a previous job by regulation or after having been out of the Public Service, then he could build up his pension. That is only my armchair opinion.

On motion of Hon. Mr. Taylor, the debate was adjourned.

COLUMBIA RIVER AGREEMENT

RETURN TABLED

Hon. Mr. Robertson: Honourable senators, I table herewith a return to the order moved for by the honourable gentleman from New Westminster (Hon. Mr. Reid) respecting the Columbia River Agreement.

CANADIAN BROADCASTING BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 340, an Act to amend the Canadian Broadcasting Act, 1936.

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The motion was agreed to, and the bill was read the third time, and passed.

CANADA FAIR EMPLOYMENT PRACTICES BILL

SECOND READING

Hon. Arthur W. Roebuck moved the second reading of Bill 100, an Act to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion.

He said: Honourable senators, we have passed many bills in this house—some this session—that involved much greater expenditure than the bill now before us; for instance, the supply bills. And we have passed more important bills, among which I might particularly mention the bill to revise the Criminal Code. But I submit that we have not handled, at least during this session, a more admirable or high-minded proposed enactment than is to be found in Bill 100, the purpose of which is to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion. In my judgment, the bill is the inevitable outcome of the vast amount of social security legislation and the humanitarian policies of the present government. I think this bill is the culmination of a long series of thoughts and considerations which may be traced back to the early days when the late Prime Minister Mackenzie King was a young man in the Department of Labour, protesting against abuses and espousing the cause of crippled girls in match factories, and struggling as best he could for improved labour relations.

The purpose of the bill is to secure equality of opportunity in employment for all our citizens without discrimination by reason of race, national origin, colour or religion. That is a grand conception. In breadth of conception this is the finest bill, in my judgment, that we have had the privilege of discussing this session. Among bills, it is the premier in that regard; or, to paraphrase the words of Shakespeare in referring to Marc Antony, "This is the noblest Roman of them all."

Fair employment practices laws are modern, but not by any means new. In 1945 the state of New York pioneered in legislation of this kind. At that time it enacted that no person should be denied the right to earn a living because of religious beliefs, or racial or national background, and it provided penalties for acts of discrimination by employers, by employees when gathered in labour organizations, or by the agents of either of these classes, or by individuals.

I should like to read from the report for the year 1952 of the New York Commission charged with the administration of that act,

a measure quite similar to the one before us. The commissioners say:

> The New York State law against discrimination which started out in July 1945 as an experiment in enlightened social legislation may now be assessed, almost eight years later, as an essential statutory device in eradicating those practices of discrimination which not only deny individual interests and incentives, rights and privileges, but retard the growth of our economy by the squandering of our manpower resources. Such practices can never be justified in a democratic society.

The New York law provides penalties; but it is a rather interesting fact that, of the 2,500 cases which have been handled by these commissioners in the last seven and a half years, three cases only have come to trial. That is, on three occasions only did the commissioners feel it necessary to resort to court action. The explanation, of course, is in the force and power of persuasion and education, and also—and this should never be forgotten—in the power of public opinion. These were the effective weapons used by the New York State commissioners during those past few years to bring about a better recognition of those human rights and fundamental freedoms that this Senate has advocated.

In its 1951 report the commission made another statement which I should like to lay before this house:

> The commission realizes full well that problems of employment discrimination which made a law necessary have not been completely solved. It is satisfied, however, that the law is no longer viewed by the general public as an expedient, an experiment, or a controversial document, but as an important instrument in the building of a stronger democratic state.

The New York action which, as I have said, pioneered this type of legislation has been followed by ten other states of the union. I think perhaps the most important example, or the most outstanding one, is that of Ohio. However, we do not have to go across the line to look for such examples. We have not been idle, by any means, in this matter of bringing about the observance of fundamental human rights. In 1948 the Canadian delegation to the general assembly of the United Nations voted for the universal declaration of human rights. That declaration, which was adopted on the 10th of December 1948, contained this clause:

> All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

It was at this time that Eleanor Roosevelt, who was then the chairman of the United Nations Human Rights Commission, uttered these words, which have been quoted on a number of occasions since:

> Each account of discrimination, segregation or lynching discredits us abroad. Racial discrimination is the weak spot in our democracy. We must re-examine ourselves and work out a solution as quickly as possible.

In 1950 the Senate of Canada appointed a committee to consider and report on human rights and fundamental freedoms. I now quote from its report, which was unanimously adopted by this house:

> That every man, woman and child has rights is generally accepted as axiomatic, and that such rights should be protected is a conviction as universally held. Your committee agrees with this view, holding that every human being, irrespective of mere classifications on account of race, creed, sex, caste or colour and other like distinctions, has rights which flow from his divine creation.

I have said that we in Canada have not been idle, but have pioneered in this type of legislation, philosophy and thought. Special credit is due the legislature and the people of the province of Ontario, from which I come. In 1944 the Ontario legislature enacted a law against disriminatory advertising. Honourable senators will remember the type of advertising to which that enactment referred. One advertisement which was carried fairly widely used the words "No British need apply". Such advertisements were banned by the legislature.

In 1950 the Ontario legislature amended the Conveyancing and Law of Property Act to prevent racially restrictive covenants in the conveyances of land. Honourable senators will remember the controversy with respect to it, and the type of objectionable and insulting provisions found in some covenants which raised miserable distinctions between our citizens. Those restrictions are no longer binding in Ontario.

Finally—and for this too I give credit to the province from which I come—the legislature passed the Fair Employment Practices law, the first of its kind in Canada. If honourable senators will bear with me, I shall read the preamble to that act:

> Whereas it is contrary to public policy in Ontario to discriminate against men and women in respect of their employment because of race, creed, colour, nationality, ancestry or place of origin;
>
> Whereas it is desirable to enact a measure designed to promote observance of this principle;
>
> And whereas to do so is in accord with the universal declaration of right, as proclaimed by the United Nations.

The act goes on to lay down the principles of non-discrimination in the matter of employment of citizens irrespective of race, colour, creed, and so on.

There is a Biblical quotation in, I believe, the English Church Prayer Book, in these words:

> Let your light so shine before men that they may see your good works . . .

It is well to remember that a good example is just as effective as a bad example. The example set by Ontario was followed in 1947

by Saskatchewan. Section 8 of a law passed in that year by Saskatchewan reads as follows:

Every person and every class of persons shall enjoy the right to obtain and retain employment without discrimination with respect to compensation, terms, conditions or privileges of employment because of race, creed, religion, colour or ethnic or national origin of such person or class of persons.

Hon. Mr. Vien: Will the honourable senator permit me a question? I note that "religion" is not defined in the bill.

Hon. Mr. Roebuck: Does it require a definition?

Hon. Mr. Vien: Suppose a communist comes to me in search of employment and he says he does not believe in God or the devil, but that he believes in the teachings of Lenin and Stalin. His religion is communism. Can I exclude him on the grounds that I do not want a communist in my institution?

Hon. Mr. Roebuck: I think that would be irreligion, rather than religion.

Hon. Mr. Vien: But from his point of view it would be religion.

Hon. Mr. Roebuck: I do not think he would get very far if he attempted to prosecute you on those grounds.

Hon. Mr. Vien: I am not too sure.

Hon. Mr. Roebuck: At all events, attempts have been made to define religion for at least 2,000, and perhaps, 5,000 years. For my part, I am ready to excuse the draftsmen of the bill for not attempting to define it here. Everyone knows what religion is, and the courts or the minister would deal with the question if it arose.

May I now direct my remarks for a moment to the honourable leader of the opposition (Hon. Mr. Haig)? I hope he can give me some information about an enactment that is reported to have been passed on April 30, 1953, in the province of Manitoba, prohibiting discrimination in the matter of employment on the grounds of race, religion, creed or national origin. I have been unable to find the details of it, and I hope that he may enlighten me on it now or later.

The dominion has also been busy in this matter of legislating against objectionable types of racial discrimination. On November 7, 1942, while the war was in progress, Mr. Elliot Little, head of the National Selective Service, issued Regulation No. 81 of the Department of Labour. Although the whole order is worth reading, I shall quote only one paragraph:

Some employers continue to discriminate against certain classes of persons on grounds of citizenship, race, language, name, creed or colour. Such discrimination impairs the war effort.

The order contains some further specific instructions that no questions are to be asked in any circular or questionnaire with regard to religion or racial origin and so on in the employment of persons by that department.

In June, 1952, parliament amended the Unemployment Insurance Act by providing:

It shall be the duty of the commission to ensure that there shall be no discrimination in referring to any worker seeking employment, subject to the needs of the employment, either in favour of or against any such worker by reason of his racial origin, colour, religious belief or political affiliation.

Hon. Mr. Euler: I have not read the bill, but I should like to ask my honourable friend whether its provisions apply to newcomers who are not yet citizens.

Hon. Mr. Roebuck: They do. No distinction is made between citizens and non-citizens, and of course there should not be any: both are legally resident in this country.

On September 24, 1952, the government of this country passed Order in Council P.C.4133, ensuring fair employment practices in government contracts. The preamble to the order which became effective January 1, 1953, states:

. . . it is considered advisable that a clause prohibiting discrimination by the contractor in the employment of labour in respect of race, national origin, colour, or religion should be incorporated in all contracts made by the Government of Canada for construction, remodelling, repair or demolition of public buildings or other works, or for the manufacture and supply of equipment, materials and supplies.

That, I think, was a simple and most highly commendable amendment of the rules with regard to government contracts.

I have sketched the development of this psychology across the line, and in Ontario and other provinces. Let me now turn to the present bill and proceed to consider what is happening in respect of dominion jurisdiction. The bill, of course, is very much wider in its provisions, and it is limited to federal jurisdiction. Nevertheless it covers a fairly wide field: I wish I knew how many people are involved. Under dominion jurisdiction will be included navigation and shipping, railways, canals and telephones, with interprovincial telegraphs, air transportation, radio, banks, and any works outside the exclusive jurisdiction of the provinces; also, such works and undertakings as are declared by parliament to be for the general advantage of Canada. The bill also covers not only persons directly employed by the government but those employed by crown companies.

As regards its application, section 2 states:

"employer" means a person who employs five or more employees.

Those who employ fewer than five are so numerous, and so difficult to follow up, that administrative difficulties prompted this limitation. Also excluded, by the way, are domestic employment, which it is almost impossible to regulate, and small employers generally.

As regards the prohibitions, which of course constitute the nub of the bill, section 4 has this to say:

(1) No employer shall refuse to employ or to continue to employ, or otherwise discriminate against any person in regard to employment or any term or condition of employment because of his race, national origin, colour or religion.

(2) No employer shall use, in the hiring or recruitment of persons for employment, any employment agency that discriminates against persons seeking employment because of their race, national origin colour or religion.

(3) No trade union shall exclude any person from full membership or expel or suspend or otherwise discriminate against any of its members or discriminate against any person in regard to his employment by any employer, because of that person's race, national origin, colour or religion.

I pause here to say that among the strongest advocates of the principle of this bill are the national labour organizations, who have requested that provision in their annual submissions to the government year after year for I do not know how many years.

Hon. Mr. Vien: Has the honourable gentleman any information with respect to the constitutionality of the bill as it relates to contracts of employment between employers and employees?

Hon. Mr. Roebuck: I have made no special study of it. I have not heard it questioned, because the scope of the bill is very carefully restricted to those matters which are within the legislative control of the dominion parliament.

Hon. Mr. Vien: Under section 3?

Hon. Mr. Roebuck: Yes, under section 3. I have not heard any suggestion of a contest with regard to the constitutionality of the provisions. I suppose somebody might argue that a subcontractor who contracts with a contractor who in turn is contracting with the government is not subject to government control, and that his rights fall under "property and civil rights"; but I do not think he would get far with that contention. If the dominion government cannot regulate its own contracts and those enterprises which by the British North America Act are placed under its control, ours is indeed a very limited and lame jurisdiction.

The section I have been reading provides further:

(4) No employer or trade union shall discharge, expel or otherwise discriminate against any person because he has made a complaint or given evidence or assisted in any way in respect of the initiation or prosecution of a complaint or other proceeding under this act.

Further: no person shall publish an advertisement along this line.

The procedure laid down by the bill is very simple, and follows rather closely the provisions of the present Industrial Relations and Disputes Investigation Act. In the first instance any person claiming to be aggrieved may make a complaint in writing to the director, so named under the act, an official of the Department of Labour. The director will instruct an officer of the department to make inquiries—very much as in the case of a strike or threatened strike. The officer will make inquiries, and if it be possible, perhaps through a little moral suasion, or maybe some pressure, and no doubt by means of a great deal of beneficial education, he will bring about a settlement of the dispute. If he should find this impossible he will report back, and the case will go to a board known as an Industrial Inquiry Commission. That commission, operating very much in the same way as boards of conciliation, may hear evidence, conciliate if possible, bring about a settlement of the difficulties, and finally report to the minister. The minister will send a copy of the report to all the parties affected, and he is empowered to make orders. He may order that the employee who was discharged on the so-called objectionable grounds be re-employed, and he may order the employer to pay the wages the employee lost, or he may order that the employer be prosecuted in the courts. It is provided in the bill that no prosecution can be made under the act without the consent of the Minister of Labour, so there can never be a case of persecution of one person by another. If in the discretion of the magistrate the offence is sufficiently reprehensible, he may impose a fine of $100 upon an individual or $500 on a corporation or a union.

Hon. Mr. Vien: Under this act how would you advise an employer, a general contractor, who refused to give work to, say, Tim Buck, or any of his associates?

Hon. Mr. Roebuck: I would advise the employer to stick to his decision and not employ Tim Buck or his associates if he did not want to.

Hon. Mr. Vien: On what grounds could Tim Buck be refused employment?

Hon. Mr. Roebuck: There is nothing in this legislation which would compel an employer to hire Tim Buck.

Hon. Mr. Horner: Or any other person whom the employer did not want to hire.

Hon. Mr. Roebuck: That is right. But the employer must not say to the person that he will not employ him because he does not like his nationality or race or colour or religion.

Hon. Mr. Vien: How would a commissioner appointed under this legislation treat an employer's objection expressed in these words: "I am not satisfied on security grounds"?

Hon. Mr. Roebuck: The commissioner would undoubtedly uphold the employer in his objection.

Hon. Mr. Vien: Would the employer have to prove that he had good grounds on a security basis to refuse employment?

Hon. Mr. Roebuck: No. The employer would only have to establish that he did not refuse employment on any of the grounds which I have enumerated—race, national origin, colour or religion.

Hon. Mr. Hawkins: Would it be necessary for an employer to give his reason for not employing a person?

Hon. Mr. Roebuck: No. He would not even need to say "I don't like the colour of your hair." He need merely state "I am not employing you." However, it would be a different matter if the employer went on to say he was not employing a person because of his religion, unless, of course, religion was a specific element in the work. For instance, if a Presbyterian asked to be appointed as a minister of a Baptist church, it would not be unfair for the employer to turn the applicant down because of his religion. That, of course, is a matter of common sense and is provided for in the bill.

Hon. Mrs. Fallis: Do I understand that it is possible for an employer to discriminate on any of these grounds so long as he does not say so?

Hon. Mr. Roebuck: There is an old legal saying that a man's mind is not triable, that only his acts are. This may be one of the weaknesses of the bill; but in all events the bill will prevent bad manners, if nothing else. It is not nice to say to a person, "I will not employ you because of your religion." Do not employ a person if you do not want to, but do not give him reasons of that kind.

Hon. Mrs. Fallis: This will not really prevent discrimination.

Hon. Mr. Roebuck: No.

Hon. Mr. Vien: Supposing an employer is brought before the commission because of having refused employment to, say, an Arab. Will the commission bring that employer to task and order him to state his reasons? I think the powers of the commission are broad enough to enable it to do this.

Hon. Mr. Roebuck: I do not think I can answer the question. I would rely on the common sense of the commissioners in such a case.

Hon. Mr. Vien: You are taking very much for granted.

Hon. Mr. Roebuck: I am sure they would show common sense. There have been boards of conciliation for years. The Labour Relations Board, for instance, has been functioning under more difficult legislation than this with a great deal of skill and competence. I have no doubt that the commissioners, whoever they are, would not put themselves in any such position as that.

Hon. Mr. Vien: In this bill we are creating a lever. Supposing at some future date the communists came into power in this country. They could use this lever and appoint a commission which would pass decisions that might not be to our liking. So long as we have as good a government as the present one I would have no apprehension about this legislation, but in years to come—a long, long time from now—there may be a change in government and the situation could be different.

Hon. Mr. Roebuck: I suggest that if the communists took over in Canada they would find very much more drastic legislation to take advantage of than this. In all events, the likelihood is so slight that we scarcely need hesitate on that ground to pass a beneficent measure of this kind which attempts to bring about a kindlier and more polite and unified society. I think we can take our courage in our hands to that extent. Employers will not be forced to employ people they do not want to hire. At the same time I am sure the commission, backed up by the public, will not allow employers to show discrimination on the grounds of race, national origin, colour or religion.

Hon. Mr. Kinley: May I ask the honourable gentleman a question? Does this bill take away the right of selection? For instance, supposing two men, one a Canadian and the other a foreigner, come to me seeking employment, may I say that I will take the Canadian because he is a Canadian and I will not employ the other because he is not a Canadian?

Hon. Mr. Roebuck: That would certainly be on the borderline.

Hon. Mr. Horner: You may do it if you do not say anything.

Hon. Mr. Roebuck: If you did not say anything you certainly would not violate the act. But you could employ the Canadian, expressly, because of his familiarity with the country, rather than some new arrival. Certainly there is no objection in the act to that.

Hon. Mr. Kinley: Those are extenuating circumstances. That is not the question.

Hon. Mr. Roebuck: You must not discriminate against an individual on the ground of national origin. But I have no doubt you could employ or reject any person you wished. A bill of this kind has virtually no compulsory effect. The experience of New York state justifies my statement. During the last seven and a half years, in the handling of 2,500 cases, only three cases have been sent to court; but by education and persuasion they have brought about a little better approach to this matter of discrimination than otherwise there would have been.

In the dominion of Canada there are no majorities, there is no class which outnumbers all other clases. We are all minorities. It is most essential that we preserve a kindly attitude and do what we can to obliterate hates, antagonisms and ignorances among the various classes of people. I think this bill, while it will not cure the whole trouble at once by any means, will be a continual, though not drastic, move in the right direction. People are prone to obey the law. When I was a young man, in Toronto, the young blades of that day used to like to ride their bicycles on the devil-strip; they would come like a comet down the track and pass within inches of an oncoming streetcar, putting the driver of the car into a state of nervous collapse. Every time this happened the driver would imagine he could hear a bicycle and a man being ground under the wheels of his car. In time the city council passed a by-law prohibiting cyclists from passing a streetcar on the devil strip; and I remember that when going downtown on the morning the by-law came into effect I did not see even one young man commit the offence. It was not that the cyclists were afraid of prosecution, but that they recognized the soundness of the law and obeyed it. And today the red stoplights are obeyed by motorists not so much because of the presence of police as because these signals are a necessary means of protection of the public.

Similarly, if parliament declares through this bill that an employer must not discriminate against anyone on the grounds of race, colour, creed and so forth, the good citizens, at least, will take notice and to some extent observe the principle of the law, and if they do we shall have a kindlier and more courteous society in which to live, and perhaps greater national unity. I see no great objection to the bill, but I see a very great deal of virtue in our attempt to prevent discrimination.

Some Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, I have just a few remarks to make. I have listened with interest to what the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, but as I listened I wondered if this legislation might not possibly lead to more bitterness and discrimination than we have ever known in this country up to the present time. I think that an employer of one or two persons has not the same problem, in the matter of discrimination, as a big employer of labour. When a large number of employees of various kinds are thrown together, and perhaps have to live in the same bunk houses, non-discrimination does not work out so well, no matter how good the employer's intentions are. If we keep making laws which cannot be enforced, people will lose respect for the law generally. How many honourable senators have had the experience of motoring on our highways in districts where signs plainly state that the speed limit is 50 miles an hour, or perhaps 60 miles an hour, and while keeping within the speed limit passed by cars are going so fast that one's own car seems to be almost stationary on the road? It is true that the police patrol the highways, but if they undertook to interfere in all cases of speeding their work would never be done.

Hon. Mr. Roebuck: But you would not abolish the speed limit, would you?

Hon. Mr. Horner: No. I am really referring to the question of belief, which you mentioned. Not all men who do not believe in the hereafter are communists, by any means. I have a good neighbour, who is observant of the rights of others, and he does not believe in the hereafter; but he is certainly not a communist.

It is very difficult to legislate in these matters. There is the problem of the person who is seeking work but has refused to accept work to which he is suited. There are many reasons why a certain employee may not be suitable to an employer. An employer might not be willing to have a certain type of man live with his other employees, and I do not think legislation should try to force him to employ anyone of that type. To put it briefly: I do not think this legislation will accomplish the result that some people think it will.

The motion was agreed to, and the bill was read the second time.

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: Unless there is any desire that the bill be sent to committee, I would ask that it be placed down for the third reading at the next sitting.

SALACIOUS AND INDECENT LITERATURE

REPORT OF COMMITTEE—DEBATE CONCLUDED

The Senate resumed from yesterday consideration of the report of the Special Committee appointed to inquire into the sale and distribution of salacious and indecent literature in Canada.

Hon. Iva C. Fallis: Honourable senators, in view of the lateness of the hour, I am prepared to let this debate which stands adjourned in my name stand over until tomorrow.

Some Hon. Senators: Go ahead.

Hon. Mrs. Fallis: I have only a few comments to make on the report and the work of the committee. But before doing so I should like to join with the speakers who have preceded me in this debate in expressing appreciation of the work done by the late Senator Doone, who at the time of his death was chairman of the committee, and to express my very deep personal regret at his sudden passing.

I should like first to confess to the house that when I was asked to serve as a member of the committee I was not unduly impressed with the necessity of the work contemplated, and I undertook it merely in the line of duty as a member of this house. Now, at the close of our deliberations, after having listened to outstanding representatives of all the major religious bodies in Canada, delegates from the Home and School and Parent-Teacher associations, social welfare workers and many others, present their views and discuss this matter with us, I have changed my mind as to the scope of this problem and the necessity for at least trying to do something about it.

I call to mind the first meeting of the committee, when the first witness called brought in several dozen copies of small paper-covered publications with their lurid covers, and spread them on the long table before us. The next day the press commented that the middle-aged and elderly senators had gingerly and reluctantly handled these books. I confess to being one of them. I can still see myself as I drew one of those copies towards me.

I was first shocked by the statement that all these books had been purchased in Canada from Canadian news stands. As I examined them then—and more later on—I decided that the great majority of them were designed and written to appeal particularly to the teen-agers—chiefly, I should say, to those of collegiate age.

I admit quite freely that until that first meeting I had not known that such quantities of this pernicious stuff was being sold freely across, not all but many, of the counters of Canada.

Many people, I know, think that the extent and importance of this matter have been greatly exaggerated. They maintain that it is very doubtful if much of this stuff is ever read. My answer to them is twofold: First, if there is not a large market in the reading public, why has the volume of these publications increased by leaps and bounds over the past few years? And secondly, from conversations I have had with parents and workers in such organizations as the Home and School and Parent-Teacher associations, and welfare workers and so on, I am convinced that the importance of it is not being over-emphasized.

I should like to mention here a statement which has been made more than once in conversations on this subject, and recently was referred to on a radio broadcast, to the effect that the Senate committee would like to see abolished from the news stands all cheap, paper-covered books, including reprints of good books, mystery stories, Westerns, the popular "whodunit" variety and other similar publications. Nothing could be farther from the truth. Our terms of reference specifically state "salacious and indecent literature", and at no time in our meetings did I hear any member of the committee suggest that any publication should be banned merely because it was paper covered. It was the nature of the publication itself with which we were concerned, and what was on and between the covers.

My opinion, which I expressed many times in committee, is that what a person of mature years reads should be left to his own judgment and tastes; but when it comes to matter which is especially designed to have a detrimental influence on the immature mind, that is an entirely different proposition. It is to that phase of the question that my remarks are directed; and it was that phase of it which received almost exclusively the attention and consideration of the members of the committee.

I am not greatly impressed with an argument that was put forward in committee, that no group of people meeting together would agree on what is objectionable and what is not objectionable in these soft-covered books

for teen-agers, copies of which were submitted to us. I think I can suggest a simple test which would be very revealing. We have in this chamber members of every province in Canada, of varying racial origins, of different religious denominations, holding vastly different views on many questions. But I venture to say that if I were to give to each member three or four copies of the publications which I personally found objectionable, and asked them to read them, they would be prepared to answer this simple question: If you had a teen-age boy or girl growing up in your home, would you like to place these books in his or her hands for reading? I am quite sure the answer would be a practically unanimous "No". The great majority would consider them objectionable, as I did.

I admit that if the test were carried a step farther we might not find it so easy to agree on what is "obscene", and we might have difficulty getting unanimous condemnation, because individuals vary greatly in what they consider to be obscene. I believe that the generally accepted interpretation of "obscenity" in our courts today is that found at page 517 of the Senate *Hansard*, which contains the report of this committee. It is the decision which was given by Chief Justice Cockburn of Great Britain, wherein he said:

> The test of obscenity is this, whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influences, and into whose hand a publication of this sort may fall.

For example, we all acknowledge that one cannot take a few phrases or a few paragraphs from a worthwhile book and say that, because those passages are objectionable or obscene, the whole book must be thrown out. I would not agree with that. But if a publication is almost entirely made up of that sort of thing, its intention is obvious,—to deprave or corrupt a youthful mind or anyone who has not come to the age of maturity in thinking. So I think the real test of obscenity is the question of intent; whether a publication is designed and written and published with the intention of depraving.

Mr. Sim, who gave such valuable evidence before the committee, offered a very striking illustration of this. It will be found at page 189 of the report of the proceedings. He said:

> One of the most troublesome decisions we had to make had to do with the Holy Bible. A publisher designedly went through the Bible and picked out passages that were perhaps of an indecent nature, and as honourable senators will understand it was published for the purpose of having a certain appeal. There is no doubt about the intention of a person who does that type of thing, and it should be regarded as indecent.

As every honourable senator knows, the import problem is in the hands of the Customs and Excise Division of the Department of National Revenue. The particular item reads as follows:

> Books, printed paper, drawings, prints, photographs or representations of any kind of a treasonable or seditious or of an immoral or indecent character.

It was estimated before your committee that approximately 90 per cent of all the publications or the type of publications to which your committee objected are imported from the United States, either in book form or in plates, and as the volume of all books imported has risen over the years from about two hundred titles to approximately three thousand titles, one can readily appreciate the enormous task which confronts the department. For this reason the committee made one definite recommendation, which is found on page 517 of *Hansard*:

> Your committee recommends that the Excise and Customs Division of the Department of National Revenue expand its operations to meet proportionately the present serious threat to the moral standards of Canada.

Honourable senators will agree that in making this recommendation the committee is not asking that any new method or principle be established. It merely asks that, because of the greatly increased flow of publications across the border into Canada, the facilities for doing the job be increased to cope with present-day conditions.

My own summary of the situation would be this: that in addition to the implementing of the recommendation I have just read, our greatest hope of success in combating this menace lies in the building up of public sentiment in each individual city, town and community. I know some will say, "But this is not the concern of the community; it is a matter for parents, teachers and clergy to deal with." I agree wholeheartedly that the primary responsibility lies there. But may I call to your attention the fact that in matters which affect the physical well-being of our young people the community does not hesitate to take action. We have our pure food laws, our sanitary and other health inspectors; we have countless other health measures designed to protect the physical well-being of the people of this country. We have our social legislation, our children's aid societies and other similar organizations which step in and take over when parents do not fulfil their proper duties in regard to their children. May one not ask the question: why are we so unconcerned about the moral and mental fitness and so very much concerned about the physical fitness of our young people?

Several witnesses who appeared before the committee told us of what had been accomplished in various localities through community effort, organizations having combined to build up community sentiment, and several told us that through their efforts they were able to have withdrawn from the newsstands in their areas the most objectionable material. They did it through public sentiment, through the withdrawal of business from those who catered almost exclusively to the taste for this objectionable material. In my opinion, honourable senators, the greatest service which this committee has rendered has been in drawing this matter to the attention of the public at large.

I should like to read one paragraph from the evidence of Mr. Sim. I asked him this question:

> If this committee, by directing public attention to this question, could arouse the people of Canada to be more interested, would that strengthen the hands of the government and the customs officials?

Mr. Sim's answer was this:

> I may say Mr. Chairman, that since this committee commenced its activities I have observed that there is much wider public interest in the subject and I think it is fair to say that we have had brought to our attention a greater number of copies of publications for examination and scrutiny. I am sure that change is directly attributable to the publicity which has arisen out of the research that this committee has undertaken.

We had the statement made to us by different witnesses who appeared before the committee that through our work we have been the means of arousing public interest in this question in their communities. As a member of this committee I feel that if we have done nothing more than to draw this whole matter to the attention of the Canadian public, all the work which we have put into our inquiry has been well worth while.

This afternoon when the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) explained the measure to prevent discrimination in regard to employment and membership in trade unions, he spoke about the value of public sentiment and public opinion in the enforcement of this type of legislation. May I quote from a statement by Abraham Lincoln:

> On this and like occasions, public sentiment is everything. With public sentiment nothing can fail; without it, nothing can succeed. Hence, he who moulds public sentiment goes deeper than he who enacts statutes or pronounces decisions.

Thank you, honourable senators.

Some Hon. Senators: Hear, hear.

Hon. Cyrille Vaillancourt: Honourable senators, I should just like to say a few words at this time. First of all, I would congratulate the honourable senator from Peterborough (Hon. Mrs. Fallis) upon her splendid address on the work of the special committee appointed to inquire into the sale and distribution of salacious and indecent literature.

Honourable senators, before this or any country can build up social security it must build up moral security, for without moral security there can be no social security. In my own district of Kennebec I have been associated with various social organizations for a period of over thirty years, and almost daily these organizations have received the confidences of fathers, mothers and children. I should like to relate an experience of just a few weeks ago. A young girl, the assistant manager of the local *caisse populaire,* was called at her home about 7 o'clock one evening by a young man of nineteen years of age. He asked her for some money and the girl said to him, "Well, I know you, but that is not a sufficient reason for giving you money." He replied, "I know you know me, and I know you too, and I want money and that's all there's to it." Well, eventually the girl handed over $3,000 to the young man, who immediately fled from the village. The villagers were alerted at once and gave chase to the young man, who was eventually apprehended some ninety miles away, at Lévis. The $3,000 was recovered and in his pockets were discovered two crime-comic books.

Honourable senators, we cannot build a nation by words alone. I agree with the recommendation contained in the report of the committee that we must prevent this type of literature from coming into Canada. But that is not the only thing to be done. I hope that this committee will again function next session in an attempt to recommend something that can be done in a positive way to solve this social problem. Salacious and indecent literature and crime comics should be replaced by good literature, so that our youth may become better citizens than the adults of today.

Hon. Mr. Davis: Honourable senators, I have nothing to add to the remarks which have been made by those who have taken part in this debate; the committee's recommendations have been fully discussed. As Chairman of the committee, I would simply move now that the report be adopted.

The Hon. the Acting Speaker: The report has been tabled.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 7, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION TABLED

The Hon. the Speaker: Honourable senators, I have the honour to lay on the table a report of the Civil Service Commission in connection with the organization of the Library of Parliament.

REPORT APPROVED

Hon. Mr. Aseltine: Honourable senators, I move that the report of the Civil Service Commission respecting the change in the organization of the Library of Parliament, laid on the Table this day, be approved.

The motion was agreed to.

INTERNATIONAL TRADE

REPORT OF COMMITTEE

Hon. A. Neil McLean presented the report of the Standing Committee on Canadian Trade Relations, as follows:

1. Pursuant to the order of reference dated February 26 last whereby your committee was authorized to inquire into and report on the most practical steps to further implementation of article 2 of the North Atlantic Treaty, your committee has heard submissions from eleven leading commercial, industrial, and labour organizations.

2. Through the presentations made by these groups your committee has become increasingly aware of the great interest being shown by various groups within this country, as well as without, in order to eliminate conflict in the international economic policies of member countries in this North Atlantic alliance.

3. Your committee realized from the beginning of this undertaking that there would be insufficient time during the present sitting of parliament to hear all those who wished to present views on this matter. There are many additional groups who have expressed a desire to appear before it. For this reason it has not been possible to complete findings and submit a report at this time.

4. Your committee therefore expresses the hope that at the earliest possible date during the next session of parliament your Canadian Trade Relations Committee be authorized to continue its work under the present order of reference. The great interest being shown by both national and international organizations in this important matter emphasizes the necessity of reaching conclusions from which may emerge constructive ideas for closer economic collaboration among signatories of the North Atlantic Treaty.

5. Your committee also recommends that if the present work of the Canadian Trade Relations Committee is resumed during the next session of parliament, it be authorized to retain an economic consultant or other qualified person or persons to assist it in further inquiries and review the submissions and recommendations presented in order to achieve the greatest possible results from the work already accomplished.

The Hon. the Speaker: Honourable senators, when shall the report be taken into consideration?

Hon. Mr. Robertson: Now.

Hon. Mr. McLean: Honourable senators, I move concurrence in this report.

The motion was agreed to, and the report was adopted.

ARMED FORCES BANDS

INQUIRY AND ANSWER

Hon. Mr. Reid inquired of the government:

1. How many bands are there in the military service of the Army, Navy and Air Force, including
   (a) Brass
   (b) Pipe
   (c) Bugle
   (d) Fife and Drum.
2. At what centres in Canada are the various bands located?
3. Are any bands part of or attached to the Army, Navy or Air Force services serving abroad at the present time?
   (a) If so, what bands?
   (b) In what countries are they serving?
4. Has the government recruited musicians from other countries to serve in the various military bands in Canada?
   (a) If so, what number or numbers have been recruited and from what countries are they being brought forward for service in the military bands in this country?
5. Has any recruiting for musicians or bandsmen been carried out in the British Isles? If so, what numbers have been recruited and what class of musicians or bandsmen have so far been engaged for military duties in this country?

Hon. Mr. Robertson: The answer to the honourable gentleman's inquiry is as follows:

1. The number of bands in the active forces are as follows:

	Navy	Army	Air Force
(a) Brass	6	7	6
(b) Pipe	—	3	3
(c) Bugle	—	23	29
(d) Fife and drum	—	—	—
(e) Trumpet ..	—	16	—

2. Three of the Navy bands are afloat in HMCS *Magnificent, Ontario* and *Quebec*. The remaining three bands are located ashore in HMCS *Naden, Stadacona* and *Cornwallis*. Aboard ship, bandsmen have additional duties.

Army bands in Canada are located at the following centres: Halifax, N.S., Aldershot, N.S., Valcartier Camp, P.Q., Montreal, P.Q., St. Jean, P.Q., Petawawa, Ont., Barriefield, Ont., Camp Borden, Ont., London, Ont., Camp Ipperwash, Ont., Ottawa, Ont., Kingston, Ont., Winnipeg, Man., Camp Shilo, Man., Calgary, Alta., Regina, Sask., Esquimalt, B.C., Chilliwack, B.C.

The Army brass bands are maintained as full time regular bands; bandsmen in the other bands have additional duties though, if qualified, they are entitled to trades pay.

The R.C.A.F. maintains three full time regular brass bands located at Ottawa, Toronto and Edmonton.

Voluntary part time bands are located at:

Bugle: Aylmer, Bagotville, Calgary, Camp Borden, Chatham Clinton, Comox, Edmonton, Gimli, Grostenquin, North Bay, Penhold, Portage la Prairie, Saskatoon, Sea Island, St. Johns, P.Q., Toronto, Trenton, Trenton 6 RD, Uplands, Weston 1 SD, Whitehorse, Winnipeg, Zweibrucken, Germany, Langar 30 AMB, London, Ont., MacDonald, Moncton, Moose Jaw.

Brass: Centralia, Goose Bay, St. Hubert, Rivers, Summerside, Greenwood.

Pipe: Claresholm, North Luffenham, Rockcliffe.

Personnel of voluntary part time bands perform regular duties in other trades.

3. The Navy has no bands serving abroad though, of course, bands serving afloat are abroad on cruises from time to time.

The following Army bands are serving abroad: R22eR, Brass, Germany; 27 Cdn. Inf. Bde. Ord. Coy., Bugle, Germany; 1 Cdn. Inf. Bn., Bugle, Germany; 1 Cdn. Rifle Bn., Bugle, Germany; 1 Cdn. Highland Bn., Pipe, Germany; 55 Tpt. Coy. R.C.A.S.C., Trumpet, Germany; 79 Fd. Regt. R.C.A., Trumpet, Germany; 58 Indep. Fd. Sqdn. R.C.E., Trumpet, Germany; 3 Bn. R.C.R., Bugle, Korea; 3 P.P.C.L.I., Bugle, Korea; 3 R22eR, Bugle, Korea; 59 Indep. Fd. Sqdn. R.C.E., Trumpet, Korea; 81 Fd. Regt. R.C.A., Trumpet, Korea.

No regular R.C.A.F. band is serving abroad at present. However, the following voluntary part time bands are abroad: Grostenquin, France, Bugle; Zweibrucken, Germany, Bugle; Langar, England, Bugle; North Luffenham, England, Pipe.

4. The Navy has recruited four bandsmen from the United Kingdom. The Army has recruited forty-nine bandsmen from the Netherlands and thirty-four from the United Kingdom. The R.C.A.F. has recruited six bandsmen from the United Kingdom.

5. The four bandsmen recruited from the United Kingdom for the Navy are highly qualified ex-Royal Marines with an average of twelve years service. The thirty-four bandsmen recruited for the Army were highly qualified professional musicians as were the six bandsmen recruited for the R.C.A.F.

CANADA FAIR EMPLOYMENT PRACTICES BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 100, an Act to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion.

The motion was agreed to, and the bill was read the third time, and passed.

PUBLIC SERVICE SUPERANNUATION BILL

MOTION FOR THIRD READING—AMENDMENT REFERRED TO COMMITTEE

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the third reading of Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada, and the motion of Hon. Mr. Marcotte in amendment.

Hon. Wishart McL. Robertson: Honourable senators will recall that the debate was adjourned yesterday by the Whip, so that any honourable senator who wished to take part in the debate today might do so. As I have already spoken on the amendment, I am unable to speak again except with the unanimous leave of the house. If that courtesy is extended to me I shall make a brief statement, solely for the purpose of indicating the views of the government, of which I am a member, in respect to the amendment. I shall not trespass further on the Senate's time.

Some Hon. Senators: Agreed.

Hon. Mr. Marcotte: We have not received a copy of yesterday's *Hansard* yet. If the amendment is going to be debated this afternoon I shall need a copy of *Hansard* for reference purposes.

Hon. Mr. Robertson: May I be permitted to make my statement? I shall have no objection to a further adjournment of the debate after that.

Some Hon. Senators: Agreed.

Hon. Mr. Robertson: I have consulted the government with respect to their views on the proposed amendment. They think that it is superfluous but, if the Senate feels that it is desirable, they can see no objection.

The government have not intended in the past nor do they now intend to attempt to interfere in any way with the right of either house with respect to the control or removal of its officers, clerks or employees.

The fact that the reference to the right of parliament with respect to the control and removal of its employees was not included in the bill's definition of "Public Service" was, as far as I can gather, primarily a legal and drafting matter. In the opinion of the draftsmen it had no bearing. As far as I can ascertain, there is no intention on the part of the government, when framing the regulations having to do with the cessation of employment generally in the public service, to interfere with the peculiar rights and privileges of the houses of parliament.

However, since the question has arisen, I think it is only fair to add that, generally speaking, the government feel it is desirable that there should be a uniform practice throughout the public service with respect to age of retirement, but whether the houses of parliament who legislate for others in respect to this matter wish to conform to that general practice with respect to their own employees, or how they do it, is for each house to determine.

Some Hon. Senators: Hear, hear.

Hon. Mr. Marcotte: I take that to mean that my amendment will be adopted.

Hon. Mr. Robertson: I did not say that. I said the government can see no objection. It is for the Senate to decide.

Hon. Mr. Marcotte: I take it that if they have no objection the amendment will be adopted.

Hon. Mr. Robertson: That is a matter for the house to decide.

Hon. Mr. Marcotte: The amendment has to be disposed of one way or the other.

Hon. Mr. Robertson: I have simply expressed the government's point of view on the amendment. Now it is up to the house to make its own decision on it.

Hon. Mr. Marcotte: If there is to be a discussion on the amendment, I will insist that we have before us the report of yesterday's debate. If there is to be no discussion, the amendment is adopted and the matter is concluded.

Hon. Mr. Robertson: I repeat, it is for the house to decide what shall happen to the amendment.

Hon. Mr. Marcotte: Will the honourable leader of the government tell me what is the proper procedure?

The Hon. the Speaker: Honourable senators, the question has yet to be put to the house. As I understand the proceedings thus far, the honourable leader of the government has stated the government's view as to the amendment, namely, that the Senate is at liberty to deal with its own officers, clerks and employees as it sees fit. It remains for this house to express its will on the amendment, and the only way that can be done is by voting on it.

Hon. Mr. Haig: Honourable senators, may I be allowed to explain the situation to my honourable friend from Ponteix (Hon. Mr. Marcotte)? The minister (Hon. Mr. Robertson) has given us the opinion of the government, that this house may vote as it likes on the amendment.

Hon. Mr. Gouin: That is it.

Hon. Mr. Haig: We can adopt the amendment or reject it. The government will not interfere in any way with our decision in that respect.

Hon. Mr. Marcotte: Honourable senators, I do not need the advice of my honourable leader as to the meaning of words. I ask that we do not proceed any further until the report of yesterday's debates is distributed.

Hon. Mr. Robertson: I have no objection to a further adjournment of the debate.

Hon. Mr. Marcotte: If there is no attempt on the part of the government to interfere with our rights, the amendment I proposed is adopted and the matter is closed. Our next step should be to pass the bill. As I said yesterday, I did not propose to discuss the merits of the bill; I was attempting, by my amendment, to safeguard the rights of the Senate and House of Commons in the control of their employees.

The Hon. the Speaker: Honourable senators, the debate may proceed if someone wishes to speak on the amendment; otherwise the debate must be closed. If the mover of the amendment speaks to it he will close the debate.

Hon. Mr. Lambert: Honourable senators, I should like to ask a question for my own information. In my opinion the amendment presented by the honourable senator from Ponteix (Hon. Mr. Marcotte) is not in proper form. Should he not make a motion to this effect: that the bill be not now read a third time but that it be referred back to the committee?

Some Hon. Senators: No, no.

The Hon. the Speaker: Honourable senators, the amendment before the house reads as follows:

Page 2, line 25. After the word "parliament", insert the following words: "but saving all rights and privileges of either house in respect of the control or removal of its officers, clerks and employees".

Hon. Mr. Burchill: I think the lawyers in this chamber, with their legal phraseology and arguments, are putting the laymen in a rather difficult position. Frankly, I do not know how to vote. I therefore move, in amendment to the amendment, that the said amendment be not now concurred in but that it be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Daigle: I second that.

The amendment of Hon. Mr. Burchill was agreed to, and the amendment of Hon. Mr. Marcotte was referred to the Standing Committee on Banking and Commerce.

UNEMPLOYMENT INSURANCE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 366, an Act to amend the Unemployment Insurance Act, 1940.

He said: Honourable senators, the purpose of the amendment set out in this bill is to provide payment of unemployment insurance benefits to insured persons who, while otherwise employed and entitled to benefits, become incapacitated for work by reason of illness or injury. This amendment affects section 27 of the act, which specifies three basic conditions as being necessary in order to entitle a person to benefits. They are: (1) that the person must be unemployed; (2) he must be capable of and available for work; (3) he must be unable to obtain suitable employment. The first and third conditions remain unchanged. However, the second condition, which prohibits the Unemployment Insurance Commission from paying benefits to a claimant for any days on which he is incapable of or unavailable for work, has resulted in hardship to many claimants in that they were unable to draw their unemployment insurance because they were sick or injured. This stems from the requirement that the applicant, although unemployed, must be in a position to accept employment when it is offered him. In the future when a job is offered to a claimant drawing benefits he will not be disqualified from payments under the act if he is unable to accept the job because of illness or injury, but if he fails to prove that he is ill or injured he will be disqualified.

The bill contemplates no change in the amount of benefits to be paid or the length of time for which benefits are established.

While the cost of the change cannot be clearly estimated, it does not follow that the proposal will require any additional contributions to the unemployment insurance fund.

This is legislation which has been encouraged by labour congresses and various other groups; and doubtless it will commend itself to honourable senators as being a fair and just extension of our present unemployment insurance benefits.

Hon. John T. Haig: Honourable members, I am not sure that I understand this bill, but my impression of what it means is that, if I am under the unemployment insurance scheme, and am unemployed, and become sick, I am compensated. That is, I am paid under the act while unemployed; if I then become sick I am paid; and if I am injured—

Hon. Mr. Aseltine: Outside of your employment.

Hon. Mr. Haig: —outside of my employment, I am paid. If it is the general desire that this provision be made, I have no objection, but I do not think it should be described as unemployment insurance; it is a welfare contribution.

Hon. Mr. Lambert: A bonus.

Hon. Mr. Haig: That is what it looks like to me. The explanatory note describes it fairly well. It states:

> This subsection is new. It provides for the payment of unemployment insurance benefits to insured persons who, while otherwise unemployed and entitled to benefit, become incapacitated for work by reason of illness or injury.

The injury can only be such as happens outside a person's work, because a person who is injured while at work comes under the provisions of the Workmen's Compensation Act in his province. Yet the unemployment insurance fund is to be drawn upon for the payments in respect of his illness. If that is what is intended, it is at variance with the statement which was made in this house when the Unemployment Insurance Act was passed. We were then told that the purpose was to provide for demands consequent upon real unemployment. Nobody anticipates a large drain on the fund when conditions are normal. As we heard the other day in committee, the course of history, at any rate in the past thirty or forty years, has been war, followed by depression and unemployment, and then another war; and the suggestion was made that this cycle is about to begin again. Yet the fund is to be drawn upon, not only for increased unemployment payments, but to meet the costs of illness and injury incurred by persons when not employed. It is all very well to say that no additional cost will be entailed by the bill.

Of course the bill will cost something, and those people who will have to pay are all the contributors to the fund, including the government—to whose contribution I do not object. I am not opposing the bill, but I do not think it should be recommended to us upon the assumption that it will involve no increase in payments, for that cannot be so.

Hon. Mr. Euler: Is my friend's objection to the bill that a person would be paid twice: first, under the Unemployment Insurance Act because of being unemployed; and secondly, under the Workmen's Compensation Act, because of illness or injury. I wonder whether a man would come under the Workmen's Compensation Act by reason of illness.

Hon. Mr. Haig: If the workman is injured while employed he comes under the provincial Workmen's Compensation Act.

Hon. Mr. Euler: I can understand that he would qualify for benefits if he were injured, but would he be eligible under that act in the case of illness?

Hon. Mr. Haig: In my province, if the illness were attributable to his occupation, yes; otherwise, no.

Hon. Mr. Euler: Then the workman does not qualify in the case of ordinary illness?

Hon. Mr. Haig: If we are going to pay workmen when they are ill we shall be providing them with a form of health relief. I would not object if the government wanted to introduce legislation to provide compensation benefits to workmen when ill—I could understand that—but it is a different thing to provide such benefits out of money collected for unemployment insurance. The unemployment insurance scheme has nothing at all to do with sickness, yet under this amendment to the act a person would be paid unemployment insurance when ill.

Hon. Mr. McDonald: While not in his regular employment.

Hon. Mr. Haig: The bill does not contain those words.

Hon. Mr. Kinley: May I ask the honourable leader opposite (Hon. Mr. Haig) a question? Does the bill not provide that if the workman becomes ill while receiving unemployment insurance benefits he will continue to receive them?

Hon. Mr. Haig: Well, the workman is not employed then.

Hon. Mr. Kinley: One of the features of the Unemployment Insurance Act is that the workman must be employable in order to receive the insurance benefits.

Hon. Mr. Haig: The workman must be unemployed in order to receive unemployment insurance benefits. This bill provides that a person who becomes ill while drawing benefits will continue to draw them. Apparently, if a workman becomes ill while unemployed and receiving payments from the fund, he will continue to receive them after his present rights under the act run out.

Hon. Mr. Hugessen: Oh, no.

Hon. Mr. Haig: That is the way I interpret the language of the bill.

Hon. Mr. Hugessen: If my honourable friend will pardon me for saying so, that is just what the bill does not provide. It simply provides that if a person becomes ill or sustains injury while in receipt of unemployment insurance payments he will continue to draw them.

Hon. Mr. Haig: Under the act an unemployed workman who is eligible to receive unemployment insurance payments draws so much a week, provided he is willing and able to accept suitable employment. In order to draw any benefits he must report weekly to the offices of the Unemployment Insurance Commission. The Commission offers him jobs, and if he does not take any of them and his time of entitlement to benefits runs out he ceases to draw benefits. But this legislation provides that if a person becomes ill or is injured while in receipt of unemployment insurance benefits, he will continue to receive them—and that can only mean after his period of entitlement runs out.

Hon. Mr. Hugessen: Oh, no.

Hon. Mr. Robertson: No.

Hon. Mr. Hugessen: May I explain exactly what this means? Supposing a man is entitled to receive unemployment insurance payments for twenty weeks. Let us say that at some time in that twenty-week period he becomes ill or is injured in an automobile accident. Under the present act his unemployment insurance payments would then stop. The proposed amendment provides that should he become ill or be injured at any time during those twenty weeks, his unemployment insurance payments will continue until that period runs out.

Hon. Mr. Haig: If I work for five years I am entitled to one year's payments of unemployment insurance?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Haig: Let us suppose that I am unemployed for thirteen months, and in the twelfth month I am injured. My understanding of the bill is that I would draw unemployment insurance for the thirteenth month.

Hon. Mr. Hugessen: The bill does not increase the insurance benefit nor continue it beyond the period it would normally run.

Hon. Mr. Haig: Well, then, it seems to me that this amendment is not needed. Unless I refuse to accept suitable employment, there is absolutely nothing in the present act to prevent me from drawing benefits for those twelve months.

Hon. Mr. Quinn: Yes. You must be capable of working.

Hon. Mr. Haig: I know that. But surely the commission would not have to pay me for my own carelessness if I were to get injured while unemployed. That is what this bill means. Sickness may not fall in that category, but injury does.

Hon. Mr. Lambert: The bill is very clear. For purposes of illustration let us take twenty weeks as the period during which an unemployed person is entitled to unemployment insurance benefits. During that period he tries to obtain employment, but sickness or injury strikes him. It is my opinion that the amendment would entitle him to continue receiving the benefits nevertheless.

Hon. Mr. Robertson: Within the twenty-week period.

Hon. Mr. Lambert: Yes; the payments would not extend beyond that twenty-week period.

Hon. Mr. Haig: That might be so in the case of illness, although the bill does not read that way. A person who is injured certainly should not qualify. It is his own fault if he is injured, nobody else's.

Hon. Mr. Gouin: Oh, no.

Hon. Mr. Haig: This amendment will add to the cost of providing unemployment insurance. I do not think the benefits should be extended, for unemployment insurance is of absolutely no value to many people. For instance it is of no value to lawyers, doctors or bankers. Doctors who are not working for themselves have to pay unemployment insurance if their income is under a certain amount, but there is little possibility of their ever drawing any benefit from the fund.

Honourable senators, I repeat that if this legislation passes it will just add to the cost of providing unemployment insurance; and I object to that.

Hon. L. M. Gouin: Honourable senators, if we agree with the principle that persons should continue to receive unemployment insurance benefits in the event that they are injured or become ill or are quarantined during the period they otherwise would be eligible to draw unemployment insurance, then the logical and practical way to give effect to our intention is to adopt the bill before us. It is impossible at the present time to meet otherwise the wishes which have been expressed by the various trade unions; in other words, we cannot enact what I would call a special sickness-unemployment insurance law. The only thing we can do at this time is to assist those who, while drawing unemployment insurance payments—and the payments are not exorbitant by any means—become incapacitated for work by reason of illness or injury or quarantine. We must not assume that people are injured or become ill voluntarily. Genuine illness or injury has to be proved in order to entitle a person to benefit under the Workmen's Compensation Acts; and so it would be under this amendment.

Of course, if a man is receiving benefits under a Workmen's Compensation Act he will not be entitled to benefit under the Unemployment Insurance Act. The purpose of this amendment is simply this: that if a person while unemployed and in receipt of benefits under the Unemployment Insurance Act becomes incapacitated for work because of sickness or injury or quarantine, the sickness or injury or quarantine will not disqualify him from continuing to receive benefits.

The bill enlarges the scope of the Unemployment Insurance Act. In so doing it conforms to what has for several years been the policy of the government. I submit, honourable senators, that that policy has met with the approval of the Canadian people.

Hon. John J. Kinley: Honourable senators, it seems to me that this is very reasonable and fair legislation. I do not think we should confuse unemployment insurance with workmen's compensation. Workmen's compensation provides benefits to persons who are injured or contract an occupational disease during the course of their employment. But people who receive unemployment insurance benefits must be employable and unemployed. That is a test under the act.

Hon. Mr. Gouin: Quite.

Hon. Mr. Kinley: If a man is listed as unemployed and eligible for unemployment insurance, and the unemployment insurance officer in charge of the district offers him a job, he must take it. And under the present

act, if it is reported to the officer that the man is sick and cannot take a job, he forgoes his unemployment insurance. This is a safeguard to the man, who is entitled to receive unemployment insurance according to his length of service. The man and the firm for which he works are both required to pay into the fund, and the state also contributes. Under this bill the workman is guaranteed unemployment insurance benefits even if he becomes ill during the period of his entitlement. It seems to me that is a fair provision and I think the legislation is salutary.

Hon. Mr. Lambert: Question.

The Hon. the Speaker: Honourable senators, the question is on the motion of Hon. Mr. Robertson for the second reading of the bill. Is it your pleasure to adopt the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, May 8, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, before the Orders of the Day are proceeded with I should like to make a brief announcement about the sittings of the Senate. As honourable members will observe, our Order Paper is clear. Had there been any likelihood that the supply bill would come over to us from the other house tomorrow I was going to move, when we concluded our business today, that we adjourn until tomorrow afternoon. However, there seems to be little reason to expect that there would be anything for us to do tomorrow; and in these circumstances I intend to move that when the house adjourns today it stand adjourned until Monday night at 8 o'clock.

UNEMPLOYMENT INSURANCE BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Banking and Commerce on Bill 366, an Act to amend the Unemployment Insurance Act 1940.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the Bill (366 from the House of Commons), intituled: "An Act to amend the Unemployment Insurance Act, 1940", have in obedience to the order of reference of May 7, 1953, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Robertson: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PUBLIC SERVICE SUPERANNUATION BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Banking and Commerce on Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada.

He said: Honourable senators, I would ask the Clerk Assistant to read the report, and then if the Senate desires to consider it this afternoon I shall have a few observations to make in explanation of it.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce to whom was referred the following proposed amendment to the Bill (334), intituled "An Act to provide for the superannuation of persons employed in the Public Service of Canada":

Page 2, line 25: after the word "Parliament", insert the following words: "but saving all rights and privileges of either house in respect of the control or removal of its officers, clerks and employees"

have in obedience to the order of reference of May 7, 1953, considered the said proposed amendment and now beg leave to report recommending that the said proposed amendment be not concurred in, but that the bill be amended as follows:

Page 36, line 3: after the word "age;" insert the following words: "but saving all rights and privileges of either house of parliament in respect of the control, removal or continuance in office of its officers, clerks and employees".

The Hon. the Speaker: Honourable senators, when shall the report be taken into consideration?

Hon. Mr. Robertson: Honourable senators, with leave of the Senate I move that the report be concurred in now.

Hon. Mr. Hugessen: Honourable senators, I am sure the house would wish to hear a short explanation of the result of this morning's deliberations of the Standing Committee on Banking and Commerce, whose report has just been read.

Honourable members will recall the debate which took place on the motion for the third reading of this measure and on the amendment proposed by the honourable senator from Ponteix (Hon. Mr. Marcotte). As will be noted from the reading of the report, the committee recommends not that the amendment of the honourable senator from Ponteix be adopted, but that an amendment be made to another section of the bill. The opinion of your committee is that its amendment will have the effect which the honourable senator from Ponteix desires to achieve, and I trust he will support that opinion. I may add that the recommendation of the committee was adopted by a practically unanimous vote, one senator being opposed.

I think perhaps the simplest way of explaining to the house the precise meaning of the amendment which the committee proposes, would be to outline three alternative situations. First, I shall state what is the position of employees of the Senate and House of Commons under the present Civil Service Superannuation Act; secondly, what the position of those employees would have been under the

bill as it came before us, without amendment; and thirdly, what their position will be under the bill if the amendment proposed by the committee is adopted.

First, as to the position of the employees under the present legislation: The employees of the Senate and the House of Commons fall under the Civil Service Superannuation Act, which is applicable generally to the Civil Service of Canada, and under that act every employee must retire at the age of sixty-five, unless his term of employment is extended by order in council. But there is an exception in the case of employees of the Senate and House of Commons. An employee of this house, for instance, who reaches the age of sixty-five does not automatically retire unless the house takes positive action to retire him by way of resolution of the Standing Committee on Internal Economy and Contingent Accounts.

Secondly, as to the position which would have existed under the bill before us, without any amendment: Employees of the Senate and House of Commons, as members of the Civil Service will come under the new Public Service Superannuation Act; and though the bill does not provide for compulsory retirement at any specified age, it authorizes the Governor in Council to determine by order in council what the retiring age is to be. Under the bill without amendment all employees of the Senate and House of Commons would have been compelled to retire automatically at whatever retirement age the governor in council chooses to fix by regulation, except any employees whose period of service was extended by special order in council.

Thirdly, under the amendment which your committee now proposes: The position is exactly the same as in the second alternative, which I have just stated, except that the question as to whether an employee of this house or of the House of Commons should be continued beyond the retiring age fixed by order in council will be a matter for determination by the house by which he is employed. In other words, so far as the Senate is concerned the effect of the amendment will be that if an employee of ours reaches the retiring age fixed by order in council, and if the Senate in its discretion decides that he is such a valuable employee that he should be continued in office for another year or two, it will be within our power to extend his period of service by resolution of the Standing Committee on Internal Economy and Contingent Accounts.

I might point out one consideration which seemed to weigh very strongly with members of the committee. Under the present system, as I have said, it needs positive action by the Senate to retire one of our employees at the age of sixty-five, and sometimes that involves considerations which are rather painful. Under the proposed amendment of the committee our employees will retire automatically at whatever age is fixed by regulation for retirement—be it sixty-five, sixty-six or sixty-seven—by the Governor General in Council; and we shall be called upon to take positive action only in case we wish to continue the employment of any particular employee beyond the fixed retirement age.

Hon. Mr. Roebuck: Just let me say that I want to congratulate the honourable member from Ponteix (Hon. Mr. Marcotte) upon what is being done.

Some Hon. Senators: Hear, hear.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill as amended be read the third time?

Hon. Mr. Robertson: I move the third reading now.

The motion was agreed to, and the bill as amended was read the third time, and passed.

The Senate adjourned until Monday, May 11, at 8 p.m.

THE SENATE

Monday, May 11, 1953

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

Prayers and routine proceedings.

CRIMINAL CODE BILL

FIRST READING

A message was received from the House of Commons with Bill 367, an Act to amend the Criminal Code.

The bill was read the first time.

The Hon. the Speaker: Honourable senators, when shall the bill be read the second time?

Hon. Mr. Robertson: Next sitting.

PUBLIC SERVICE SUPERANNUATION BILL

CONCURRENCE BY COMMONS IN SENATE AMENDMENT

A message was received from the House of Commons acquainting the Senate that they have agreed to the amendment made by the Senate to Bill 334, an Act to provide for the superannuation of persons employed in the Public Service of Canada, without any amendment.

RODIER DIVORCE PETITION

RELEASE OF EXHIBITS

Hon. Mr. Aseltine: Honourable senators, with leave I move:

That exhibits numbers 4 and 5 filed by the respondent in connection with the petition of Taschereau Pierre Charles Joseph Rodier praying for a bill of divorce from Joan Elizabeth Gray Rodier, be released to Mr. D. Roy Kennedy, Q.C., solicitor for the respondent.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, as there is no immediate business before the house, I have no alternative but to move that we adjourn.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 12, 1953

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CRIMINAL CODE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 367, an Act to amend the Criminal Code.

He said: Honourable senators, the subject-matter of this particular bill was before us in the bill covering the general revision of the Criminal Code. This measure becomes necessary by reason of the fact that the revision and consolidation of the Code will not be completed at this session.

Under section 1056 of the Criminal Code provision is made that persons serving sentences of less than two years shall be held in the jail of the district, country or place in which the sentence was passed, or, if there is no jail at that location, in a jail at the nearest locality, but in any case the prisoner is to be held in a place other than a penitentiary.

In Newfoundland the penitentiary in St. John's is the place where persons serving life terms, or terms of more than two years, are held. It also is a place of imprisonment for those serving sentences of less than two years.

At the time when Newfoundland became the tenth province of Canada the Criminal Code was amended to authorize the continuance of the arrangement until January 1, 1954; that is, the same building would function as a provincial jail and a federal penitentiary. It was intended that when the new Criminal Code consolidation was passed it would contain a provision that this arrangement should continue until a proclamation by the governor in council authorized some other arrangement. Since the Criminal Code will not be passed at this session, it is necessary to enact this legislation in order to provide for the continuance of the present arrangement in Newfoundland on and after January 1, 1954.

The purpose of this bill is, in brief, to authorize the use of the provincial institution as a federal penitentiary jail. There appears to be no reason why there should be any change just now. Newfoundlanders are apparently not serious lawbreakers; at present there are only twenty-nine of them serving terms of more than two years. All concerned in Newfoundland have expressed a desire that a proposal to move those persons to Dorchester Penitentiary, which is the penitentiary generally used in the Maritime Provinces, should not be effected at the moment. The present arrangement appears to be the most satisfactory one that can be made for the time being. For those reasons there appears to be no immediate plan for any change in this arrangement, and the bill would authorize continuation of the plan.

Hon. Mr. Roebuck: If we did not pass the bill, what would the picture be then?

Hon. Mr. Robertson: I suppose that the institution in St. John's would have to fall either into the category of a penitentiary alone, whereupon it would be used only for the incarceration of prisoners serving terms of more than two years; or the reverse—which is probably the more likely—into the category of a jail, suitable for those committed for less than two years, in which event persons sentenced to terms of more than two years would, I suppose, automatically go to one of the recognized penitentiaries, probably Dorchester. Apparently, at the moment, no agreement has been reached. The numbers involved are not sufficient to create any great problem. I think the desire of the department is to work out some amicable arrangement in due course.

Hon. Mr. Roebuck: Is it not a bit undesirable to have men on short terms serving in the same institution or under the same roof with penitentiary habitues?

Hon. Mr. Robertson: I should think that is so; and I have no doubt that at the time of the Union that was the idea in providing for continuation of the existing arrangement only until the 1st of January 1954. I suppose that so far as long-established local customs are concerned it is perhaps better to endeavour to improve them through a certain degree of agreement with the local authorities, rather than by following the strict letter of the federal law. That is the nearest approach I can make to the matter.

Hon. Mr. Roebuck: Sometimes it is a good idea to shake up some of these old customs and make somebody do a little thinking about them, and in consequence perhaps make a new arrangement. I do not like this arrangement as it stands. Of course there is nothing to do but pass the bill, for the arrangement would have been passed in the Code, had the Code come before us; but at the same time it is not a desirable situation, and some really thoughtful work should be done. There was criticism in another place

about the overcrowding; but from what the leader (Hon. Mr. Robertson) says that is apparently not an element that we need concern ourselves about at present. But the idea of having a county jail and a penitentiary in the one place and under the same roof is not something that should be continued. I suppose that when the Code comes before us it will include this same provision, for it is not likely to be the subject of an independent act. We can give it thought again at that time. But I would suggest to the government that in the meantime active steps be taken to bring about a really satisfactory solution of this problem.

Hon. W. M. Aseltine: Honourable senators, like the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) I do not feel that this arrangement is a very good one. For as long as I can remember, in the other provinces people sentenced to two years less one day, or to any period up to two years, have been incarcerated in the provincial jails. The hardened criminals, of course, were kept in the penitentiaries. But I do not see any way out of the present difficulty in Newfoundland, and I can only suggest to the government that the situation there be corrected as soon as possible.

My main purpose in rising at this time is to note my regret that the bill to revise the Criminal Code will not be passed at this session. I certainly hope that the great amount of work done by a committee of the Senate and by a committee of the other house will not be lost.

Hon. Mr. Roebuck: It will not be lost.

Hon. Mr. Aseltine: But a new bill will have to be presented at the next session, and so comprehensive is the subject that the bill may not be passed even then. Careful consideration of such a measure requires many weeks. I am not sure how we can avoid losing much of the benefit of the work that has gone into the present Criminal Code bill, but I hope that when a new measure is presented to parliament this coming fall or winter we shall not be required to go through it from beginning to end.

As to the somewhat simple measure now before us, I may say that Newfoundland is more fortunate than most provinces in having no overcrowded prisons.

Hon. Mr. Roebuck: Perhaps they are catching fewer criminals down there.

Hon. Mr. Aseltine: I understand that Nova Scotia has a "waiting list" of persons sentenced to less than two years for whom jail space is lacking.

We on this side of the house—having suggested to the government that the situation in Newfoundland should be corrected as soon as possible—have no objection to the bill being given the second and third readings this afternoon.

I should like to ask the honourable leader of the government (Hon. Mr. Robertson) what legislation other than the supply bill remains to be sent over to us this session?

Hon. Mr. Robertson: I know of no other legislation than the supply bill based on the estimates.

Hon. Thomas Vien: Honourable senators, I agree entirely with the remarks of the honourable senators from Toronto-Trinity (Hon. Mr. Roebuck) and Rosetown (Hon. Mr. Aseltine). It is not desirable that penitentiaries and prisons be placed under one administration.

Some sixteen years ago the Archambault commission travelled widely and studied in great detail problems of prison administration, reform and the rehabilitation of prisoners. In a most complete report, Mr. Justice Archambault drew the attention of parliament to the necessity for segregation of prisoners and to modern methods for their rehabilitation.

I think we are somewhat remiss in paying too little attention to the social need for returning prisoners to civil life. Especially is this true when we consider that perhaps more than 50 per cent of those sentenced to confinement are under the age of thirty years, and a considerable proportion under twenty years. It is most unfortunate if young prisoners, particularly first offenders, are confined in close proximity to hardened criminals who, though they have been punished many times, are not penitent. I would suggest that the report of the Archambault commission be again brought to light and its recommendations put into effect.

Hon. Mr. Roebuck: May I ask the honourable senator if it is not true that a great many recommendations of that commission have been carried out?

Hon. Mr. Vien: Yes, quite a number have; but there are some capital recommendations which have not as yet been put into effect.

Hon. Mr. Roebuck: Will my honourable friend specify them?

Hon. Mr. Vien: Yes. I am glad that the honourable senator has invited me to do so.

First, it was recommended that youthful prisoners be segregated from older ones, and first offenders from hardened criminals; secondly, that facilities should be provided for studying the aptitude of prisoners in preparation for their return to civil life;

thirdly, that farming and industrial institutions be set up in which young prisoners, while serving their sentences, could be trained in the particular occupation for which they have the taste and capacity, so as to be provided with a means of livelihood and thus have a better chance of once again becoming useful, respectable citizens.

A provision of this character should be part of the institutional set-up, with parliament providing each year a reasonable amount of money for the re-education of prisoners and their re-adaptation to civil life. Money provided for this purpose would be well invested. These were the recommendations. I believe that in part they have been implemented, but there remains much to be done. For one thing our jails and penitentiaries are overcrowded. Furthermore the custodial staffs of jails and penitentiaries are seldom composed of trained persons with the psychological knowledge to enable them to deal with the particular types of individuals of whom they have charge. We pay these guards a pittance—some of them no more than $20 or $22 a week. They have had no appropriate training; they are not competent to discharge the functions that are required of them.

Hon. Mr. Roebuck: Does not the honourable senator's reference to low salaries apply to guards in provincial jails rather than to those in federal penitentiaries? I have in mind the conditions revealed in a jail in Toronto.

Hon. Mr. Vien: I was thinking of the Bordeaux Jail at Montreal.

Hon. Mr. Roebuck: It was my thought that the criticism regarding low salaries is more applicable to provincial jails than to federal penitentiaries.

Hon. Mr. Vien: In so far as this is a provincial matter, I suggest it is one which the Department of Justice could very properly take up with the provincial authorities. But I think the same principles apply both to penitentiaries and to jails, although I agree that the salaries of the penitentiaries' staffs are higher than those paid the custodians of provincial jails.

Hon. Mr. Roebuck: Some of them.

Hon. Mr. Vien: Some of them. But irrespective of the salary question, I believe that we do not give sufficient attention to the qualifications which should be expected and exacted from those whom we appoint to be custodians of persons confined in these institutions. We should train them for the specific purpose of enabling them to re-educate prisoners for adaptation to civil life and the social set-up to which they will have to return. I think that that part of my reasoning applies both to federal and provincial jails.

Hon. Mr. Roebuck: We thought we were doing that when we appointed General Gibson.

Hon. Mr. Vien: I suggest this is one of the matters which the federal and provincial governments could very well study together so as to adopt a general policy for the common good. Therefore I agree with my honourable friend that, while we must accept this bill as a temporary expedient—we cannot very well do otherwise—it is proper to recommend to the government that something else must be done, and that planning for the future should be on a different basis. It should apply not only to Newfoundland, but to Canada at large; it should be such as would avoid overcrowding of penal institutions and permit a proper distribution of the inmates; and it should provide for suitable training and proper education to adapt these people to the roles they will be called upon to play in civil life.

More than that: some attention should be given to former inmates after their discharge. The fact that they have been incarcerated in a penitentiary or a jail should not be a black mark against them. They should be helped, not persecuted—as discharged prisoners too often have been. We should assist them along the lines followed in many states of the United States, where organizations exist to encourage and help ex-prisoners, even to provide jobs for them, employers being notified of their history and co-operating to help them to re-establish themselves.

I believe that this is a matter of great importance. The Archambault report, is a very comprehensive document. We should take it out of its pigeon-hole and give our undivided attention to the very serious problem with which it deals.

As regards the other question which was raised by my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), I do not believe that it would be in order to discuss it at this juncture, but I agree with him in the views he has expressed.

Hon. Norman P. Lambert: Honourable senators, it is not evident to me that any of the findings of the Archambault report were based upon a particular investigation of conditions in Newfoundland. However, we do know that the number of persons who are confined

within the precincts of the prison in Newfoundland is about twenty-nine. It would be interesting to have a classification of them, in order to know how many are admitted for two years or less, how many for more than two years, and how many may be regarded as of a class usually sentenced to a penitentiary.

Hon. Mr. Aseltine: I understand that that institution houses some hardened criminals.

Hon. Mr. Lambert: The institution, which is called a penitentiary has, I think, twenty-nine inmates, including those sentenced to two years or more. Evidently in Newfoundland no distinction is made between prisoners who are committed for relatively short terms and the hardened criminal class commonly confined exclusively in penitentiaries in other provinces. My point is that conditions in Newfoundland apparently differ greatly from those in the area investigated by the Archambault Commission.

Off-hand, I see no reason for hastening the day when the new province of Newfoundland will celebrate its entry into the Dominion of Canada by applying to the law of that province a different interpretation of the word "penitentiary". Probably before urging the separation of prisoners in Newfoundland we should have some further light thrown on their classification.

Hon. Mr. Vien: Would the honourable senator allow me a question? Is human nature not pretty much the same in Newfoundland as elsewhere?

Hon. Mr. Lambert: Well, I am doubtful about that. I am inclined to think that from a social point of view there is some advantage in living on an island like Newfoundland, where moral infection, at least, might not be quite as pronounced as it is in more urban communities.

In any event, the point of view of the prisoners themselves also has to be considered, and I am informed that they do not want to be moved at all. While I suppose that prisoners in Newfoundland, as elsewhere in Canada, have no vote at election times, it is quite possible that people who are interested so heartily in the great movement of prison and penitentiary reform have obtained the point of view of persons incarcerated in various places who have demanded reform. Well, if there is no overcrowding in the Newfoundland prison and the inmates do not want to be moved, I cannot see any reason for suggesting that they be transferred to a penitentiary in Nova Scotia or any other part of Canada.

Hon. Mr. Aseltine: I think I am correct in saying that the minister stated in the other place that twenty-nine persons sentenced for two years and over were inmates of that institution. There may be many more inmates.

Hon. Mr. Lambert: How many?

Hon. Mr. Aseltine: He did not say.

Hon. Mr. Lambert: I understood the total number of prisoners was twenty-nine.

Hon. Mr. Aseltine: Oh, no. There may be many more who are serving sentences of under two years.

Hon. Cairine R. Wilson: I should like to assure honourable senators that there are John Howard Societies in, I think, practically every province, and they are doing their best to care for prisoners both during their term of incarceration and after release. I had the privilege of listening to Major Edmison, Executive Director of the John Howard Societies of Canada, when he spoke of many cases in which surprisingly good positions had been secured for prisoners who had been given training during their terms of incarceration. Two or three obtained excellent positions on newspapers, thanks to their experience in editing penitentiary papers. General Gibson, Chief Commissioner of Penitentiaries was present when Major Edmison spoke, and could corroborate what I am saying. True, the Archambault Commission found deplorable conditions in local jails, and I fear that in a great many cases conditions have not been remedied. One jail with which I am familiar, at St. Andrews, New Brunswick, was constructed more than one hundred years ago, and the accommodation leaves much to be desired. One interesting case there was that of a man who was imprisoned for debt. Various people took an interest in his case, and, because he had no teeth, brought him special food.

Hon. Mr. Vien: Honourable senators, the honourable senator from Mille Isles (Hon. Mr. Daigle) has drawn my attention to a matter I mentioned earlier. Complaints of bad management in jails apply for the most part to provincial rather than federal institutions. I am glad to be allowed to make that correction. I am glad also that my deskmate (Hon. Mrs. Wilson) has told of some very constructive steps that have been taken along the lines I have advocated.

Hon. Mrs. Wilson: May I be permitted to add that an international penal conference is to be held in Toronto in the autumn, attended by representatives from the United States, Canada and Europe.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time?

Hon. Mr. Robertson: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, the time has come when I have had to peer into the future and endeavour to ascertain whether the progress being made in another place would justify our sitting this evening or adjourning until tomorrow. I have taken counsel of those who feel qualified to predict the date of prorogation. They range from the pessimists, who feel that we shall be here until the end of the week, to the optimists, who think there is a fair prospect that the House of Commons will finish its deliberations this evening. As the victim of these conflicting opinions, I have resolved to ask the house to adjourn at pleasure, to reassemble at the call of the bell at 8 o'clock this evening.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

APPOINTMENTS TO THE PRIVY COUNCIL

FELICITATIONS TO HIS HONOUR THE SPEAKER

Hon. Wishart McL. Robertson: Honourable senators, it was felt by the government that in view of the prominent participation in Canada's official delegation to attend the Coronation of Her Majesty the Queen in Westminster Abbey on June 2 next, of the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, the Honourable Elie Beauregard, Speaker of the Senate, the Honourable William Ross Macdonald, Speaker of the House of Commons, and the Honourable George Alexander Drew, Leader of the Opposition, it would be fitting if they were members of the Queen's Privy Council for Canada.

The recommendation for their appointment was approved by His Excellency the Governor General and late this afternoon the Privy Councillor's oath of office was taken before Mr. Justice Kerwin, in his capacity as Deputy of the Governor General, by the Speaker of the Senate, the Speaker of the House of Commons and the Leader of the Opposition. The Chief Justice of Canada is already overseas and, in his case, the taking of this oath of office has had to be postponed until his return to Canada.

I am sure all of us in the Senate would wish to join in congratulations to His Honour the Speaker of the Senate who has just become a Privy Councillor.

Hon. Senators: Hear, hear.

Hon. Mr. Robertson: The dignity and sense of fairness which have characterized his presiding over our deliberations have but served to enhance the high esteem in which he was held by his colleagues even before he assumed the high office of Speaker.

Hon. W. M. Aseltine: Honourable senators, it was only as I entered the chamber this evening that I was apprised of the appointment of his Honour the Speaker to the Privy Council.

The honour just conferred upon our Speaker is well deserved, and every honourable senator will agree that his faithful service has well merited this distinction.

I join with the honourable leader of the government (Hon. Mr. Robertson) in congratulating our honourable colleague upon his appointment as one of Her Majesty's Privy Councillors for Canada.

Hon. Senators: Hear, hear.

(Translation):

Hon. Mr. Gouin: Mr. Speaker, I wish to add my congratulations to those of your friends in the province of Quebec and in the city of Montreal. We welcome the honour conferred upon you. We welcome it in our personal capacity and also as senators. It was meet and just that one of our colleagues should be honoured in this memorable circumstance on the eve of his departure to attend the Coronation. Most simply but wholeheartedly we extend to you our most heartfelt and most cordial congratulations. And at the same time we wish you Godspeed on your trip.

(Text):

The Hon. the Speaker: Honourable senators, I am deeply moved by the very kind and sympathetic words of the government leader (Hon. Mr. Robertson), the acting leader of the opposition (Hon. Mr. Aseltine), and my good friend the senator from De Salaberry (Hon. Mr. Gouin). To them, and to you all, I say, from the bottom of my heart, "Thank you".

(Translation):

I thank you, my honourable friends, from the bottom of my heart for this mark of esteem which you have shown me. I am greatly honoured by it and I thank you for your kind wishes.

BUSINESS OF THE SENATE

(Text):

Hon. Mr. Robertson: Honourable senators, there is no business now before the Senate; and if any measures should be received this evening from the other place, it would be at too late an hour to give them consideration.

Under these circumstances I move that when the Senate adjourns this evening it do stand adjourned until tomorrow at 11.00 a.m.

The motion was agreed to.

The Senate adjourned until tomorrow at 11.00 a.m.

THE SENATE

Wednesday, May 13, 1953

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

HIS HONOUR THE SPEAKER

FELICITATIONS ON APPOINTMENT TO THE PRIVY COUNCIL

(Translation):

Hon. Thomas Vien: Honourable senators, allow me to take this opportunity of offering, in your name and mine, our most sincere congratulations to His Honour the Speaker upon his elevation to Her Majesty's Privy Council for Canada. This is the highest distinction in the gift of our government to a Canadian citizen. It has been well earned by His Honour the Speaker because of the dignity of his life and the lustre that he has lent to the high office which he now occupies. I am particularly happy that this honour and the high precedence thereto attached have been bestowed upon Mr. Speaker prior to his departure for London, where he will represent us at the Coronation of Her Majesty. This added grace and brilliancy are reflected upon this chamber over which he presides with such distinction. I voice, I am sure, the sentiments of all our colleagues in expressing to His Honour and Madame Beauregard our congratulations and our warmest good wishes for a very happy and enjoyable trip to England.

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Hon. Senators: Hear, hear.

(Translation):

Hon. Arthur Marcotte: Honourable senators, needless to say I am happy to join with my colleagues in expressing our satisfaction upon hearing of the honour just bestowed on the Speaker of the Senate. I have known the Speaker for a great many years and I know that because of his great qualities he will, as he has always done in the past, most properly represent the Senate everywhere he goes. Those who know him realize that the honour conferred upon him is well deserved; they know his worth. Having met him on many occasions, I have had an opportunity to assess, besides his other qualities, his great generosity, especially towards me. That is why it gives me such great pleasure to endorse what our distinguished colleague (Hon. Mr. Vien) has said and to assure our eminent Speaker, in the name of his friends and in my own name in particular, of the great satisfaction we feel. We know, Mr. Speaker, that you have always represented the Senate with dignity; we French-Canadians are aware of the fact that we could wish for no better representative of the Senate. I wish you and all the members of your family, health, enjoyment and success.

His Honour the Speaker: My dear friends, I wish to express in two words the feeling which fills my heart at this moment: thank you!

BUSINESS OF THE SENATE

(Text):

Hon. Wishart McL. Robertson: Honourable senators, while no spectacular progress is evidenced in the other place, hope springs eternal, and sometimes the darkest hour may come before the dawn. It is perhaps wise for us to avail ourselves of the opportunity to assess the situation a few hours hence, and I move that this house adjourn during pleasure, to reassemble at the call of the bell at approximately 3 p.m.

The motion was agreed to.

The Senate adjourned during pleasure.

At 3 p.m. the sitting was resumed.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, some are of the view that the business of the other house will be concluded this evening. But I am informed that it is not likely to be concluded in time for us to complete our

work tonight—not in time for prorogation tonight, in any event. I therefore move that when the Senate adjourns today it stand adjourned until 11 o'clock tomorrow morning.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Thursday, May 14, 1953

The Senate met at 11 a.m., the Acting Speaker (Hon. Thomas Vien, P.C.,) in the Chair.

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, while I have no definite information on the progress of the other house towards completion of the business before it, there is evidence that the skies are clearing. It would probably be advisable for us to remain in close proximity to the buildings, in the hope that prorogation may take place later today.

I would therefore ask the house to adjourn during pleasure, to reassemble at the call of the bell at approximately 3 o'clock this afternoon.

The Senate adjourned during pleasure.

At 3 p.m. the sitting was resumed.

Hon. Mr. Robertson: Honourable senators, I have been advised that there is a fair possibility that the other house will conclude its business this evening, but there remains a question whether in any event it will conclude early enough to permit prorogation tonight.

I would respectfully ask all honourable senators who may find it convenient to do so, to remain in Ottawa until the session is prorogued, so that attendance in the house may be maintained.

I now move, honourable senators, that the house adjourn during pleasure, to reassemble at the call of the bell, at approximately 8 o'clock this evening.

The motion was agreed to.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

Hon. Mr. Lambert: Honourable senators, the latest word from the other house is that there is a chance of finishing tonight. Therefore, I suggest that we should adjourn now and come back at about 10 o'clock. If there is then no prospect of finishing tonight the proposal likely will be to meet tomorrow morning at 11.

I move that the Senate adjourn during pleasure, to re-assemble at the call of the bell, at approximately 10 o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

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At 10 p.m. the sitting was resumed.

Hon. Mr. Lambert: Honourable senators, I have just come from conferring with the Prime Minister regarding the progress being made in the other house. He is of the opinion that that house will have concluded its business within the next three-quarters of an hour and that we shall be able to prorogue later this evening. I move, therefore, that we adjourn again during pleasure, to re-assemble at the call of the bell, in approximately three-quarters of an hour.

The motion was agreed to.

The Senate adjourned during pleasure.

At 11.15 p.m. the sitting was resumed.

PROROGATION OF PARLIAMENT

The Hon. the Acting Speaker informed the Senate that he had received a communication from the Secretary of the Governor General, acquainting him that the Honourable Patrick Kerwin, the Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 11.30 p.m. for the purpose of proroguing the present session of Parliament.

APPROPRIATION BILL NO. 3

FIRST READING

A message was received from the House of Commons with Bill 368, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

The bill was read the first time.

SECOND READING

The Hon. the Acting Speaker: Honourable senators, when shall the said bill be read the second time?

Hon. Norman P. Lambert: Honourable senators, I move the second reading now.

This bill is the third of the supply bills which have come before us this session. Appropriation Bill No. 1 covered interim supply for the first part of the fiscal year beginning April 1, 1953, and ending March 31, 1954. It consisted of one-sixth of the items to be voted in the main estimates for the fiscal year, and in addition it included proportional expenditures on certain items, of which the major portion was to be expended early in the year. That bill provided interim supply in the amount of $537,674,-515.18.

Appropriation Bill No. 2 merely covered the end-of-the-year supplementary estimates for 1952-53, amounting to $77,680,383.

Bill No. 368, which is now before us, asks for a total of $2,712,154,146.82. This amount is made up of the balance of the main estimates remaining unappropriated at the present time, in the amount of $2,670,917,-028.82, together with a sum of $41,237,118 provided for in the further supplementary estimates which earlier were tabled in the other place. It will be appreciated that to these amounts appropriated by parliament must be added the amount authorized by statute in the sum of $1,580,671,937, bringing the total of the expenditures authorized by the present bill, including the supplementary estimates, and by statute as well as by the interim supply bill previously mentioned, to $4,830,500,599.

The form of the bill follows in all respects that of the main supply bill which comes to us at the end of every session.

Section 1 is simply the short title.

Section 2 provides for the balance of the main estimates after deducting amounts already voted under Appropriation Act No. 1 earlier this year. As I have already mentioned, this balance amounts to $2,670,917,-028.82.

Details of the items in the main estimates are to be found in schedule A to the bill.

Section 3 provides further supplementary estimates for the year 1953-54, totalling $41,237,118, details of which are found in schedule B. Among the major items contained in these estimates is a $9 million amount to provide for the restoration of the special account in the consolidated revenue fund established by section 35 of the National Housing Act and used by Central Mortgage and Housing Corporation in joint housing projects with the various provincial governments. The other major items include a sum of $1 million for the Immigration Branch for assistance to immigrants, $1 million for industrial development services to the Department of Fisheries, $1½ million towards the fisheries industry in Newfoundland, over $2 million for the Dominion Coal Board in connection with the movement of coal, an item of nearly $4 million for the Post Office for operations and for transportation of mail, and a sum of $5½ million for public works in various provinces. Details of the remaining items may be found in schedule B.

Section 4 of the bill is the usual authorization for the governor in council to raise, by way of loan, a sum not exceeding $500 million which may be required from time to time throughout the year for various purposes.

Section 5 provides that the usual accounts will be submitted in detail to the House of Commons.

As I have already intimated, the bill is in the usual form of the supply bill submitted to us at the end of a session, and details of the expenditures may be found in the schedules to the bill. I submit the bill, therefore, to the house for its favourable consideration and early approval.

In presenting this bill at this stage one is quite aware that the limited time at our disposal permits us to do no more than merely review the items that were covered by the previous supply bills and the amount voted by the main supply bill, which is now before us. I can only apologize to the house for not having had a more adequate opportunity of examining the bill at greater length; but I know that honourable members have already had the opportunity of seeing the estimates for each department and of following the debate upon them in the other house.

Hon. W. M. Aseltine: Honourable senators, I do not see how I can deal with this matter adequately in the short time at my disposal. I might have attempted to make a long speech and hold things up until tomorrow, but when I make a speech I like to have a good audience. My audience this evening is rather small, and for that reason I may cut my remarks down by a considerable extent.

This measure authorizes the expenditure of the huge sum of almost $5 billion. In fact, having listened to the explanation by the honourable acting leader of the government (Hon. Mr. Lambert) and tried to assimilate some of the information he gave, I am left more or less gasping. In the short time available to me I am of course unable to deal with the many items in detail.

It is true, however, that the estimates have been before us for several months, and in that period honourable senators have had an opportunity to examine them. Also in the House of Commons *Hansard* we have been able to follow the debates on them in that chamber. But in spite of that opportunity to familiarize ourselves with the estimates, it is unfair that we should be asked to deal with a measure of this importance in a very brief sitting.

I wish to remind the house again that the bill would authorize a total expenditure of almost $5 billion. I recall that in my boyhood days in Ontario two cents bought a lot of candy, and the boy who had five cents or ten cents in his pocket was rich. In those days—the gay nineties—governments dealt in thousands of dollars, and a million dollars was almost an unheard-of sum. The total annual cost of government then rarely exceeded $30 million or $35 million. Even as late as 1930 the total annual revenue of Saskatchewan was only $13 million. During the

current fiscal year the government of that province will spend in excess of $70 million, and the federal government, as we have been told, will spend more than $4 billion. Where this spending is going to end I cannot predict, but certainly the trend cannot continue indefinitely.

It is quite in order for members of the Senate as well as members of the House of Commons to move an amendment to reduce expenditures. Honourable senators have always had that power. Also, it is quite certain and generally agreed that senators and members of the House of Commons can reject a money bill; but in my opinion only a minister of the crown may move an amendment to increase expenditures or to reduce revenue, if such an amendment would upset the balance of ways and means.

A short time ago we had in this chamber a case in point when an honourable senator moved an amendment to exempt margarine from items of food subject to sales tax. It was contended at that time that such an amendment would be in order and within the power of the Senate to pass. It is my opinion, however, that such an amendment would not be in order, even if by it the tax were placed on a substitute item, with no actual loss of revenue.

This whole question is dealt with in May's *Parliamentary Practice,* 14th edition, at page 753. It seems to me that in the not distant future this chamber should have a debate on the question, to establish exactly what are our powers in that regard. It is true that we have the same powers as the House of Commons has with regard to the introducing and passing of bills, other than money bills, but it is my considered opinion that we have not the power to pass any bill which reduces a tax and therefore diminishes the revenue which the government would obtain from that tax, and so interferes with the balance of ways and means.

A great deal of money to be spent during the fiscal year will be obtained from personal and corporate income taxes; and as I am from Saskatchewan, which is a great agricultural province whose farmers pay heavy income taxes, I want to bring before the members of this chamber some information with regard to the income taxes paid by farmers of each of the ten provinces. The farmers of Western Canada do not object to paying income taxes, but they do object to paying very heavy income taxes when those engaged in this industry in the other provinces are not being compelled to pay their share. I have before me the taxation statistics issued in the year 1952, but these cover only the year 1950, the last year for which figures are available to us.

All the farmers of Prince Edward Island paid only $5,000; those of Nova Scotia, $28,000; and of New Brunswick, $17,000. The farmers of the great province of Quebec, which contains about one-third of the population of the whole dominion, paid $50,000. The contribution of the Ontario producers was a little higher, namely, $1,889,000. I assume that the tobacco growers paid the greater part. As regards the prairie provinces, Manitoba paid $638,000; my province of Saskatchewan, $3,467,000, and Alberta $4,971,000. Other payments by farmers were: $704,000 from the province of British Columbia; and $115,000 from the Yukon and non-residents. I am using round figures.

That makes a total of $11,904,000 in income tax paid by all the farmers of Canada. I am quite satisfied that that amount should be increased. In 1952, the total was $15 million, which is not a large sum in relation to the number of farmers in Canada. Of the 1950 amount Saskatchewan and Alberta paid $8,438,000; and Saskatchewan and Alberta together with Manitoba paid $9,076,000. The remaining provinces paid $2,828,000. Thus, the farmers of the three provinces I have mentioned paid almost four times more than those of the remaining seven provinces. What troubles me, as it does all the farmers in my province, is that in 1950 the farmers of the province of Prince Edward Island—with its big potato growers—paid in income tax only $5,000. Many individual western farmers pay twice that amount every year. Out there we are continually bothered by income tax inspectors calling from farm to farm. There are some fifty or sixty of them on the road all the time. Every time a farmer sells a load of wheat and gets a cash ticket for it, a copy of that cash ticket is sent to the income tax office and put on file, and the farmer has no way under the sun of avoiding payment of the tax. That is quite right and fair. He does not object to that, but what he does object to is that the other provinces are not paying their share. We would be glad indeed to share some of those inspectors with the other provinces. I am sure, honourable senators, you would appreciate their calling upon you and checking up on what you have done during the year, to make sure that your income tax returns are made out properly.

I thought that I should put this on the record, because there is a great deal of dissatisfaction in western Canada over many matters of this kind. No one has been able to convince the farmers out there that Prince Edward Island farmers should pay only $5,000 and that the farmers of the great province of Quebec should pay only $50,000. That is all I have to say on that point.

I was dissappointed that at the beginning of the session we did not set up the Finance Committee again. I was a member of that committee for several years, and I found its work interesting. The committee was always set up early in the year, as soon as the estimates were brought down. We studied the estimates carefully for several months, with the result that when the main bill was brought in at the end of the session, and we had only a few hours and sometimes only a few moments to consider it, as is the case today, we were pretty well prepared to pass it because we knew and understood its contents.

I have gone carefully through this bill and turned down several pages containing subjects about which I should like to comment. My intention was to speak to such questions as the Jack Miner fund, water resources, the Trans-Canada highway, reforestation and the anticipated deficit on the Hudson Bay railway. But time does not permit me to deal as I would like with those subjects.

Being particularly interested in reforestation, I am alarmed by the manner in which our forests are being depleted. I predict, honourable senators, that within two decades very little of our present forests will be left standing. On visits I have made to the northern parts of both Ontario and Quebec I have noted that trees as small as one's wrist are being cut as pulpwood and floated down the rivers. Some effort must be made to stop the wholesale cutting down of our forests. While natural resources such as these are within the control of the provinces, it is nevertheless notable that the bill now before us provides for expenditures by the federal government to combat the spruce budworm in New Brunswick, and to stop the run-off of water on the eastern slopes of the Rocky Mountains. These important steps by the federal government are encouraging.

The bill predicts a deficit of about $365,000 in the current year's operations of the Hudson Bay Railway. I have visited the fine harbour at the end of that railway—a harbour which could shelter the whole British fleet, which has soft water to a depth of 80 feet and an entrance of 800 feet at low tide, and which I believe could be used for shipping at least four months of the year. My opinion is that if the insurance rates were lowered to a reasonable extent that harbour would serve as a great port of entry for imports from the Old Country, and the increased carriage of freight on the railway would result in wiping out the deficit which we are now facing.

Honourable senators, time does not permit me to go into all these matters as fully as I should like. And much as I regret the lack of time, I feel there is nothing that we can now do to correct that situation.

Hon. Cyrille Vaillancourt: Honourable senators, the honourable acting leader opposite (Hon. Mr. Aseltine) made a comparison between the income tax paid by the farmers of the Prairie Provinces and that paid by Quebec farmers. I would respectfully call his attention to the millions of dollars paid out to protect the interests of the western farmer.

Hon. Mr. Aseltine: What about the special freight rates on your feed?

Hon. Mr. Vaillancourt: The benefits given to Quebec farmers may run into a few millions, while the farmers of the West are helped to the extent of hundreds of millions of dollars. I would remind my honourable friend that last year the potato growers of Quebec and the Maritime provinces got only 50 cents a bushel for their product—not enough to cover the cost of producing the potatoes—and no financial assistance was forthcoming from the government.

But I am entirely in favour of the farmer getting as much help as he can. Agriculture in the West is a kind of industry, but in Quebec, the Maritime provinces and Ontario it is primarily a family employment. Only 25 per cent of the population of Quebec, as compared with 60 to 70 per cent in the West, lives on the farms. I think the amount of taxes paid in Eastern Canada compares favourably with the amounts paid in other parts of the country. After all, it is our common purpose to try to build a greater and greater Canada, and we are happy to provide hundreds upon hundreds of millions of dollars for other provinces if thereby living standards will be raised and the prosperity of the nation increased.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Lambert: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned during pleasure.

PROROGATION OF PARLIAMENT

THE ROYAL ASSENT—SPEECH FROM THE THRONE

The Honourable Patrick Kerwin, the Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their

Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Royande Jacqueline Lortie Nugent.

An Act for the relief of Alice Cecilia Anne Magniac Parker.

An Act for the relief of Therese Monette Lax.

An Act for the relief of Paul Edward Tremblay.

An Act for the relief of Maurice Leveille.

An Act for the relief of Bernard Gordon Smith.

An Act for the relief of Anne O'Connor Shapiro.

An Act for the relief of Beryl Mildred Taylor Leckie.

An Act for the relief of Eileen Margaret Amos Trudeau.

An Act for the relief of Florence Mae Mitchell Anderson.

An Act for the relief of Sidney William Donald Butler.

An Act for the relief of Adele Roberta Jeffrey.

An Act for the relief of Margaret Bell Favreau.

An Act for the relief of Lena Herman Besner.

An Act for the relief of Muriel Luella Sproston Kerr.

An Act for the relief of Ruth Steirman Fernley.

An Act for the relief of Milorad Aragian.

An Act for the relief of Kenneth Angus Eaton Hewitt.

An Act for the relief of Delia Fleurette Ayotte Martin.

An Act for the relief of Clarence Albert Edwards.

An Act for the relief of Issie Adler.

An Act for the relief of Jean Shelvington Parnell Adams.

An Act for the relief of Peggy Louise Miller McCallum.

An Act for the relief of Jean Paul Gauthier.

An Act for the relief of Bernice Catherine MacDonald Crawford.

An Act for the relief of Horst Wilhelm Woosidlo.

An Act for the relief of Nick Sauchuk.

An Act for the relief of Rita Frost Siversky.

An Act for the relief of Beatrice Gotlieb Slobotsky.

An Act for the relief of Georgina Julia Rose Charland.

An Act for the relief of Margaret Violet Creasor McKenna.

An Act for the relief of Kathleen Snell Meloche.

An Act for the relief of Henry George Maxham.

An Act for the relief of Marjorie Evelyn Lee Stevens.

An Act for the relief of Queenie Isabel Brambell Muchan.

An Act for the relief of Bessie Mabel Witcomb Elson.

An Act for the relief of Catherine Maine McKenzie Woods.

An Act for the relief of Robert Edward Francis Clements.

An Act for the relief of Agnes Jackson Stroud Earle.

An Act for the relief of Mary Elizabeth Irene Gray Brideau.

An Act for the relief of Marie Claire Marcelle Suzanne Langlois Crowe, otherwise known as Marie Claire Marcelle Suzanne Langlois Cockell.

An Act for the relief of Janina Jenny Spaiches Remeikis.

An Act for the relief of Ruth Sanel Kolofsky.

An Act for the relief of Pauline Tratenberg Goldman.

An Act for the relief of Molly Klau Lust.

An Act for the relief of Charlotte Freeman Pelletier.

An Act for the relief of Olive Spencer Thompson.

An Act for the relief of Dorothy Sanger Anderson Morris.

An Act for the relief of Helen Vera Cater Morgan.

An Act for the relief of Theresa Hynes Gnatiuk.

An Act for the relief of Anna Kobitowich Gordon.

An Act for the relief of Mary Viola Yolanda Decorato Roy, otherwise known as Mary Viola Yolanda Decorato King.

An Act for the relief of Vincent John Laviolette.

An Act for the relief of Eileen Arthur Osborne Prescott.

An Act for the relief of Margaret Aziz Salhany.

An Act for the relief of Margaret Parker Graves.

An Act for the relief of Audrey Jane Clements Paterson.

An Act for the relief of Roland Masson.

An Act for the relief of Clara Doris Jacobovitch Shepherd.

An Act for the relief of Doris Esther Kimel Schwartz.

An Act for the relief of Hans (Johann) Mueller.

An Act for the relief of Joseph Henri Jacques Gaston Lareault.

An Act for the relief of Joseph Nagy.

An Act for the relief of Aime Arthur Roy.

An Act for the relief of Sarah Juliet Montgomery Scott.

An Act for the relief of Mary Ethel Flood Harding.

An Act for the relief of Carrie Ruth Morbey Chenoy.

An Act for the relief of Beatrice Sylvia Aston Sutton.

An Act for the relief of Irene Toth Nagy.

An Act for the relief of Henryka Ziernicka Bogdan.

An Act for the relief of Mildred Ermine Bradshaw Moore.

An Act for the relief of Shirley William Bales.

An Act for the relief of Marjorie Joy Hartley Tanner.

An Act for the relief of Thomasine Elaine Mansfield Black.

An Act for the relief of Patricia Mary Kearney Hollett.

An Act for the relief of Margot Fairbanks Duff Pratt.

An Act for the relief of Marguerite Rita Stevenson LaFerme.

An Act for the relief of James Alexander Dougherty.

An Act for the relief of Morris Fishman.

An Act for the relief of Yvon Perras.

An Act for the relief of Joyce Elizabeth Purves Jones.

An Act for the relief of Marjorie Euretta Adams Mattinson.

An Act for the relief of Myrtle Norma Epps Stewart.

An Act for the relief of Joseph Alexandre Hyppolit McLish.

An Act for the relief of Taschereau Pierre Charles Joseph Rodier.

An Act for the relief of Berniece Gertrude Doran.

An Act for the relief of Florence Mildred Fine Crelinsten.

An Act for the relief of Gerard Richer.

An Act for the relief of Thomas John Rivet.

An Act for the relief of Dorina Perelroizen Wallerstein, otherwise known as Dorina Perlraizen Wallerstein.

An Act for the relief of Gabriele Laure Josephine Girard Steinbach.

An Act for the relief of Reine Cesarine Berthe Laborgne Deyglun.

An Act for the relief of Hanus Braun, otherwise known as John Browne.

An Act for the relief of Hazel Loisette Robinson Darby.

An Act for the relief of Pearle Elizabeth McLeod Martin.

An Act for the relief of Susan Klamka Migicovsky.

An Act for the relief of Olive Margaret Searle Pfeffer.

An Act for the relief of Alfred Roger Holder.
An Act for the relief of Joseph Willie Brais.
An Act for the relief of Gladys Ola Taylor McLellan.
An Act for the relief of Freda Smolar Brown.
An Act for the relief of Marguerita Downie Couture.
An Act for the relief of Howard Douglas Wardle.
An Act for the relief of Rose Brownstien Lazarus.
An Act for the relief of Rebecca Bowman LeFloch.
An Act for the relief of John Stewart Hannah.
An Act for the relief of Harold Speevak.
An Act for the relief of Rita Rabinovitch Abrams.
An Act for the relief of Marcel Roland Veilleux.
An Act for the relief of Mary Gordon Wilson LaForest.
An Act for the relief of Lionel Jobin.
An Act for the relief of Mildred Hannah Earle.
An Act to amend the Farm Improvement Loans Act, 1944.
An Act to incorporate Merit Insurance Company.
An Act to incorporate Canadian Disaster Relief Fund, Incorporated.
An Act to incorporate Mid-Continent Pipelines Limited.
An Act respecting the liability of the Crown for torts and civil salvage.
An Act to amend the Excise Act, 1934.
An Act to amend the Customs Tariff.
An Act to amend the Indian Act.
An Act to amend the Post Office Act.
An Act to amend the Emergency Powers Act.
An Act to establish the Historic Sites and Monuments Board of Canada.
An Act to amend the Trans-Canada Air Lines Act, 1937.
An Act to implement the International Convention for the High Seas Fisheries of the North Pacific Ocean.
An Act to amend the Canadian Wheat Board Act, 1935.
An Act to amend the Emergency Gold Mining Assistance Act.
An Act to amend the Fisheries Research Board Act.
An Act respecting food, drugs, cosmetics and therapeutic devices.
An Act to amend the Canadian Citizenship Act.
An Act to amend the Veterans Benefit Act, 1951.
An Act to authorize the grant of assistance to a province for the conservation of water resources.
An Act to amend the Prairie Farm Assistance Act.
An Act to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.
An Act to provide for the Government of the Yukon Territory.
An Act to amend the Excise Tax Act.
An Act to amend the Canada Shipping Act, 1934.
An Act respecting the Canadian Forces.
An Act to amend the Radio Act, 1938.
An Act relating to trade marks and unfair competition.
An Act to amend the Income Tax Act.
An Act respecting Co-operative Credit Associations.
An Act to amend the National Housing Act, 1944.
An Act to authorize the provision of moneys to meet certain capital expeditures of the Canadian National Railways System during the calendar year 1953, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.
An Act to implement a Convention between Canada and the United States for the preservation of the halibut fishery.
An Act to amend the Canadian Broadcasting Act, 1936.
An Act to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion.
An Act to incorporate Canadian Co-operative Credit Society Limited.
An Act to amend the Unemployment Insurance Act, 1940.
An Act to provide for the superannuation of persons employed in the Public Service of Canada.
An Act to amend the Criminal Code.
An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

After which the Honourable the Deputy of the Governor General was pleased to close the Seventh Session of the Twenty-first Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

It is anticipated that the session now concluding will be the final session of the twenty-first parliament.

During the life of this parliament the commonwealth and the world were saddened by the death of a great king.

Our young queen is already assured of the affectionate loyalty and devotion of the Canadian people, and of our deep attachment to the Crown. The representatives of our country will leave in a few days to manifest those sentiments in the Coronation ceremonies. Coronation Day will be the occasion of universal rejoicing in Canada and throughout the commonwealth. At the present session you have enacted legislation to confirm the change in the royal style and titles agreed upon by the meeting of commonwealth prime ministers held in London in December last.

Since the present parliament was elected four years ago we have witnessed many important changes in our own country and in the world.

For the first time, the crown is represented in Canada by one of the sovereign's Canadian subjects.

This is the first parliament in which there have been members from the new province of Newfoundland. Four years ago the work of the Fathers of Confederation was completed and all Canadians rejoice in the success of the Union and the fine contribution the people of Newfoundland are making to the life of the nation.

One of the first achievements of this Parliament was to vest the Supreme Court of Canada with jurisdiction as the final court of appeal for the Canadian nation.

This is the first Parliament entrusted with the power to amend the Constitution of Canada here in Canada in matters which are exclusively of federal concern and at the last session this power was exercised to provide for an alteration in the rules for the readjustment of the representation in the House of Commons.

You have made provision for separate representation of the Mackenzie District of the Northwest Territories in Parliament; for elected members in the Northwest Territories Council, and for increased elected representation in the Yukon Council.

Special constitutional safeguards have been made to ensure the holding of federal general elections within the period prescribed by the British North America Act.

Three years ago, this Parliament gave its approval to Canadian participation in the military intervention of the United Nations to resist Communist aggression in Korea. Since that time

Canadian forces have shared in the collective effort to halt aggression and restore peace to that unhappy land. Apart from the South Koreans themselves, our forces have formed the third largest contingent in the combined strength of the United Nations in Korea and they have fought with valour and distinction in conformity with our finest traditions. All Canadians recognize the magnitude of the sacrifice of those who have fought for the sake of peace in the cause of the United Nations and all have shared the anxieties of their families.

The military objective of the United Nations action in Korea has been substantially achieved. Having stopped the aggression, the United Nations has been making every effort to bring about an honourable armistice, so that the fighting may come to an end. Although this problem has not yet been solved, we rejoice in the steps taken to bring about a return of sick and wounded prisoners and we hope that the renewal of the armistice negotiations at Panmunjom will be the prelude to that peace for which the whole world prays.

On the Korean question, as on other issues, we have at all times been prepared to consider any genuine proposals to this end, for our sole aim is peace. But we must be convinced by deeds as well as words that there is a desire for a permanent and durable peace before it will be prudent or safe to slacken our preparations to maintain the strength necessary to deter aggression.

We have looked to the United Nations not only as an instrument of collective security but also as a means for extending human welfare. Through its programs of technical assistance to underdeveloped countries, to which Canada has fully contributed, steps have been taken to increase world levels of production, to eradicate or reduce disease and illiteracy, and hunger over an ever widening area of the globe. Closely related to our participation in United Nations efforts in the field of technical, economic and social cooperation are the activities in which we have shared through participation in the Colombo Plan, which has provided a valuable demonstration of practical co-operation within the modern Commonwealth.

The North Atlantic Treaty has been in force throughout the life of this Parliament. The alliance of the Atlantic nations has proved its worth in lessening the risks of aggression in Europe by the build-up of an integrated force for the preservation of peace.

Our country has met promptly our obligations under the Alliance. A formation from the Canadian Army is now part of the integrated forces in Europe. The build-up of the air division of the Royal Canadian Air Force is nearing completion. Canadian naval strength is steadily increasing. We have made a substantial contribution through mutual aid to the armed strength of our European allies.

We have given attention, in the closest cooperation with the United States, to the direct defence needs of the North American continent and we are actively engaged in implementing joint plans to meet any attacks deemed possible on the scales presently envisaged by the military advisers of our two countries.

Other important steps toward world peace were taken during this period. The state of war with Germany was terminated by proclamation in 1951. Canada has since supported the association of the Federal German Republic, for the common defence, within the European Defence Community, and with the North Atlantic Treaty Organization. The Treaty of Peace with Japan was also signed in 1951, thus making possible the resumption of normal diplomatic relations with that country.

After the outbreak of hostilities in Korea my ministers reluctantly recommended a measure to vest in the Governor in Council for one year certain powers which might be necessary to meet any unforeseen emergency. This legislation expressly reserves to Parliament the control of expenditures and excludes any arbitrary power to arrest, detain, exclude or deport any person or to censor, control or suppress publications and writings, and contains provisions for review by Parliament of the exercise of these emergency powers by the Governor in Council. Because hostilities have continued in Korea this emergency legislation has had to be renewed year by year.

The Veterans Charter has been kept under constant review and the appropriate statutes amended from time to time. Pension rates for disabled veterans, widows of veterans and their dependents have been increased substantially. War veterans allowances have also been increased. At the present session you approved a measure designed to provide greater educational opportunities for children whose fathers died as a result of war service.

Canada's total trade with other nations has reached unprecedented levels. The removal of foreign exchange control and the high level of the Canadian dollar have demonstrated the basic strength of our national economy.

Through active participation in multilateral trade negotiations and by every other available means my ministers have sought to make an effective contribution to the removal of obstacles to the free flow of world trade.

Productive investment has increased year by year. Inflation has been brought under control. The national debt has been reduced every year with a cumulative reduction in the dead weight of its carrying charges.

Production and national income have risen so substantially year by year that it has been possible to finance the vast increase in our defence effort and at the same time make substantial reduction in rates of taxation.

My ministers have been concerned to promote this national development along lines designed to provide a fair share of the national income to all the various sectors of the Canadian economy.

Agricultural production and income have kept at high levels, despite some inevitable adjustments. To help reduce the impact of price changes, effective use has been made of price support legislation. Floor prices and governmental action on a large scale were essential to prevent great hardship in all parts of Canada resulting from the United States embargo on imports of Canadian livestock and meat following the outbreak of foot and mouth disease in the Province of Saskatchewan last year.

At the present session you approved Canadian participation in a new International Wheat Agreement and extended the life of the Canadian Wheat Board.

Great progress has been made in the long-term program for federal assistance in the modernization of our fisheries. The International Convention for the High Seas Fisheries of the North Pacific Ocean has been approved and you have approved the renewal of the Halibut Treaty. Provision has been made for the insurance of fishermen's boats and certain gear.

Throughout the life of this Parliament, employment has remained at a high level. Coverage under the Unemployment Insurance Act has been extended, benefits payable have been increased and supplementary benefits provided during winter months. At the present session you approved the payment of benefits to insured workers who while otherwise unemployed and entitled to benefit become incapacitated for work by reason of illness or injury.

Though parliamentary action was required to settle a dispute between the operators and employees of our railways in 1950, similar difficult situations threatened during the past year and were averted by the moderation and good spirit of both parties. The whole period has witnessed an increasingly good relationship between labour and management in industry generally.

Provision has been made for the insertion in all federal government contracts of clauses prohibiting discrimination on the part of the contractor against any person in regard to employment because of that person's race, national origin, colour or religion. You have approved a bill during the present session to make similar provisions in respect of employment upon or in connection with any work, undertaking or business that is within the legislative authority of the Parliament of Canada.

The present Parliament has completely revised the Indian Act providing inter alia for full voting privileges for Indians at their option. The Immigration Act has also been completely revised and substantial improvements have been made in the Canadian Citizenship Act. A large number of immigrants have come to Canada to make their homes and share in the development of our country.

From time to time you have made important amendments to the National Housing Act and there has been a notable expansion of house building under the manifold provisions of our national legislation.

A great advance in social security was made when this Parliament enacted a measure to provide for the payment of pensions as a matter of right and without a means test to all Canadians with appropriate residential qualifications who have attained the age of seventy years; together with the complementary measures to share with the provinces in assistance to those in need between sixty-five and seventy years of age.

At the present session you have extended the national health program inaugurated in 1948 under which health and hospital facilities have been greatly expanded all over Canada. The new grants which you have provided for maternal and child health services, for medical rehabilitation and for the extension of radiological and laboratory services will bring added facilities for better health to people in all parts of Canada, will give new hope to the disabled and will assure greater health protection to the Canadian mother and child.

The Penitentiaries Commission has introduced important reforms in the administration of our penal institutions with gratifying and promising results.

This Parliament enacted legislation to provide for the construction of the Trans-Canada highway in co-operation with the provincial governments.

To assist in our national development you also authorized the Canadian National Railways to construct a branch line from Sherridon to Lynn Lake in the province of Manitoba and one between Terrace and Kitimat in the province of British Columbia; as well as providing for federal assistance to the Pacific Great Eastern Railway to complete the line to Prince George. You approved a number of the recommendations of the Royal Commission on Transportation including provision for the maintenance as a national charge of the link in Northern Ontario between Eastern and Western Canada and the measure for the recapitalization of the Canadian National Railways.

You made provision for the construction of the Canso causeway which is now under way and for ferry services from North Sydney to Port aux Basques and the terminal facilities at that Port, and a new ferry service between Yarmouth, Nova Scotia, and Bar Harbor, Maine.

You have also made financial provision for certain improvements to Vancouver harbour and for engineering studies of that harbour and other possible improvements to navigation on the Pacific coast.

You have authorized the creation of a corporation to be known as "The St. Lawrence Seaway Authority" for the purpose of constructing, operating and maintaining, either alone or in co-operation with the United States, a deep waterway between Montreal and Lake Erie.

You also approved the agreement with the government of Ontario to make possible the development by Ontario, in co-operation with an appropriate agency in the United States, of hydro-electric power in the International Rapids section of the St. Lawrence river. The power project has been approved by the International Joint Commission and work on the seaway as well as on the power development can be started as soon as an agency is authorized in the United States to co-operate in the power development.

You approved the Niagara Diversion Treaty between Canada and the United States to provide for appropriate safeguards of the scenic beauty of this great waterfall and for the permanent diversion of additional water from the Niagara river for hydro-electric power development and the development is already under way.

You made provision for the development of the industrial and scientific uses of atomic energy through a new crown company known as Atomic Energy of Canada, Limited.

You have enacted legislation for federal co-operation with the provincial governments in the conservation of our forest and water resources.

To safeguard the existence of a number of important communities, you have also made provision for assistance required to maintain certain gold mines and certain coal mines in production.

You have made the necessary provision to implement the national television policy with the objective of making television available as widely as possible across the country through co-operation between the Canadian Broadcasting Corporation and private stations; and to ensure an adequate Canadian content in television programs.

You have also provided for the financing of sound broadcasting and television without licence fees for receiving sets.

You have approved a measure to define more clearly the functions of the National Film Board and simplify its administrative machinery.

You have approved the creation of a National Library, a site for the building has been chosen, and plans are now being prepared.

You have revised the National Gallery Act and the Board of Trustees has been expanded. You have also made provision for the payment of grants to universities and equivalent institutions of higher learning recognized and approved by the provincial authorities.

You have placed the Historic Sites and Monuments Board on a statutory basis and given encouragement to its activities and made provision for a monument to a former Canadian Prime Minister, Sir Robert Borden, to be erected on Parliament Hill.

You have provided for a unified and systematic procedure for the publishing and tabling in Parliament of the regulations and orders made by the Governor in Council, Ministers of the Crown or other agencies authorized to make regulations having the force of law.

You have strengthened the legislation to prevent combines and price fixing in restraint of trade.

A measure has been enacted to place the Crown in substantially the same position as a private person with respect to liability for acts committed by its servants, for breach of duty arising

out of ownership or occupation of property, and for salvage claims, and also to confer upon the provincial courts jurisdiction concurrent with that of the Exchequer Court of Canada to entertain certain classes of claims.

You have made provision for the renewal of taxation agreements with the provinces; and new agreements have been made with the governments of nine of the provinces.

You revised and greatly improved the legislation respecting the financial administration of the Government of Canada, the audit of public accounts and the financial control of crown companies.

At the present session you enacted a measure to regulate co-operative credit societies incorporated by parliament for the purpose of operating in more than one province.

You have approved revisions of the Civil Service Superannuation Act; the Food and Drugs Act; and the trade marks legislation.

Legislation respecting payment to rural mail carriers has been revised.

Amendments were also made to the Farm Improvement Loans Act, the Prairie Farm Assistance Act, the Act to Protect the Coastal Fisheries, the Fisheries Research Board Act, the Prisons and Reformatories Act, the Canada Evidence Act, the Judges Act, the Canada Shipping Act, the Trans-Canada Air Lines Act, the Canadian Overseas Telecommunication Corporation Act, the Territorial Lands Act, the Trust Companies Act and the Loan Companies Act.

Members of the House of Commons:

I thank you for making provision for all essential services including our national defence and our external obligations.

Honourable Members of the Senate:

Members of the House of Commons:

As this Parliament concludes its labours, I pray that Divine Providence may continue to bless this nation and our beloved Queen and to help us secure a lasting peace.

(The Twenty-First Parliament was dissolved by Proclamation of His Excellency the Governor General June 13, 1953.)

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